



India Today.
World Tomorrow.

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Several technological and political forces have converged, and that has produced a global, playing field that allows for multiple forms of collaboration without regard to geography or distance - or soon, even language.

Thomas L. Friedman – 'The World is Flat'

India Today. World Tomorrow.

The winds of globalization have swept the world and changed it forever. Globalization has made the world flat - making it possible for the first time in human history to combine competitive advantages of various geographies through collaborations, partnerships and alliances. Successful companies are increasingly connecting their national advantages to a global network of resources, technologies and ideas.

SEML has been in mining space in India as one of the lowest cost producers of steel and one of the niche manufacturer and exporter of Ferro-alloys. Foreseeing the importance of energy in India's quest for infrastructure development, SEML forayed into energy and is today a leading energy and minerals Company in India.

At SEML, we believe it is time - time to multiply our Indian advantage with global collaborations, partnerships and alliances.

In the emerging inter-connected world, collaborations of advantages and convergence of ideas is opening up new possibilities for growth.



Competitive sources of raw materials

Easier access and smooth supply chains

Opportunity to create a global brand

Innovating new products by leveraging wider knowledge base

Lower transaction costs through faster execution

Standardized materials and processes

Better quality of finished products

At SEML, we are looking at partnerships with countries like Japan, Russia, South America, Australia, the Middle East and Europe. We are looking at collaborating not only for raw materials, but also for innovation through new products, latest machinery, cutting-edge technology and expert know-how. We are looking at combining our strength – INDIA, with the strength of other leading minerals and energy countries.

At SEML, our energy is taking us from:

INDIA TODAY. WORLD TOMORROW.

Chairman's Message

Dear Shareholders,

It is my pleasure to present before you the 39th Annual Report of the Company.

Your Company delivered yet another outstanding performance during the year despite challenging business environment both globally and domestically. The global economic slowdown did affect the Indian economy. The GDP growth for the year was 6.5 percent, compared to over 8 percent in the preceding two years largely due to domestic issues than global factors.

The highlights of the Company's financial performance during the year are :

1. Net Revenue from Operations increased to Rs. 1,100.18 crores from Rs. 884.74 crores in the previous year, an increase of over 24 percent.
2. EBIDTA increase to Rs. 237.57 crores from Rs. 160.00 crores in the previous year, an increase of over 48 percent.

3. Net Profit for the year increased to Rs. 114.40 crores from Rs. 49.67 crores in the previous year, an increase of over 130 percent.

In view of these excellent results, your Directors have recommended a dividend of Rs. 3.00 per share (30 percent) for the year, subject to approval of members.

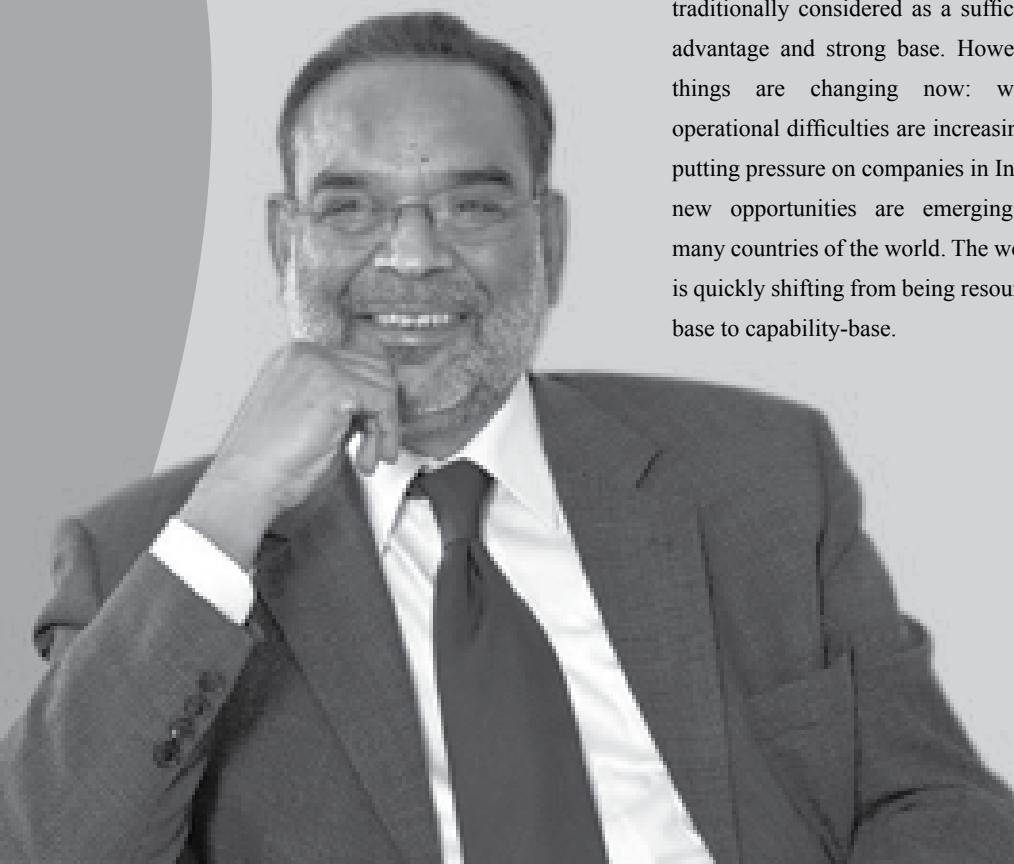
The mining and energy space is undergoing a radical change today as we see the full affect of globalization. Owning a natural resource was traditionally considered as a sufficient advantage and strong base. However, things are changing now: while operational difficulties are increasingly putting pressure on companies in India, new opportunities are emerging in many countries of the world. The world is quickly shifting from being resource-base to capability-base.

Global partnerships help ensure smoother supplies of raw materials and better prices. We are exploring partnerships in areas like joint product development, research and innovation, joint marketing and trading. With successful partnerships and alliances across the world, we will be able to overcome the frequent domestic disruptions and ensure consistency in supplies and quality. At Sarda Energy and Minerals Limited, we are focused on capitalizing our leadership in India today and complimenting it with global advantages from the world of tomorrow.

I thank all our customers, employees, investors, bankers, suppliers and stakeholders for the continued faith and trust they have shown in the Company and assure you that we will take the Company from India Today to the World tomorrow.

Yours faithfully,

Kamal Kishore Sarda
Chairman and Managing Director



Sponge Iron Plant at Siltara, Raipur



Coal Mines at Raigarh



Corporate Information

Board of Directors

Mr. K. K. Sarda - Chairman & Managing Director
Mr. G. K. Chhanghani - Executive Director
Mr. Pankaj Sarda - Wholetime Director
Mr. G. D. Mundra - Wholetime Director
Mr. A. K. Basu
Mr. C. K. Lakshminarayanan
Mr. G. S. Sahni
Mr. Jitender Balakrishnan
Mr. P. R. Tripathi
Mr. Rakesh Mehra

Chief Financial Officer – cum - Company Secretary

Mr. P.K. Jain

Auditors

M. M. Jain & Associates
Chartered Accountants
Shreemohini, Kingsway, Nagpur

Bankers

Union Bank of India
Bank of Baroda
UCO Bank
Axis Bank Ltd.
HDFC Bank Ltd.

Registered Office

73-A, Central Avenue,
Nagpur – 440 018 (M.H.).
Phone: +91-712-2722407
Fax: +91-712-2722107
Email: nagpur@seml.co.in

Works

Industrial Growth Centre, Siltara,
Raipur - 493 111 (C.G.).
Phone: +91-771-2216100
Fax: +91-771-2216198

Corporate Office

125, B-Wing, Mittal Court, Nariman Point,
Mumbai - 400 021. Maharashtra, India.
Phone: +91-22-22880080-81
Fax: +91-22-22826680

Delhi Office

E-585, Ground Floor,
Greater Kailash, Part -II,
New Delhi - 110 048.
Phone: +91-11-32634937
Fax: +91-11-30824411

Visakhapatnam Office

Sarda Metals & Alloys Ltd.
D. no. 50-96-4/1, Floor - II & III,
Sri Gowri Nilayam,
Seethammadhara NE,
Visakhapatnam - 530013.
Phone: +91-891-2858200
Fax: +91-891-2700864

Hongkong Office

Sarda Energy & Minerals Hong Kong Limited
5th Floor, Dah Sing Life Building,
99-105 Des Voeux Road, Central,
Hong Kong.

Singapore Office

Sarda Global Venture Pte Ltd
17 Phillip Street,
#05-01, Grand Building,
Singapore – 048695.

Registrar & Share Transfer Agents

Sharepro Services (India) Pvt. Ltd.
Sam Hita Warehousing Complex,
Warehouse No. 52 & 53 Plot No 13AB,
2nd Floor, Sakinaka,
Mumbai - 400 072.
Phone: +91-22-67720400
Fax: +91-22-67720416
Email: sharepro@shareproservices.com

Notice

NOTICE is hereby given that the Thirty Ninth Annual General Meeting of members of Sarda Energy & Minerals Ltd. will be held at its registered office at 73/A, Central Avenue, Nagpur-440 018 on Saturday, the 29th day of September, 2012 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To consider declaration of dividend on equity shares.
3. To appoint a Director in place of Mr. Asit Kumar Basu, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Chittur Krishnan Lakshminarayanan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jitender Balakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

Place : Raipur

Dated : July 28, 2012

By Order of the Board

(P.K. Jain)

Company Secretary

Notes:-

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Brief resume of directors proposed to be re-appointed including details as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is provided in the Report on Corporate Governance forming part of the Annual Report.
3. Members are requested to take note that dividends which remain unclaimed/un-encashed over a period of 7 years have to be transferred by the Company to the Investors Education & Protection Fund constituted by the Central Government under Sections 205A and 205C of the Companies Act, 1956. Members who have not yet encashed their dividend warrants for the financial year ended 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 are requested to make their claims to the Company/Registrar & Transfer Agents without any delay, because once the unpaid dividend is transferred to Investors Education & Protection Fund, the members shall not be able to register their claim in respect of their unencashed dividends. Members are requested to take special note that the unclaimed dividend for the year 2003-04 has been transferred to IEPF in October, 2011 and the unclaimed dividend for the year 2004-05 is due to be transferred to IEPF in October, 2012.
4. As mandated by SEBI, the company is providing Electronic Clearing System (ECS) to ensure faster and safer remittance of dividend than customary cheque mode, in the RBI notified centers. Members desirous of availing

Electronic Clearing System (ECS) may return the format attached with the annual report accurately filled in and signed. A photocopy of a leaf of your cheque book bearing your bank account number may also be sent along with the Mandate Form to the Registrar and Share Transfer Agent. In absence of availing of this option by the members, the company shall send warrants for disbursing dividend.

5. The service of notice/ documents including Annual Report can be sent by e-mail to its members. The members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to inform their email –ids to Sharepro Services (India) Pvt. Ltd. the Registrar & Transfer Agent. However, members continue to have the option of receiving all communications in physical form free of cost, if they so elect.
6. Members holding shares in physical form can avail of the nomination facility by filing form 2 B (in duplicate) as prescribed under the Companies (Central Government's) General Rules and Forms, either with the Registrar & Transfer Agents or with the Company. In case of demat holding, the nomination has to be lodged with members' Depository Participants

Directors' Report

Dear Shareholders,

Your directors take pleasure in presenting the Thirty-Ninth Annual Report on business and operations of your company for the financial year ended 31st March, 2012.

Financial results

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Revenue from operations (gross)	1,19,667	95,575	1,20,474	96,205
Less: excise duty	9,649	7,101	9,649	7,101
Revenue from operations (net)	1,10,018	88,474	1,10,825	89,104
Export	11,738	11,995	11,738	11,995
Ebidta	23,757	16,100	21,545	18,868
Depreciation	6,323	5,763	6,536	5,975
Finance cost (net)	4,497	1,807	3,429	762
Profit before tax	10,406	7,072	7,853	9,331
Provision for taxation	(1,034)	2,105	(960)	2,132
Net profit	11,440	4,967	8,813	7,199

Dividend

Your directors recommend a dividend of ₹ 3/- per equity share for the year ended 31st March, 2012. The total outgo on account of dividend including tax thereon will be ₹ 1,249.97 Lacs. The dividend shall be paid after approval of the members at the annual general meeting.

During the year, your company has, consequent upon expiry of the prescribed period, transferred the unpaid dividend amount in respect of the F.Y. 2003-04 to the Investor Education and Protection Fund established u/s 205C of the Companies Act, 1956.

Operations

During the year under review, all existing manufacturing facilities and coal mine achieved record output. This could be achieved through constant endeavor at all levels for excellence. The operations at iron ore mines remained suspended due to law and order problems in the surrounding area.

For detailed plant wise analysis, members are requested to refer to the Management Discussion and Analysis, forming a part of Annual Report.

Projects

During the year, the Wire Drawing Mill, Coal Washery and 2nd Bricks plant were commissioned at a total capital outlay ₹ 4,163.93 Lacs.

Debottlenecking, Modernization & Expansion project

Your company has planned capital expenditure of ₹ 550 crores for debottlenecking, modernisation & expansion of existing manufacturing, coal mining and coal washery to be executed over next 2 years. Union Bank of India has appraised and sanctioned part debt funds for the project. Balance amount is being syndicated from other member banks of consortium.

Pithead Thermal Power Plant

Your company has acquired required land for the proposed 350 MW thermal power plant at Kolam, Raigarh near its captive coal mines. Water Resources Department, Government of Chhattisgarh has allocated required quantity of water for the project. Environmental clearance is awaited. The site work and release of orders for plant & machinery & other facilities for the project will start after receipt of statutory clearances. Coal mining plan is under preparation to meet coal requirement of the project.

Mining projectsIron Ore

Your company has executed 4 Prospecting Licenses for iron ore in Narayanpur district of Chhattisgarh. Your company is in process of getting various statutory clearances.

Manganese Ore

The application for forest and environment clearance for manganese ore mines of your company in Goa is awaiting State Government clearance, pending finalization of Mining/Forest Policy of the State.

Your company received prior permission from Central Government under Mines and Minerals (Development and Regulation) Act for one prospecting license in Balaghat district, Madhya Pradesh.

Having completed the Reconnaissance, your company has moved three applications for grant of Mn ore prospecting licenses in Miragpur area (Madhya Pradesh), which are under consideration of the State Government.

Coal

The work on the Indonesian coal mine under wholly owned subsidiary is progressing steadily. Forest clearance has been received. Land acquisition is going on.

Controlled entities

- **Sarda Energy & Minerals Hongkong Ltd, Hongkong (SEMHKL)**, is a wholly owned subsidiary, functioning as an investment arm of your company. During the year under review the subsidiary has declared dividend equivalent to ₹ 26.66 crore (HK\$ 39 per equity share), which is reflected in dividend income of your company.
- **Sarda Global Venture Pte. Ltd. Singapore (SGV)**, a wholly owned subsidiary, has acquired economic interest in coal mines in Indonesia. Land acquisition for mining is going on and mining is expected to commence in 2013.
- **Sarda Metals & Alloys Ltd.(SMAL)**, a wholly owned subsidiary, is implementing a greenfield Ferro Alloys plant of 2 x 33 MVA capacity backed by captive thermal power plant of 80 MW near Visakhapatnam. The project is expected to be commissioned in this quarter.
- **Sarda Energy Ltd. (SEL)**, a wholly owned subsidiary, has taken up the project of 1,320 MW super critical thermal power project in Chhattisgarh. Nearly half of the required land has already been acquired by the company. Balance land is being acquired through compulsory acquisition, which is expected to be over by the end of current financial year. The public hearing for environmental clearance has been completed and the environmental clearance is expected soon. SEL expects to get coal linkage in the next allocation programme of the Government of India.
- **Parvatiya Power Ltd. (PPL)**, is operating 4.8 MW Loharkhet small hydro power project in Bageshwar district of Uttarakhand. During 2011-12, the plant generated and supplied record 21.79 Mn Kwh (previous year:

17.85 Mn Kwh) power. The company earned a profit after tax of ₹ 200.76 Lacs against ₹ 101.25 Lacs earned in the previous year. Your company has 51% stake in PPL.

- **Madhya Bharat Power Corporation Ltd. (MBPCL)**, is implementing 96 MW Rongnichu Hydro Power Project in East Sikkim near Gangtok, close to National Highway NH-31A. Civil works are going on in full swing. The contracts for electro-mechanical and hydro-mechanical works have also been awarded. The company has applied for CDM benefits and validation is in progress.

During the year, MBPCL issued 2,97,50,000 equity shares of ₹ 10/- each to the promoter companies to raise ₹ 74.38 crore. Pursuant to fresh investments, the stake of your company in MBPCL has gone up to 58.48% from 52% in the previous year.

- **Chhattisgarh Hydro Power LLP** has been allotted following run –off- the river type Hydro Power Projects in Chhattisgarh

1. 24 MW Gullu SHP	2. 24 MW Rehar SHP
3. 24 MW Mand SHP	4. 5 MW Jelha SHP

The LLP has started work on 24 MW Gullu and Rehar projects. The civil works for 24 MW Gullu SHP has been awarded. Construction of approach roads to project components is under progress. Construction of camp area and dump areas are completed. The main civil contractors have started mobilization of manpower and equipments.

Application for land acquisition for 24 MW Rehar SHP has been made. Other statutory clearances are under progress.

All these projects are entitled for benefits in the form of subsidy from Ministry of Non-Renewable Energy, Clean Development Mechanism as well as Renewable Energy Certificates. Your company has 60.92% stake in CHP LLP.

- **Sarda Hydro Power Pvt. Ltd. (SHPPL)** has been allotted 24 MW Kotaiveera SHP and 9MW Ganeshpur Small Hydro Power Projects in Chhattisgarh. Both the projects are in the process of obtaining statutory clearances. Your company has 60% stake in SHPPL.
- **Shri Ram Electricity LLP (SRELLP)** has been incorporated as a special purpose vehicle (SPV) for setting up a captive thermal power plant of 40 MW in the State of Chhattisgarh. The captive power plant has been awarded coal linkage. Your company has 51% stake in SRELLP. Techno-economic viability study is being carried out.
- **Raipur Fabritech Pvt. Ltd. (RFPL)** has been incorporated during the year to undertake Steel fabrication activities at the site of closed steel plant of your company. Your company holds 52.38% stake in RFPL.
- **Raipur Industrial Gases Pvt. Ltd. (RIGPL)** has been incorporated during the year to undertake activities related to production of industrial gases at the site of Raipur Gases Private Limited acquired by your company in 2007. The company is yet to start its operations. Your company holds 51% stake in RFPL.

Joint Ventures

- **Raipur Infrastructure Company Ltd.** operates a private railway siding in Mandhar, Raipur. During the year 2011-12, the company has handled total 179 rakes of different material as against 78 rakes handled during the previous year and earned profit of ₹ 137.76 lac as against ₹ 7.80 Lacs in the previous year.

RICL is also in the process of developing a private railway siding allotted in Orissa. The process of approvals and land acquisition is going on. The approval is expected shortly from Collector. Your company holds one-third share in the joint venture.

- **Madanpur South Coal Co. Ltd.** has been allotted a coal block in Madanpur area of Dist. Korba of Chhattisgarh in consortium. Most of the clearances required have been obtained however, the forest clearance was not granted by the Ministry of Environment and Forest, Government of India, because the area was declared as “NO GO AREA”.

A review meeting was called by The Ministry of Coal in January, 2012 where it was informed that the concept of “go-no go area” has been dispensed off and the JV was advised to resubmit the proposal through State Govt. The proposal has been resubmitted and is under active consideration at state level. Your company holds 20.63% stake in the joint venture.

Awards/Appreciation

During the year under review your company received the following awards:

- Engineering Export Promotion Council (Western Region) “EEPC Star Performer Award in the product group “ferro alloys” for its outstanding export performance during FY 2009-10 when the country was reeling under recession post-Lehman fiasco. Your company had received the award for 2008-09 also.
- Certificate of Merit from Chhattisgarh State Renewable Energy Development Agency (CREDA), Dept. of Energy, Govt. of Chhattisgarh in appreciation of the achievement in Energy Conservation at State Level for the year 2011.
- Trophy for “General Safety Consciousness” in Annual Coal Mines Safety Fortnight 2011 at South Eastern coalfields Limited, Bilaspur Region.

Consolidated accounts

Your company has prepared consolidated accounts after including figures of the subsidiaries, joint ventures and associates, as per the Accounting standard 21, 27 and 23 respectively.

Pursuant to the general exemption granted by the Central Government, your company has not attached copies of the Balance Sheet and Profit and Loss Account, Directors’ Report and Auditors’ Report of the subsidiary companies for the financial year ended 31st March, 2012 and other documents required to be attached to the Balance Sheet of your company. However the other details, as required by the Central Government while granting the said exemption, are disclosed in this Report.

The annual accounts and related information of the subsidiary companies are open for inspection by any member/investor at the Registered Office of your company and the subsidiary concerned and your company will make available these documents/details upon request by any member of the company who may be interested in

obtaining the same. The annual accounts and related information of the subsidiary companies are also available on your company's website.

Fixed deposits

Your company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956, and the rules made there under, during the year under review.

Environmental Conservation

Your company believes in the philosophy of co-existence and co-creation of Mother Nature and human activities. Impact of each production activity on nature is closely monitored. Various corrective and preventive measures are taken to overcome the environmental issues and are supported with adequate budgetary measures. Your company is taking a number of initiatives to minimise environmental issues.

In order to improve the environmental conditions water sprinklers and de-dusting systems have been installed at various locations. Oscillating monitor has been installed at raw material handling area. Pneumatic conveying system has been installed at the pellet plant to avoid dust pollution. New gas cleaning plant has been commissioned at ferro alloys plant.

Extensive tree plantation has been done to enhance the green cover in and around the plant area. Your company has also planted 1100 Neem trees in the factory in association with Mahaveer International. Plantation of approximately 8000 trees have been done at the mining sites of your company.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) initiatives of your company owe its genesis to its core values. Your company believes in extending development support to the society around its operating units by creating a sense of belongingness and welfare. Some of the initiatives taken by your company are briefed hereunder:

Education:

In the field of education, your company continues to

- sponsor R. K. Sarda Vidya Mandir, a state-of-the-art CBSE school near Raipur, in association with Bharatiya Vidya Bhavan for providing best educational and sporting facilities to children at affordable price in saddu village.
- support, in association with Friends of Tribal Society, 120 Single teacher schools (Ekal Vidyalayas) in tribal areas of Chhattisgarh state for the students from class-1 to 3.
- be associated with Shiksha Deep Trust for education development of underprivileged. Main objective to this trust is to extend financial assistance for higher education to meritorious & needy students.

Your company

- adopted Govt. ITI of Saragaon in Jangir, Champa of Chhattisgarh State.
- has provided financial assistance and infrastructure facilities to schools in the areas near its plant and mining sites.
- is providing dedicated, free school bus facility in 10 villages to pickup & drop the students to respective schools which covers about 1400 students of 12 locations.

- has provided school kits (bags, etc) to needy poor students under Dattak Putri Siksha Yojana – a scheme operated by the state government in which an Individual/Organization adopt Girls for their education and development under Public Private Partnership.
- conducted corporate culture training programmes in village schools to develop the personality of village school students to promote moral strength, behavioral improvement, improvement of hygienic, cleanliness, Nashamukti i.e. avoidance of toxicants, etc. and fondness for societal development.



Ekal Vidyalayas

Health:

Your company actively sponsors medical facilities, assisting in primary healthcare across villages in and around the area of its operations. During the year, the mobile dispensary van, managed by your company for providing free medical check-up and medicines, served 49,354 patients as against 37,427 patients in the previous year.

Your company also

- provides medical treatment to critical patients of tribal areas at Multi specialty hospitals at company's expenses.

- promotes preventive health care through health check-up camps
- provides low cost and high quality medical assistance for the economically underprivileged community at their door steps through first aid centers.
- has adopted a cluster of villages near its iron ore mines for providing health care facilities.
- provides financial assistance (directly and indirectly) to the patients for medical treatment and also distributes basic medicines in and around the areas of its operations.

In April, 2012, your company had organized a voluntary Blood Donation camp in association with the Red Cross Society. **In the camp, 613 units of blood were collected in a single day which as per Red Cross Society is the highest in Chhattisgarh.**

Infrastructure Development:

The infrastructure facilities created by your company include roads, electricity facilities, health centers, temples, schools, community centers, bore wells for drinking water, hygiene and sanitation facilities at various places. Your company has also set up water harvesting system for enhanced irrigation facilities through increased level of ground water & number of water sources and improved quality of land through reduction in soil erosion.



Amlidih pond deepening work



Amlidih pond before rain



Amlidih pond after rain

Art, Culture & Sports:

Your company

- sponsors various sports at State and National level including the local league matches.
- supports the local players, adopt them & sponsor the institutions for the growth of tennis in the State.
- continues its support to State and District Associations for Tennis & Cricket.



Tennies player in action at Gondwana Cup Tennis Tournament

During the year, your company

- sponsored the Gondwana Cup Tennis tournament jointly with Chhattisgarh State Tennis Association. This Grand Slam of Chhattisgarh, an All India level Tennis Tournament was organized in Chhattisgarh after a long interval of 30 years.
- supported the sports meet of students for volley ball tournament and cricket tournaments and developed the play ground for the sport promotion among village youth at various villages.

Your company supported various trusts, societies, communities, organisations for various religious celebrations/ programmes, meetings, awareness rallies, youth festivals, community works, Independence Day celebrations, mass marriage programs supported by Government agencies etc. Your company also supplied tarpaulin sheets for flood affected people.

During the year, your company

- contributed by way of donation, land admeasuring about 3 acres to Maheshwari Trust for constructing community centre.
- organized a session of Swami Anubhavanand on positive environment building.
- contributed for the famous Chakradhar Samaroh '2011 at Raigarh.



Mass marriage programme

Just and equitable society is a dream yet to be cherished in India. Your company aims at doing so through integrating various strategies especially women empowerment by enabling them to have access to incomes and a greater share of wealth. Your company is working extensively to contribute to improved livelihood for poor families in the cluster of villages through enhanced and sustainable income-generating opportunities.

Your company has organized free veterinary medical camp for the cattle of surrounding villages near mine area and has contributed to environmental up-gradation program by taking up social forestry & road side plantations work.



Training on Scientific Grain Storage Management with IGMRI, Hapur (UP)

Your company has also organized training for 20 local youths under Indian Grain Storage Management & Research Institute (IGMRI) Hapur (UP), a Central Govt. Enterprises under the Ministry of Food & Consumer, working in the field of scientific grain storage management in villages.

Directors

Mr. A. K. Basu, Mr. C. K. Lakshminarayanan and Mr. J. Balakrishnan, Directors of your company, retire by rotation and being eligible, offer themselves for reappointment. The brief resumes/details of Directors who are to be appointed/reappointed are made a part of the Annual Report.

Directors' responsibility statement

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the annual accounts on a going concern basis.

Cost Auditors

The board of directors of your company has appointed M/s. S. G. Kankani & Co., Cost Accountants, as the Cost Auditor of the company for audit of the cost accounting records of the steel and electricity business of your company. The appointment of the auditor has been approved by the Central Government.

The audit report of the cost accounts for the year ended March 31, 2012, will be submitted to the Central Government in due course. This is the first year of audit of cost records.

Statutory Auditors

M/s. M. M. Jain & Associates, Chartered Accountants, the retiring statutory auditors of your company, hold office till the conclusion of the ensuing annual general meeting and are eligible for reappointment.

Your company has received a letter from the retiring auditors to the effect that their appointment as auditors for the year 2012-13, if made, would be within the limits under section 224 (1-B) of the Companies Act, 1956.

Auditors' Report

The observations made in the Auditors' Report, read with the relevant notes thereon, are self-explanatory and do not call for any comments under Section 217 of the Companies Act, 1956.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed and marked as Annexure 'A', forming a part of this report.

Particulars of employees

The particulars of employees, as required under Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975, are given in Annexure 'B' to this report.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the stock exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

Acknowledgement

Your Directors express their thanks and record appreciation for the co-operation they received from various government authorities, financial institutions, banks, suppliers and customers of your company. Your Directors place on record, their sincere appreciation for the devoted services rendered by the employees at all levels of your company and look forward to their continued support.

On behalf of the Board of Directors,
(K.K. Sarda)
Chairman & Managing Director

Place : Raipur
Dated : July 28, 2012

Annexure 'A' to the Directors' Report

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of energy

a) Energy conservation measures taken	:	SPONGE IRON DIVISION
		i) Installation of 2 Variable Frequency Drive for dedusting fan no 3A & 3B at 100 TPD
		ii) Modification in dedusting fan no 3 in Kiln – C at 500 TPD
		iii) Installation of Variable Frequency Drive for wet scrapper in Kiln- A at 100 TPD
		STEEL DIVISION
		iv) Heat Exchanger cooling pump to Primary pump is eliminated
		v) Cooling tower motor of WRM stopped during winter season
		vi) Primary pump stopped during casting off period
		POWER DIVISION
		vii) Reduction in shut down period of FBC boiler
		viii) Replacement of MOP-2 of TG-3, 18.5 KW to 15 KW high efficiency pump
		ix) Optimisation of use of compressed air (stoppage of one compressor)
		x) Modification in pipeline of discharge of cooling water, stoppage of 5.5 KW & 7.5 KW cooling water pumps (use of gravity flow)
		xi) Raw water consumption reduced by recycling the softening plant backwash water
		FERRO ALLOYS DIVISION
		xiv) Operation of 1 heat exchanger of each furnace transformer
		xv) Restriction on continuous operation of hydraulic power pack of electrodes
		xvi) Regulating the operation of the cooling tower fans through temperature controller
		xvii) Replacement of High Pressure Sodium Vapour lights with Light Emanation Diode/ Compact Fluorescent Light
		COAL MINES
		xviii) Use of capacitors in electrical equipments
b) Additional investment and proposals if any, being implemented for reduction of consumption of energy	:	SPONGE IRON DIVISION
		i) Installation of 90 kw Variable Frequency drive for ABC fan kiln – D

	<u>POWER DIVISION</u>
	ii) Study is being conducted to reduce the specific steam consumption for Turbine Generator 3
	iii) Use of Variable Frequency Drives in cooling tower fans
	iv) Use of Variable Frequency Drives in DM plant
	<u>FERRO ALLOYS DIVISION</u>
	v) Replacement of polyester bags with nomex bags for gas cleaning plant of A & B
	<u>COAL MINES</u>
	vi) Installation of timer for plant light area at coal mines
c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods :	i) Reduction in annual power consumption by about 22 Lacs KWh
	ii) Reduction in annual water consumption by about 86,000 M3 / year Increase in power generation without increase in fuel consumption through reduction in specific steam consumption
d) Total energy consumption and energy consumption per unit of production in prescribed Form 'A' :	As per "Form A" attached

B. Technology absorption

Research and Development

1. Specific areas in which R&D are carried out by the company :	<u>FERRO ALLOYS DIVISION</u> i) Increase in usage of coal ii) Introduction of improved paste resulting in reduced damage to copper contact pads and breakage of electrodes iii) Usage of GCP dust as briquette
2. Benefits derived as a result of above R&D :	Savings in the cost to the tune of ₹ 8 crore approximately
3. Future plan of action :	To increase the usage of coal
4. Expenditure on R&D :	Expenditure on R&D is not specifically accounted for Internal team undertakes the R&D activities
5. Technology absorption, adaptation and innovation :	
a) Efforts in brief made towards technology absorption, adaptation and innovation :	Improved electrode column installed in Furnace B
b) Benefits derived as a result of above efforts :	Annual savings in power consumption of about 11 Lacs kWh
c) Information regarding technology imported during the last five years :	--

C. Foreign exchange earnings and outgo

1. Activities relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans	: 1. Expansion in the markets of Europe, South East Asia, Canada & Africa with major focus on South East Asia 2. New contracts have been signed/new traders have been appointed for Thailand, Taiwan and Indonesian markets 3. We have penetrated in niche market segment to increase exports. This has helped in achieving record manufacturing exports on sustainable basis 4. As Govt of India has allowed the trade with Iran in INR through UCO Bank we are studying the feasibility. This will help in our HCFeMn sale to Iran 5. We are also closely liasioning with CONCOR for regular train service to the ports which will bring down the shipping time 6. Introduction of mechanized sizing and loading for reducing the container stuffing time 7. We are trying to open a CFS at Vizag in order to reduce the shipping time which is high at Raipur
<hr/>	
2. Total foreign exchange used and earned (₹ in Lacs)	
a) Foreign exchange used	: 10,443.63
b) Foreign exchange earned	: 14,063.82

On behalf of the Board of Directors,
(K.K. Sarda)
Chairman & Managing Director

Place : Raipur
Dated : July 28, 2012

Form 'A'

Form of disclosure of particulars with respect to conservation of energy.

Particulars

	Steel	
A. Power and fuel consumption		
1. Electricity	2011-12	2010-11
a) Purchase		
Units (Kwh)	NIL	NIL
Total amount (₹ in Lacs)	NIL	NIL
(₹/Kwh)	NIL	NIL
b) Own generation		
i) Through diesel generator		
Units (Kwh)	NIL	NIL
Units per litre of diesel	NIL	NIL
Cost/Unit (₹)	NIL	NIL
ii) Through diesel generator		
Units (Kwh)	8,98,01,629	7,71,52,212
Units per litre of diesel	N.A.	N.A.
Cost/Unit (₹)	2.35	2.02
2. Coal for domestic use		
Quantity (M.T.)	NIL	NIL
Total cost (₹)	NIL	NIL
Average rate (₹)	NIL	NIL
3. Furnace oil		
Quantity (K. litres)	NIL	NIL
Total cost (₹ in Lacs)	NIL	NIL
Average rate (₹/K. litre)	NIL	NIL
4. Other internal generation		
Units	NIL	NIL
Total cost (₹ in Lacs)	NIL	NIL
Rate/Unit	NIL	NIL
B. Consumption per unit of production		
Electricity (units)	949	955
Coal	NIL	NIL
Furnace oil	NIL	NIL
Other (specify)	NIL	NIL
Own power	NIL	NIL

Note: Form 'A' is not applicable to sponge iron, power and ferro alloys industry

Annexure 'B' to the Directors' Report

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 as amended till date, and forming part of the Directors' Report for the year ended 31st March, 2012

Employed throughout the financial year under review and were in receipt of remuneration for the financial year in the aggregate of not less than ₹ 60,00,000/- per annum:

a) Name	: Mr. Kamal Kishore Sarda
b) Designation	: Chairman and Managing Director
c) Age	: 60
d) Qualification	: B.E. (Mech.)
e) Experience (years)	: 38
f) Commencement of employment	: 16th December, 1978
g) Nature of duties	: Overall management and administration
h) Remuneration (gross)	: 2,24,63,910/-
i) Particulars of last employment, last post, employer (No. of years)	: --

Notes:

1. Remuneration, as shown above, includes salary, allowance, commission, contribution to provident fund, and monetary value of perquisites but excludes contribution to gratuity fund on the basis of actuarial valuation as separate figures are not available.
2. The employment is contractual in nature.
3. Other terms and conditions are as per company's rules/scheme

Management Discussion & Analysis

INDUSTRY STRUCTURE & DEVELOPMENT

Your company operates primarily in Steel & Ferro Alloys sector as an integrated producer backed by captive coal mines and captive power plant. Your company has also focused on the energy sector mainly through subsidiaries. The country's economic scenario and recent developments in the sectors related with your company's business are discussed here under.

Economic Scenario

Global Economy on the whole is witnessing turbulent times. While there are some signs of recovery, sustained progress will depend upon a solution to the Euro debt crisis.

The Indian GDP growth has moderated to 6.5 percent reflecting the impact of international economic downturn and continued monetary tightening. Managing growth and price stability were conflicting challenges in macroeconomic policy making. Indian rupee weakened by more than 14% during the year. WPI inflation remained high around 9% during 2011. Corporates found it increasingly difficult to pass on rise in input cost to the customers.

Due to stratified mining sector, dominated by the public sector undertakings, only 10% of the country's landmass has been explored. Growth of mining industry in 2012 and beyond will remain big challenge to sustain a high GDP growth. A bright spot, however, is the increasing number of Indian companies venturing overseas to secure stable, long-term supplies of minerals such as coal and iron ore in a bid to meet fast-rising domestic demand.

Steel

Over the last decade there has been a structural shift in the demand for steel from developed economies to emerging economies. The demand has shifted towards emerging markets primarily due to strong economic growth coupled with higher share in fixed assets investments as a percentage of GDP. China has replaced Japan, Korea and some of the European companies as driver of the steel market. In 2011 global steel production registered a growth of 6.8% with total output of 1490 Mn tonnes. China produced 683 Mn tonnes of the world steel output registering a growth of 9%. India ranked fourth with production of 72 Mn tonnes steel registering a growth of 6%. Japan and African continent registered negative growth.

Indian steel industry faced shortage of iron ore, coal and natural gas adversely affecting production of steel and in particular sponge iron. During FY 2011-12 India produced 20.56 Mn tonnes of DRI as against 23.26 Mn tonnes produced during last year registering a negative growth of 12%. India, however, continues to be the largest producer of DRI in the world. The ban on iron ore mining in Karnataka, issues related to illegal mining, delay in grant of clearances for coal mining and reduced output of gas from KG basin adversely affected steel output.

Poor quality and high price of coal also affected steel industry. Fuel Supply Agreement (FSA) has caused Coal India to supply only 11-12 million tonnes of coal to the sponge iron producers against the demand of 32 million tonnes forcing the sponge iron producers to resort to procurement through high cost e-auctions and imports, leading to spike in input costs.

The Steel Ministry has proposed a research and development fund for pilot projects of alternate iron and steel technologies developed indigenously. Along with it the ministry has also proposed a five per cent interest subsidy for value addition in iron-ore fines and energy efficiency in the secondary steel plants. This fund will primarily focus on three projects - development of alternate iron-making technology, development of alternate technology for utilising slime and development of CRGO-electrical steel.

Ferro Alloys

Manganese, serves as an important additive for the production of steel. The input quantum of ferro alloys in steel making depends on required end use properties of steel. China and to a lesser extent India are key players in the global ferro alloys industry. While demand side of ferro alloys industry continued to be strong, on the back of record steel production supply also increased substantially through new capacity build-up resulting in pressure on selling prices throughout the year. In the past, China was exporting manganese alloys but on account of a combination of internal factors, including imposition of export duty, exports from China dried up and in 2012 China has become net importer of manganese alloys. Increased fuel/ power cost in ferro alloys producing countries and stronger currencies of major ore producing countries namely Australia and South Africa have put pressure on production costs and producer margins. However, the prices of ferro alloys have started showing upward trends since March, 2012.

The global manganese alloys production was 15.9 Mn tonnes as against 14.8 Mn tonnes in 2010 registering a growth of 7% in line with growth of steel industry. Silico Manganese (SiMn) constituted 62% and Ferro Manganese (FeMn) 28% of total ferro alloys production. Although ferro alloys output was at all-time high, uncertainty about sustainability of global GDP growth and strong competition kept performance of ferro alloys producers subdued in 2011. The Mn ore production also increased marginally from 47 Mn tonnes to 48 Mn tonnes. In terms of Mn content it increased to 15.8 Mn tonnes registering growth of 9% with average Mn content of 32.8%. China imported a record high of 13 Mn tonnes of sea borne ore in 2011. India also meets major part of its requirement of high grade Mn ore through imports. MOIL Ltd., a PSU, is controlling major Mn ore operating reserves of the country. MOIL produced 1.07 Mn tonnes of Mn ore against 1.15 Mn tonnes in the previous year.

New manganese mining capacity of about 10 Mn tonnes/year (gross weight ore) is planned, mainly in South Africa where three mining projects with a total output of 6.3 Mtpy of saleable ore or sinter are planned.

Power

The installed capacity of power in the country has crossed two Lacs megawatt mark which includes 1,32,013 MW capacity in the thermal sector, 38,991 MW in hydro, 4,780 MW in nuclear and 24,503 MW in renewable energy. Total generation was 876.43 Bn units registering a growth of 8.05%. In 2011-12, 20,501 MW was added. In spite of being the fifth largest electricity generation capacity in the world, India still faces huge power shortage and load-shedding.

Over the last few years, India has been facing acute shortage of coal. Despite having vast coal reserves, in the recent years India's dependence is increasing on imports mainly on account of exploration, technical, environmental and logistical issues.

India is blessed with 84000 MW of hydro-electric potential at 60% load factor and ranks 5th in terms of exploitable hydro-potential on global scenario. India is endowed with rich solar energy resource. India receives the highest global solar radiation on a horizontal surface. India plans to generate 1 GW of power by 2013. To promote renewable energy and to make itself sustainable, the government has provided impetus to investors and imposed renewable purchase obligation on conventional energy buyers/consumers in order to balance costs & prices.

OPPORTUNITIES

Your company expects to expand and grow in the core areas of its operation i.e. steel, ferro alloys and power. Your company has already taken up a number of projects directly and through subsidiaries which are at different stage of execution / planning. Sufficient land and required basic infrastructure is readily available with your company. Your company has been allotted iron ore, coal and manganese ore mines to meet its future raw material requirements. In the years to come, on the strength of captive mines and land bank, your company expects to expand its foot print in its

core operating areas. Strong balance sheet and cash flow and good rating with lenders and vendors provide required impetus to your company to implement its plans.

THREATS

Slowdown in the GDP growth, as a result of external & internal factors, resulting in increase in costs of inputs without corresponding increase in selling prices may, put pressure on margins. Further huge capacity addition in power sector may affect power realisations if demand does not grow with the same pace. Large capacity addition in ferro alloys and international demand-supply variations may put pressure on prices.

Your company is well placed to face these challenges. Your company has planned capacity expansions to match availability of mineral resources so that it can compete in challenging environment. Further expansion in energy has been backed by captive resources to keep check on cost of generation. In case of ferro alloys also your company is going with captive power to have assured supply at reasonable rate. Recent increase in grid supply price of power has improved competitive strength of your company. Your company has also planned to enter into long term arrangement for procurement of Mn ore and sale of ferro alloys.

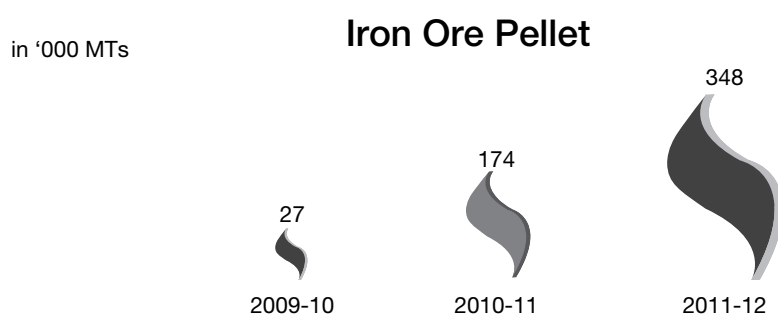
SEGMENT/ PRODUCTWISE PERFORMANCE

As compared to previous year, the current year witnessed an increase in capacity utilization in all the plants. In all existing plants also your company has focused on improvement in efficiencies, lower consumption of materials, fuel, power etc. to reduce cost of production to remain competitive and improve margins. The results of these have already started yielding results & will be more visible in the near future. Your company is also implementing certain capex schemes to improve productivity. The product wise performance is summarized hereunder:

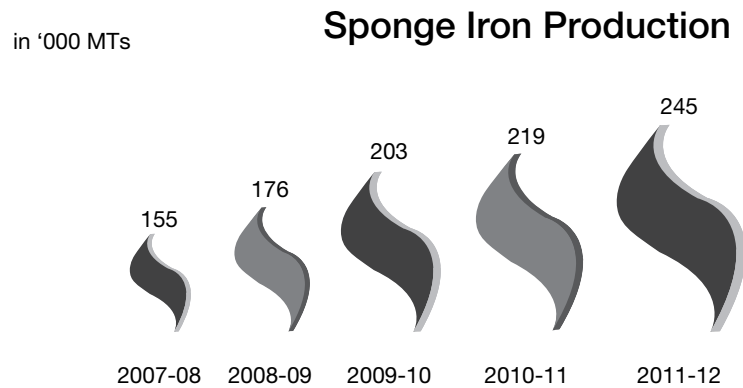
Product	Production (MTs)		Sales (MTs)		Captive Consumption (MTs)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Pellet	3,47,602	1,73,668	45,942	4,757	3,13,389	1,42,088
Sponge iron	2,45,420	2,19,143	1,48,684	1,38,577	98,275	75,169
Steel billet	94,670	80,840	25,282	38,670	69,413	42,510
Wire rod	71,389	40,257	60,366	34,850	16,084	-
Hb wire	15,899	-	15,415	-	-	-
Ferro alloys	64,372	61,232	65,078	61,474	1,121	1,044
Power (Mn Kwh)	576.07	468.87	127.64	72.14	448.51	396.73
Coal*	7,74,028	4,31,728	-	-	8,02,914	4,28,145

Steel

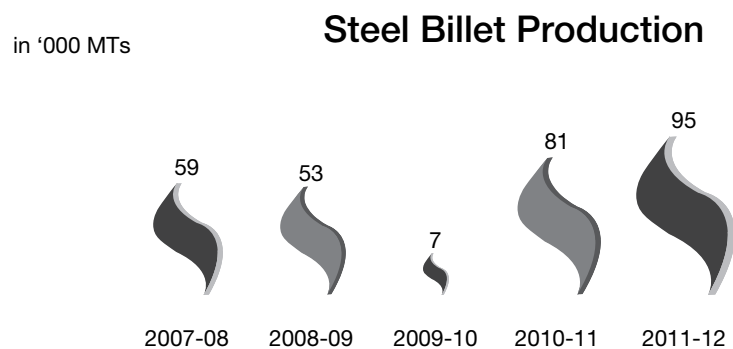
The operations at the pellet plant stabilized in 2nd half of FY 2011-12 after the completion of the process of debottlenecking. This is evident from the production which has more than doubled to 3,47,602 MTs as against 1,73,668 MTs in the previous year. The quality of the product is consistent and is well accepted in the market.



Sponge iron plant recorded a production of 2,45,420 MTs surpassing all previous performances. The improvement in performance was due to longer productions cycles and consistent quality of raw materials mainly from pellet plant and washed coal from washery.

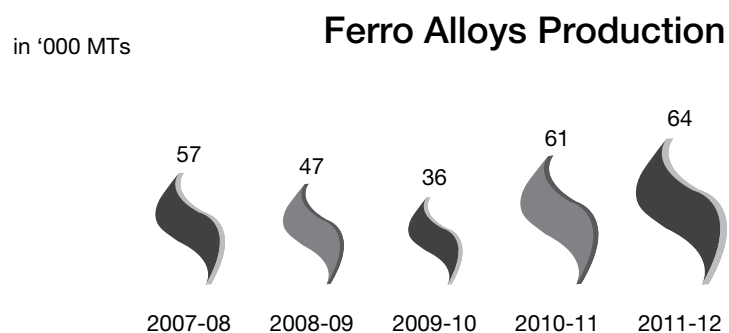


During the year, surplus power was utilized for increased production at the billet plant as merchant power sales was not that remunerative.



Ferro Alloys

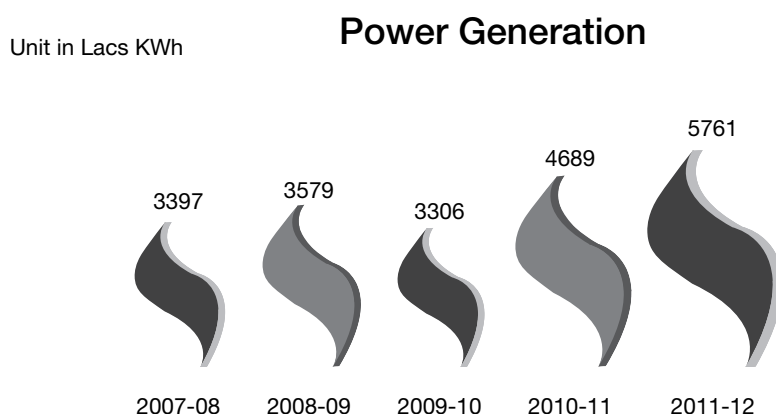
During the year, your company achieved record production of 64,372 MTs of Ferro Alloys as against 61,232 MTs in the previous year through energy efficiency. Share of high-end products for export markets has gone up.



The state-of-art 2x33 MVA green field ferro alloys project of Sarda Metals & Alloys Ltd. at Vizag is expected to commence operation in the current financial year. With the commissioning of the project, your company’s market share in ferro alloys is expected to improve. This will also boost your company’s export and enable your company to serve its global clients in a better way.

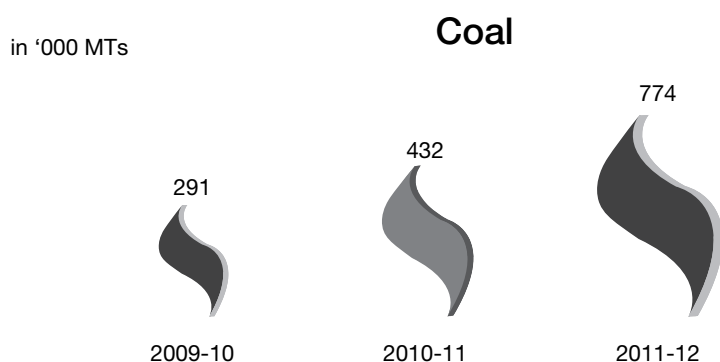
Power

Consequent to availability of full capacity of power plant of 81.5 MW, the generation at the power plant was a record 5,761 Lacs KWh. During the year your company sold 1,276.4 Lacs KWh against 721.44 Lacs KWh sold in the previous year. Inspite of shortage of power in many parts of the country, realisations from sale of power fell marginally.



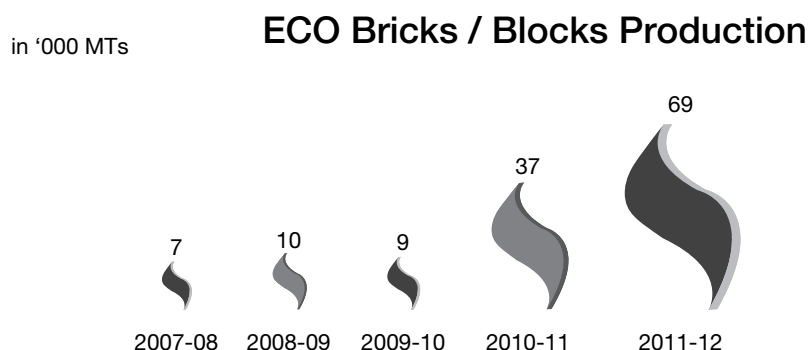
Coal Mines and Coal Washery

The operation at the coal mines of your company continues to be normal. During the year, coal production increased by around 80% as compared to previous year. During the year, your company received 2,10,343 MTs of washed coal from the coal washery commissioned during the year. This has helped in improved performance of sponge iron plant.



ECO Bricks

During the year, your company has commissioned its second state of the art Eco brick making plant. The ECO bricks plant consume the plant waste in making eco-friendly bricks. During the year, 68,788 MTs of plant waste was utilized in manufacturing 68,618 MTs of ECO bricks.



OUTLOOK

With the concerted policy actions around the world, the global GDP for 2012 is expected to grow at 3.3% with emerging and developing economies leading the growth (+5.5%) and developed economies growing by 1.2%. Indian economy is expected to grow by +7%. Uncertainty remains with Euro Zone. Barring some softening, Chinese growth is expected to remain strong. In view of above demand for steel, ferro and power is expected to grow steadily.

Steel and ferro alloys prices have shown improvement in current year. However, the momentum seems to have lost steam and capacity utilization in many regions remains below 80%. Raw material prices initially showed resilience at lower levels but are expected to remain relatively stable.

The price of power to the industry has gone up across the country. Your company is having captive power generation capacity. This has a positive impact on your company. The ferro alloys plant at Vizag will be operational in the current year. China becoming net importer of ferro alloys will help in boosting Indian ferro alloys export. With concerted efforts capacity utilization & margins of existing production facilities are also expected to improve.

Your company has chalked out a strategy to expand and grow on the strength of natural resources held by/allotted to your company. Accordingly, the projects will be executed to coincide with the availability of captive raw material resources.

Overall your company expects to better its performance in the current year.

RISKS AND CONCERNS

Although the steel industry has shown signs of recovery, the recent Euro-zone sovereign debt crisis continues to cause concern. The main hurdles before Indian steel industry are the high cost of capital, high administered price of essential inputs and non-availability of metallurgical coke coupled with poor quality and ever increasing prices of coking and non-coking coal.

Availability of good quality of iron ore, coal shortages and the low quality of coal supplies are areas of concern. Insufficient domestic coal supplies result in imports leading to rise in costs. Uncertain time frame for land acquisition, environmental and forest clearances, difficulties in rehabilitation, inter-state issues, geological surprises and contractual issues, depleting raw materials reserves are key areas of concern in a developing economy.

The country's power sector is facing multidimensional challenges, such as inefficient distribution network, low efficiency in power generation, high transmission & distribution losses, etc. On the positive side several states have taken steps to increase tariffs, reduce T & D losses & increase generation. These steps should result in a more dependable power sector in future.

Domestic inflation & depreciation of the Rupee are causes of concern. Tighter monetary policy and restrictive fiscal policy to contain fiscal deficit, may impact growth & resurgence in domestic steel demand.

On the financial front, your company is exposed to exchange rate fluctuation risk due to External Commercial Borrowings availed by it but to some extent, the same is mitigated by natural hedge, due to presence in the export market. The Management does not perceive any major technological, environmental and/or financial risks for your company in the near future. Your company has contingent liabilities as disclosed in note no. 37 of the Notes to Financial Statements for the year ended 31st March, 2012.

These are threats faced in general, by the entire industry. Given its expertise, experience and strengths, besides flexibility in production processes, your company is well positioned to continue on its growth path.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly, and also that the applicable statutes, the Code of Conduct and corporate policies are duly complied with.

Your company has availed the services of independent professional firm for Internal Audit. The Internal Auditors conduct audit in various functional areas as per Audit Programme approved by the Audit Committee of Directors. The Internal Auditors audit the effectiveness of the internal controls with an objective to provide to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of your company's risk management, control and governance processes. Audit planning and executions are oriented towards a review of internal controls in the functional areas of your company.

The Internal Auditors' report their findings and observations to the Audit Committee, which met six times during the year to review the audit issues and to follow up implementation of corrective actions. The Committee also seeks the views/opinions of statutory auditors on the adequacy of the internal control systems in your company. The Audit Committee has majority of independent directors to maintain the objectivity. The Audit Committee's observations and suggestions were acted upon by the Management. The Auditors' report regarding adequacy of internal controls can be seen in clause no. iv and vii of the Annexure to the Auditors' Report.

Financial Performance with respect to Operational Performance

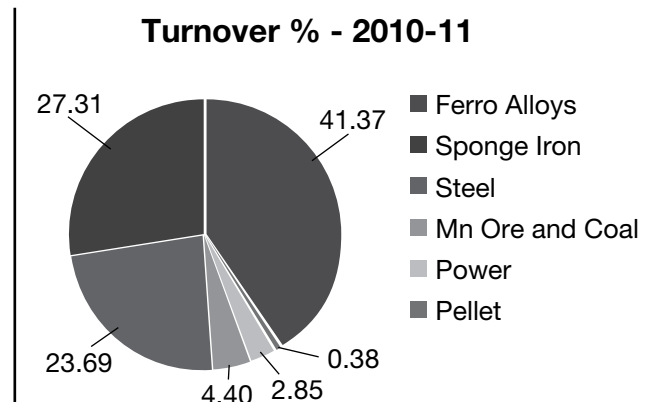
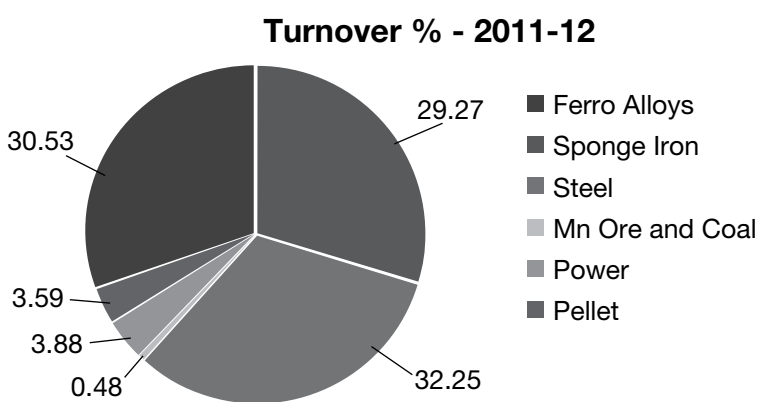
A brief on your company's financial performance is given hereunder:

	(₹ in crore)	
Particulars	2011-12	2010-11
Net revenue from operations	1,100.18	884.74
Other income	33.13	11.69
Total	1,133.31	896.43
Consumption of raw material	628.77	560.26
Employee benefit expenses	40.87	33.00
Profit before interest, depreciation & tax	237.57	160.00
Depreciation and amortisation	63.23	57.63
Finance cost	44.97	18.07
Profit before tax	104.06	70.72
Tax	10.34	21.05
Profit after tax	114.40	49.67

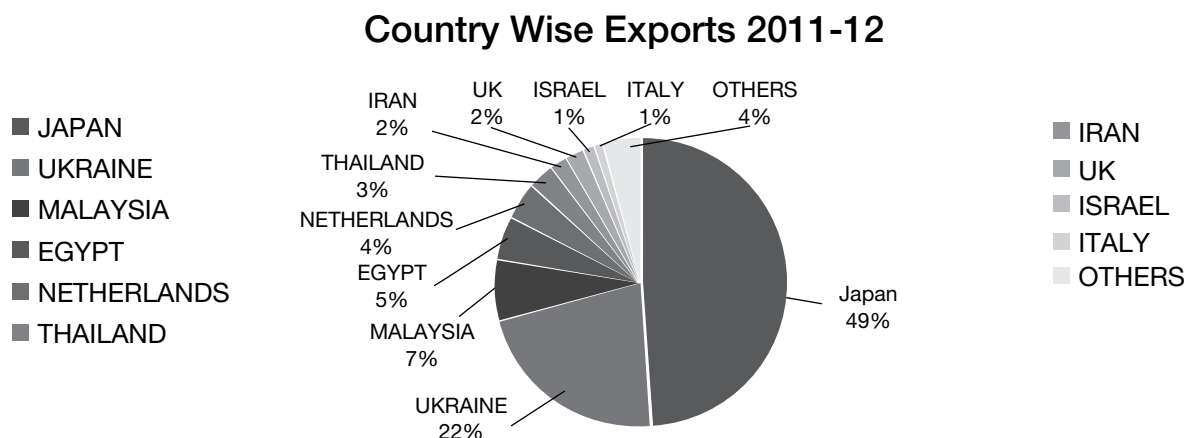
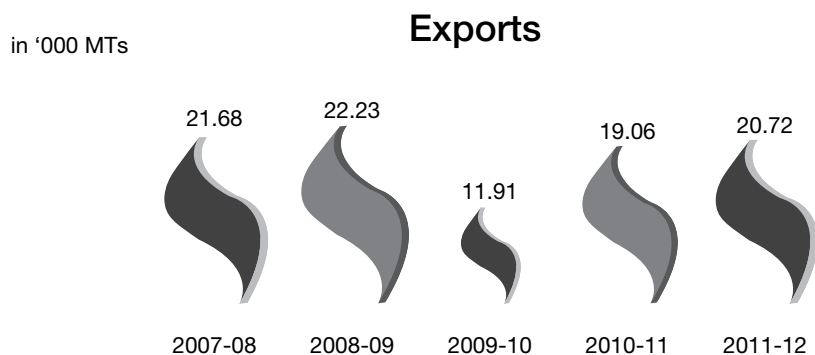
The increase in revenue from operations was mainly attributed to increase in capacity utilization and longer operation cycles. The table below gives the product wise turnover:

(₹ in crore)

Product	2011-12	% of turnover	2010-11	% of turnover
Ferro alloys	361.99	30.53%	391.35	41.37%
Sponge iron	347.07	29.27%	258.35	27.31%
Steel – billets, wire rod & hb wire	382.41	32.25%	224.14	23.69%
Manganese ore and coal	5.79	0.48%	41.63	4.40%
Power	46.01	3.88%	27.00	2.85%
Pellet	42.54	3.59%	3.57	0.38%



During the year, your company exported 20,725 MTs of ferro alloys as against 19,056 MTs in the previous year. Your company has increased its focus in diversifying its exports market particularly in Europe, South East Asia, Canada and Africa with major focus on South East Asia. Due to increased focus on diversifying the exports market, the share of Japan in total exports is showing a reducing trend.



Employee cost and Depreciation went up pursuant to commissioning of wire drawing facility, coal washery and the second eco-bricks plant. Interest cost includes forex losses treated as adjustment to the interest cost. Another reason for increase in interest cost is fresh borrowings for meeting the expansion projects of your company and its subsidiaries.

Long term Funds

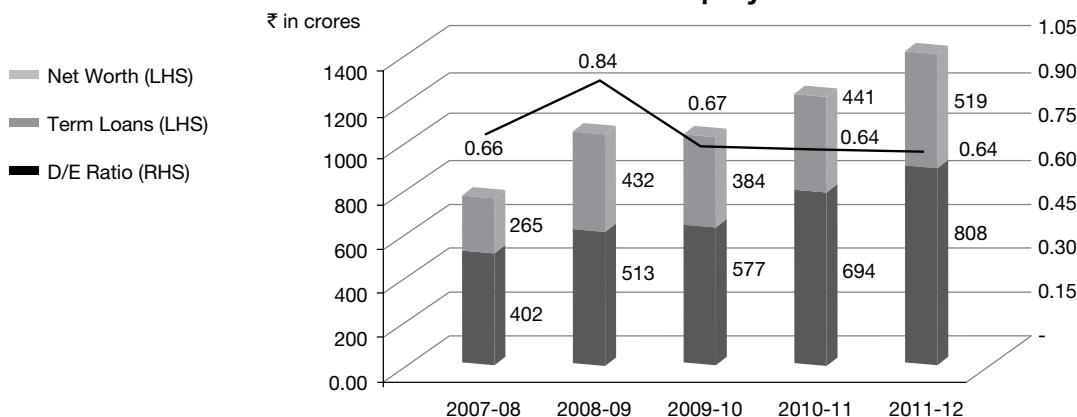
Long term borrowings

During the year, your company repaid ECB loan of ₹ 56.86 crore. Your company also repaid ₹ 8.50 crore of other term loans availed from the bankers. The loan of ₹ 15 crore taken from IL & FS was also repaid during the year under review. All the loans and the interest payment commitments were met on time.

During the year your company raised a term loan of ₹ 125 crores from Infrastructure Development Finance Company Ltd. for making investment in power projects of the company and its subsidiaries.

CARE has maintained highest credit rating of CARE A1+ (A one plus) for short term loans (highest) and revised/ assigned rating of CARE A+ (Single A Plus) for the long term loans.

Debt Equity Ratio

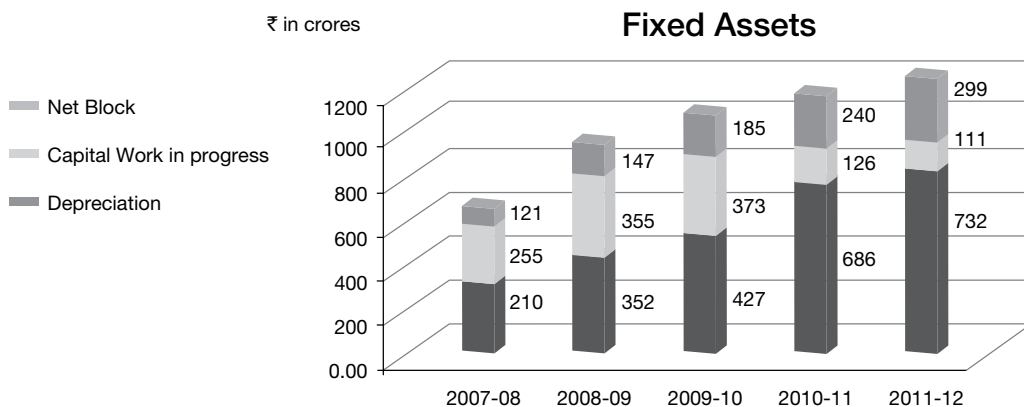


The long term borrowings also include conversion of deferred sales tax liability into loans. The amount of deferred sales tax due during the year was paid on the due date.

Tangible and Intangible Assets

During the year, your company capitalized a sum of ₹ 41.64 crore invested in coal washery, wire drawing facility and second eco-bricks plant. Your company has also incurred capital expenditure on modernization of existing facilities. The gross block has gone up to ₹ 1,141 crore as against ₹ 1,062 crore in the previous year. The net block has also gone up from ₹ 822 crore to ₹ 843 crore.

Fixed Assets



Investments

During the year, your company has made further investments of ₹ 143 crore in its subsidiaries and controlled entities mainly in Sarda Metals & Alloys Ltd. which is executing ferro alloys project and Madhya Bharat Power Corp. Ltd., which is executing 96 MW hydro power project. The subsidiaries are under various stages of project execution and the benefit of such investments will flow to your company in the coming years.

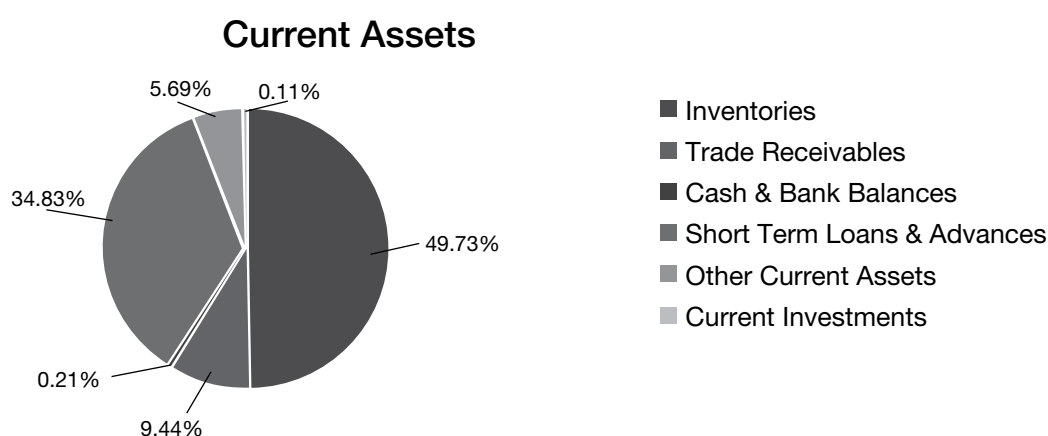
Long Term Loans & Advances

During the year, there was an increase of ₹ 84.75 crore in long term loans and advances due to loans and advances given to the subsidiaries for their ongoing projects as part of promoters' contribution, particularly Sarda Energy Ltd. for acquisition of land for its 1,320 MW thermal power project. The increase was also on account of advances given for capital goods and MAT credit entitlement.

Current Assets

Particulars	(₹ in crore)	
	2011-12	2010-11
Current Investments	0.51	41.74
Inventories	227.22	258.76
Trade Receivables	43.13	43.36
Cash & Bank balances	0.95	1.69
Short Term loans and advances	159.15	99.26
Other current assets	25.99	2.63

Current investments decreased due to disposal of the mutual fund investments to meet fund requirement for ongoing projects in subsidiaries. Inventories came down due to focus on minimum inventories being maintained. Loans and advances increased mainly due to business advances.



Current liabilities & provisions

Particulars	(₹ in crore)	
	2011-12	2010-11
Current Liabilities	378.09	348.46
Provisions	4.90	13.64

Current liabilities increased mainly on account of current maturities of long term debt and interest accrued on the same. The same is also due to increase in trade payables against imports. The provisions have come down as your company has, as per the requirements of the revised Schedule VI, instead of providing for dividend has disclosed the proposed dividend separately.

Material Developments in Human Resources / Industrial Relations

Your company believes people to be of prime importance in achieving its vision of sustainable growth. The Human Resource (HR) practices at your company are geared towards creating a performance driven organisation.

In order to foster thrust on training & development of the employee, a dedicated cell is functioning at your company at the corporate level. Based on the training need assessment the quarterly training calendar is being designed to cover all level of employees in a phased manner. Various types of training programs are being conducted. During the year 2.37 man days training per employee per year has been achieved. A total of 233 training programs were organized.

During the year, the “Sarda Learning Centre” has been launched with an objective to recruit Graduate, Diploma & B.Sc trainees every year for consecutive 3 years from NITs, Govt. colleges respectively to cater to the existing need & near future demand of skilled & talented manpower for the operational units & various ongoing projects. For the GET, DET & B.Sc trainees, a structured training methodology has been designed & implemented with stringent monitoring & regular review system to sharpen their technical knowledge & develop the soft skill competencies to deliver better results for the organization.

An awareness session on ESI/PF for the Industrial contractual workers was also organized to instill a sense of importance on health and future social security. This awareness session was organized in association with ESI Corporation, Regional Office, Raipur.

As of 31st March, 2012, the total number of employees stood at 1,612 as compared to 1,584 in the previous year.



Nukkad Natak on ESIC/PF

Cautionary Statement

Statements in the Management Discussion and Analysis report describing your company’s objectives, projections, estimates, expectations may be “forward-looking statements” within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your company’s operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which your company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

Corporate Governance Report

1. Company's philosophy on Corporate Governance

Good Corporate Governance is essentially an integral part of values, ethics and the best business practices followed by your company. Your company stresses upon the following core values:

- **Quality:** We believe in setting benchmark through the quality of our products.
- **Transparency:** We believe in dissemination of information on time and in transparent manner.
- **Customer focus:** We believe in high customer satisfaction and becoming a part of our customers' success story.
- **People centric:** We believe in our people and constant up gradation of their skills and leadership capabilities.
- **Integrity and ethics:** We believe in our commitments and strive to set high ethical standards.
- **Corporate and social responsibilities:** We believe in caring for environment and surrounding communities.

Your company would constantly endeavor to improve these aspects.

2. Board of Directors

Composition

The Board of Directors comprises ten Directors, including six Non-Executive Independent Directors and two executive professional Directors. The Non-Executive and Independent Directors are eminent professionals having rich and sound experience in diverse fields related to the business of your company.

The names and categories of the Directors on the Board and other relevant information areas under:

Names of the Directors	Category	No. of other Directorships held*	No. of other Board member/ Chairman	No. of Board Meetings attended	Last AGM attended	No. of shares held in the Company
Mr. K. K. Sarda	Promoter Executive	6	-	5	No	13,09,149
Mr. G. K. Chhanghani	Wholetime Director Executive	3	-	3	No	3,500
Mr. Pankaj Sarda	Wholetime Director Executive	3	-	5	No	6,91,107
Mr. G. D. Mundra	Wholetime Director Executive	2	3	7	No	5,820
Mr. Rakesh Mehra	Independent Non-Executive	1	-	4	No	137
Mr. A. K. Basu	Independent Non-Executive	2	-	7	Yes	Nil
Mr. P. R. Tripathi	Independent Non-Executive	6	8	5	No	Nil

Mr. G. S. Sahni	Independent Non-Executive	2	-	4	No	Nil
Mr. C. K. Lakshminarayanan	Independent Non-Executive	2	-	5	No	6,000
Mr. Jitender Balakrishnan	Independent Non-Executive	14	11	6	No	Nil

* excluding Pvt. Ltd. companies, foreign companies and Limited Liability Partnerships

As required by the Companies Act, 1956 and Clause 49 of the Listing Agreement, none of the Directors hold Directorship in more than 15 public limited companies, membership of Board Committees (Audit/Investors' Grievance Committees) in excess of 10 and Chairmanship of Board Committees as aforesaid in excess of five.

Your company has adopted Code of Conduct for Board of Directors and Senior Executives. Your company has also implemented Code of conduct for Prevention of Insider Trading. Both the codes are placed on the website of your company. A declaration signed by the Chairman and Managing Director of your company confirming the compliance of the Code by the Board Members and the Senior Executives is given below:

"I hereby confirm that the company has obtained from all the members of the Board and senior executives, affirmation that they have complied with the Code of Conduct for Board of Directors and Senior Executives in respect of the financial year 2011-12.

K.K. Sarda
Chairman and Managing Director"

2.2. Number of Board meetings held

Seven meetings of the Board of Directors were held during the year ended 31st March, 2012 as given hereunder:

Date of meeting	No. of Directors present
21st May, 2011	9
23rd June, 2011	3
30th July, 2011	9
22nd October, 2011	7
30th November, 2011	3
21st January, 2012	10
16th March, 2012	10

2.3. Particulars of Directors seeking appointment / reappointment

Particulars of Directors seeking appointment / reappointment at the ensuing Annual General Meeting to be held on 29th September, 2012 are given as under:

1	Name	Mr. Asit Kumar Basu	Mr. Chittur Krishnan Lakshminarayanan	Mr. Jitender Balakrishnan
2	i) Age	62 years	63 years	63 years

ii) Qualification	BME	Bachelor of Technology	B.E (Mech) National Institute of Technology (NIT) Madras University & Post Graduate Diploma in Industrial Management, Bombay University
iii) Date of appointment	31.01.2003	28.01.2009	30.07.2010
3 Experience	More than 40 years in the field of finance	He worked as a Plant Engineer for 8 years with Madras Petrochem Ltd. Thereafter, he worked with Industrial Development Bank of India, firstly in Project finance and then in Investment Banking. Lastly, he worked as President and CEO of ST-CMS Electric Company Pvt. Ltd., which is operating a 250 MW IPP.	He has wide experience in the sectors like, Oil and Gas, Refineries, Power, Telecom, Airports, Roads, Ports, Steel, Cement, Fertilizers, Petrochemicals, Hotel, Pharmaceuticals, Paper, etc.
4 Other Directorships/ Partnerships	ICRA Online Limited	Shri Kailash Logistics Ltd.	Bharti AXA General Life Insurance Company Ltd.
	Pratibha Syntex Limited	Madhya Bharat Power Corporation Ltd.	Bharti AXA Life Insurance Company Limited
			Usha Martin Limited
			Bhoruka Power Corporation Limited
			Aditya Birla Finance Limited
			Polyplex Corporation Limited
			Binani Industries Limited
			IL & FS Investment Managers Limited
			S Kumars Nationwide Limited
			India Glycols Limited
			Essar Steel India Limited
			Magus Estates and Hotels Limited
			Shree Rajasthan Syntex Ltd
			Essar Services India Limited
			Equinox Realty & Infrastructure Private Limited
5 Chairman/ Member of Committees	Sarda Energy & Minerals Ltd. (Audit & Shareholders' /Investors' Grievance Committee)	Sarda Energy & Minerals Ltd. (Audit & Corporate Governance Committee)	Bharti AXA Life Insurance Co. Ltd. (Policy Holders Protection Committee)

				Usha Martin Limited (Audit Committee)
				Aditya Birla Finance Ltd. (Risk Committee)
				Binani Industries Ltd. (Audit Committee and Remuneration Committee)
				IL& FS Investment Managers Ltd. (Audit Committee)
				S Kumar Nationwide Ltd (Remuneration Committee)
				Sarda Energy & Minerals Limited (Appointment & Compensation Committee and Investor Grievance Committee)
				Essar Steel India Limited (Remuneration Committee)
				Magus Estates and Hotels Ltd (Audit Committee, Remuneration Committee & Finance Committee)
6	Shareholding in the Company	NIL Equity Shares	6,000 Equity Shares equal to 0.02%	NIL Equity Shares
7	Relationship with Directors	No relationship with Directors	No relationship with Directors	No relationship with Directors

3. Audit Committee

The Audit Committee of your company comprises of four Directors. Mr. A. K. Basu is the Chairman of the Committee and Mr. Rakesh Mehra, Mr. C. K. Lakshminarayanan and Mr. G. D. Mundra are the members of the Committee. The terms of reference of the committee are as per the provisions of Section 292 (A) of the Companies Act, 1956, read with Clause 49 of the Listing Agreement. The Company Secretary acts as the secretary to the Audit Committee. The invitees to the Audit committee include the Statutory Auditors, the Internal Auditors and the respective departmental heads.

Six meetings of the committee were held during the year 2011-12 on 22nd April, 2011, 21st May, 2011, 30th July, 2011, 21st October, 2011, 21st January, 2012 and 17th March, 2012. The attendance particulars are as under:

Name of Chairman/member	Meetings	
	Held	Attended
1. Mr. A. K. Basu – Chairman	6	6
2. Mr. Rakesh Mehra – Member	6	5
3. Mr. G. D. Mundra – Member	6	6
4. Mr. C. K. Lakshminarayanan – Member	6	6

4. Appointment & Compensation Committee

The Board of Directors in their meeting held on 21st May, 2011 approved merger of the Remuneration Committee and Employee Compensation Committee by formation of a new sub-committee of the Board under the title “Appointment & Compensation Committee” which comprises of Mr. P. R. Tripathi as Chairman and Mr. J. Balakrishnan and Mr. Rakesh Mehra as the members. Two meetings of the Committee were held during the year on 21st May, 2011 and 16th March, 2012.

The Executive Directors have been paid remuneration as per terms of their appointment. The Non-Executive Directors of your company have been paid sitting fees for meetings of the Board and/or Committees attended by them. Also, pursuant to the approval of members, Non-Executive Independent Directors have been paid Commission on the net profits of your company for the year 2011-12, which is within the ceiling specified under the Companies Act, 1956.

Details of remuneration to Executive Directors and Non-Executive Directors are as under:

	(₹ in Lacs)	
	2011-12	2010-11
i) Salary, Allowances etc. to Managing Director & Whole Time Director	139.31	137.30
ii) Perquisites	13.85	13.47
iii) Contribution to Provident Fund	12.53	12.16
iv) Commission to Managing Director	150.00	100.00
v) Commission to Non Executive Director	12.00	12.00
vi) Sitting Fees	11.20	7.00
Total	338.89	281.93

Note:

The above amount does not include contribution to gratuity fund, as separate figures are not available for the Managing Director and Whole Time Directors.

5. Corporate Governance Committee

The sub-committee on Corporate Governance has the specific task of looking into matters related with Corporate Governance with Mr. C. K. Lakshminarayanan as Chairman & Mr. G. S. Sahni, Mr. Rakesh Mehra and Mr. G. D. Mundra as members. The scope of the committee's functioning includes:

- i. Compliance of the Corporate Governance requirements under the Listing Agreement and Companies Act.
- ii. Disclosure of information to the Board.
- iii. Frequency and number of the Audit Committee and Board meetings.
- iv. Finalisation of the Report on Management Discussions & Analysis and Corporate Governance.
- v. Benchmarking of company's Corporate Governance practices with best practices and drawing a time frame for improvement.

The committee monitors the Corporate Governance practices implemented by your company and gives its suggestions and instructions for improving the same.

6. Shareholders'/Investors' Grievance Committee

The Board of Directors in its meeting held on 30th July, 2011 reconstituted the Shareholders'/Investors' Grievance Committee by appointing Mr. J. Balakrishnan as Members of the Committee in place of Mr. Rakesh Mehra.

The Shareholders'/Investors' Grievance Committee, consisting of Mr. A. K. Basu (Chairman), Mr. J. Balakrishnan and Mr. G. D. Mundra as members, has the specific task of looking into share transfers and resolving the shareholders'/investors' grievances. The Chairman is a Non-Executive and Independent Director.

Name and designation of the Compliance Officer: Mr. P. K. Jain, Company Secretary

The number of complaints received during the year : 19 complaints were received which were attended in time.

Apart from the above, requests for issue of duplicate shares, share transmissions, revalidation of warrants and change in bank account details, were also received and were attended promptly.

The number of complaints not redressed at the end of the year. : All the complaints have been attended satisfactorily and no complaints were pending at the end of the year.

Number of pending share transfers : All the requests for transfer received during the year were duly attended.

7. General Body Meetings

The venue, date and time of the last three Annual General Meetings are as under:

<u>Date</u>	<u>Time</u>	<u>Location</u>
30th September, 2009	2.00 p.m.	Same as above
25th September, 2010	2.30 p.m.	Same as above
30th September, 2011	2.30 p.m.	Same as above

The following Special Resolutions were passed in the last three Annual General Meetings:

- Resolution for appointment of Dr. K.K. Rathi to place of profit subject to the approval of the Central Government – Section 314, in the AGM held on 30th September, 2009
- Resolution for payment of commission to the Non-Executive Directors within the limits prescribed by the Companies Act, 1956 - Section 198/309, in the AGM held on 30th September, 2009
- Resolution for alteration of object clause of Memorandum of Association for addition of clause no. 42 and 43 in the AGM held on 25th September, 2010
- Resolution for authorizing the company to take up the business as mentioned in item no. 42 and 43 - Section 149(2A) in the AGM held on 25th September, 2010
- Resolution for increasing the remuneration of Dr. K.K Rathi - Section 314(1)(b) in the AGM held on 30th September, 2011
- Resolution for payment of sitting fees by subsidiaries of the company to Mr. G. S Sahni, director of the company - Section 314(1)(a) in the AGM held on 30th September, 2011
- Resolution for payment of sitting fees by subsidiaries of the company to Mr. C. K Lakshminarayanan, director of the company - Section 314(1)(a) in the AGM held on 30th September, 2011

In AGM held on 30th September, 2011, resolution u/s 293(1)(a) was passed through postal ballot, with 100% majority of the members who tendered their postal ballots for creation of charge on assets of your company.

Mr. Satish Sharma, practicing Company Secretary, was appointed as the scrutinizer for conducting the postal ballot exercise.

8. Disclosure

Related-party transactions during the year have been disclosed in detail in note no. 34 to the annual accounts, as required under Accounting Standard 18, issued by the Institute of Chartered Accountants of India. These transactions are not likely to have any conflict with your company's interest.

Compliance of SEBI, stock exchange requirements: Your company has complied with all the requirements of Companies Act, 1956 and the Regulations of the Securities Exchange Board of India (SEBI). Your company's application for delisting is pending with the Calcutta Stock Exchange, for long. The matter has been reported to SEBI. In view of the pendency of delisting application with the Calcutta Stock Exchange, your company has stopped sending the information to the Calcutta Stock Exchange.

Your company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and has also adopted the non-mandatory clause of having a remuneration committee for deciding the remuneration of the executive directors.

9. Means of communication

Half-yearly report/Quarterly results: Quarterly, half-yearly and annual results are submitted to the stock exchange in accordance with the Listing Agreement and published in English and vernacular newspapers. The financial results and other relevant information including operational data are placed simultaneously on your company's website—www.seml.co.in. Neither official news releases nor any presentations have been made to the institutional investors or to the analysts during the year.

10. General shareholder information

Annual General Meeting	: Date: 29th September, 2012 Time: 2.30 p.m. Venue: 73-A, Central Avenue, Nagpur- 440018.
Financial calendar for 2012-13 (tentative) :	
Financial results for the quarters ended	
30th June, 2012	: 4th week of July, 2012
30th September, 2012	: 4th week of October, 2012
31st December, 2012	: 4th week of January, 2013
31st March, 2013	: 2nd Week of May, 2013 (if unaudited) Last week of May, 2013 (if audited)
Annual General Meeting	: September, 2013
Book Closure Date	: 2nd July, 2012 to 7th July, 2012 (both days inclusive)
Dividend payment date	: On or after 29th September, 2012
Listing on stock exchanges	:
Equity shares	The shares of your company are listed on the following exchanges: i. The Bombay Stock Exchange Ltd., Mumbai (504614) ii. The National Stock Exchange of India Ltd., Mumbai (SARDAEN) iii. The Calcutta Stock Exchange Association Ltd.* ISIN no. NSDL & CDSL - INE385C01013 *The company's application for delisting of its shares from the Calcutta Stock Exchange Association Ltd is pending and the matter has been reported to SEBI.
Non-convertible debentures	: The 9.55% non-convertible debentures of your company are listed on the Bombay Stock Exchange Limited, Mumbai.

Particulars	9.55% NCDs
Market Lot	1
Scrip Code	946886
Scrip ID on Bolt System	SEML26JUL10
ISIN Number	INE385C07028
Credit Rating	CARE A+

Your company has paid annual listing fees to the Bombay Stock Exchange Ltd. for equity shares and the NCD's and to The National Stock Exchange of India Ltd., Mumbai, for the equity shares for the financial year 2012-13.

Trustees for NCDs (9.55%)	: Axis Trustee Services Ltd. Axis House, 2nd Floor, E Wing, Bombay Dyeing Mills Compound Pandurang Budhkar Marg, Worli, Mumbai - 400025.
Registrar and share transfer agents (for physical and electronic) (for equity shares and NCD)	: Sharepro Services (India) Pvt. Ltd. 13 A-B, Sam Hita Warehousing Complex Warehouse No.52 & 53, Plot No.13AB 2nd Floor, Sakinaka Mumbai - 400 072
Share transfer system	: Share transfers in physical form can be lodged with the R&T agents at the above address. Transfers are processed within the stipulated time, if the documents are complete in all respects. All share transfer requests are approved by the Share Transfer Committee or the persons authorised by the Board.

Shareholding pattern as on 31st March, 2012

Sl. No.	Category	No. of shares	Percentage
1.	Promoters	2,38,48,457	66.52%
2.	Banks/mutual funds	7,57,584	2.11%
3.	Foreign Institutional Investors	22,38,880	6.25%
4.	Bodies Corporate	34,72,762	9.69%
5.	Others	55,32,317	15.43%
Total		3,58,50,000	100.00%

Distribution of shareholding as on 31st March, 2012

Shareholding of nominal value (₹)	Shareholders		Share amount	
	Number	% to total	₹	% to total
Up to 5,000	13,368	92.38	1,46,79,920	4.09
5,001 – 10,000	490	3.39	39,82,570	1.11
10,001 – 20,000	266	1.84	40,43,720	1.13
20,001 – 30,000	110	0.76	27,87,270	0.78
30,001 – 40,000	55	0.38	20,00,900	0.57
40,001 – 50,000	30	0.21	14,22,470	0.40
50,001 – 1,00,000	76	0.53	56,04,840	1.56
1,00,001 and above	76	0.53	32,39,78,310	90.37
Total	14,471	100.00	35,85,00,000	100.00

Market price data: High/low during the year 2011-12

Month	SEML on the BSE (in ₹)		SEML on the NSE (in ₹)	
	High	Low	High	Low
Apr 2011	293.35	200.20	293.45	198.00
May 2011	274.40	205.00	274.95	200.65
Jun 2011	241.05	201.00	241.25	200.10
Jul 2011	236.00	206.30	236.40	202.00
Aug 2011	214.80	134.00	216.00	133.35
Sep 2011	159.70	128.00	159.00	128.50
Oct 2011	134.00	114.80	133.80	112.15
Nov 2011	129.05	90.05	129.80	93.00
Dec 2011	98.00	72.00	97.50	73.00
Jan 2012	129.20	75.10	129.90	74.20
Feb 2012	147.40	118.35	147.40	116.25
Mar 2012	153.50	115.85	153.60	116.00

Comparison of SEML share price movements with BSE Metal Index

- Dematerialisation of securities** : Your company has an arrangement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialisation of equity shares. As on 31st March, 2012, out of the total 3,58,50,000 equity shares held by about 14,471 (PY 13,918) shareholders, approximately 3,52,74,340 (PY 3,31,25,809) equity shares held by 9,920 (PY 9,274) shareholders representing 98.39% (PY 92.40%) percent of the total paid-up equity capital have been dematerialised.
- Debentures are also held in dematerialised form.
- Plant location** : The plant of your company is located at Industrial Growth Centre, Siltara, Raipur (C.G).
- Address for correspondence** : Sarda Energy & Minerals Limited
Industrial Growth Centre, Siltara
Raipur [C.G.] 493 111
Ph: +91-771-2216100
Fax: +91-771-2216198
e-mail: cs@seml.co.in

CERTIFICATE

To the Members of
Sarda Energy & Minerals Limited

We have examined the compliance of conditions of Corporate Governance by Sarda Energy & Minerals Limited, for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementations thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. 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 explanation given to us and the representations made by the Directors and the management, 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 further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For, M. M. Jain & Associates
Chartered Accountants
(FRN:112538W)

(MANISH JAIN)

Partner

Membership No. 118548

Place : Raipur

Dated : July 28, 2012

Auditors' Report

To the Members of
Sarda Energy & Minerals Limited

We have audited the attached Balance Sheet of SARDA ENERGY & MINERALS LIMITED as at March 31, 2012, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matter specified in Paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as it appears from our examination of those books;
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the Directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes appearing thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

For M. M. Jain & Associates
Chartered Accountants
(FRN 112538W)

Place : Raipur
Dated : May 26, 2012

(MANISH JAIN)
Partner
Membership No. 118548

Annexure to Auditors' Report

Annexure referred to in Paragraph 2 of our report of even date

- i) On the basis of such checks as we considered appropriate and in terms of information & explanations given to us we state that: -
 - a) The Company has maintained proper records in electronic mode showing full particulars including quantitative details and situation of fixed assets.
 - b) All the major assets except certain low value items of Furniture, Fixtures and Office Equipments have been physically verified by the Management at reasonable intervals. As informed, no material discrepancies were noticed on such verification.
 - c) The fixed assets disposed off are not substantial so as to affect the going concern status of the Company.
- ii)
 - a) As informed, inventories have been physically verified at reasonable intervals by the management
 - 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 has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records. However, the deficiencies noticed on physical verification have been properly dealt with in the books of account.
- iii)
 - a) The Company has granted unsecured loan to nine companies and one limited liability partnership covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 23,939.00 Lacs and the year-end balance of loans granted to such companies and LLP was ₹ 11,760.00 Lacs.
 - b) In our opinion, the rate of interest wherever charged, and other terms and conditions of loans given by the Company are prima facie not prejudicial to the interest of the Company.
 - c) The principal amounts are repayable over a period of one to three years, while the interest is payable annually at the discretion of the Company.
 - d) In respect of the said loans and interest thereon, there are no overdue amounts.
 - e) The Company has not taken any loans secured or unsecured from any of the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of sub clause (f) and (g) of Paragraph 4 Clause (iii) of the Companies (Auditor's Report) Order, 2003, (as amended) are not applicable to the Company.
- iv) In our opinion and according to the information & explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v)
 - a) In our opinion and according to the information & explanations given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of contracts/arrangements covered in the register(s) maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi) The Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of Paragraph 4 of the Order are not applicable to the Company.
- vii) The Company is having an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed cost records have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at March 31, 2012 for a period of more than six months from the date of becoming payable.
- b) According to the information and explanations given to us, there are no dues of Wealth Tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. The disputed Statutory dues of Income tax, Excise Duty, Service tax and Sales tax that have not been deposited on account of dispute, the particulars of which and the forum where the dispute is pending are given below:-

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Central excise act, 1944	Excise Duty	19.51	1989	High Court
Central excise act, 1944	Excise Duty	1.05	1995	High Court
Central excise act, 1944	Excise Duty Penalty	81.90 83.48	Dec-2004, 2007-08 and 2008-09	Customs Excise & Service Tax Appellate Tribunal
Central excise act, 1944	Penalty	6.97	2006-07	Customs Excise & Service Tax Appellate Tribunal
Central excise act, 1944	Excise Duty	7.62	1990	Commissioner (Appeals)
Central excise act, 1944	Excise Duty Penalty	5.05 5.05	2007-08 to 2009-10	Commissioner (Appeals)
Finance act, 1994	Service Tax Penalty	19.22 19.22	2006-07 to 2007-08	Commissioner (Appeals)
Income tax act, 1961	Income Tax	1,896.34 2,089.80	A.Y. 2008-09 A.Y. 2009-10	CIT (Appeals)
Central sales tax act & sales tax acts of various states and entry tax act, 1976	Value Added Tax, Central sales tax and Entry tax	138.28	1992-93 to 2007-08	Appellate Authorities upto Commissioner's level

- x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institutions, banks and debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and on the basis of information and explanation given to us the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly the provisions of Paragraph 4 Clause (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv) In our Opinion the Company is not dealing or trading in shares, securities, debentures, mutual funds and other investments. Accordingly the provision of Paragraph 4 Clause (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has given corporate guarantees for loans taken by others from banks/ financial institutions, the terms and conditions of which in our opinion is not prima facie prejudicial to the interest of the Company.
- xvi) On the basis of information and explanation given to us, the term loans have been applied for the purpose for which the loans were obtained except the funds deployed temporarily elsewhere.
- xvii) According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to any of the parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) According to the information given to us the required security or charge has been created in respect of debentures issued by the Company.
- xx) The Company has not raised any money by way of public issue during the year.
- xxi) In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For M. M. Jain & Associates
Chartered Accountants
(FRN 112538W)

(MANISH JAIN)

Partner

Membership No. 118548

Place : Raipur

Dated : May 26, 2012

Balance Sheet

as at 31st March 2012

(₹ in Lacs)

Particulars	Note	As at 31.03.2012	As at 31.03.2011
I. Equity and liabilities			
1. Shareholders' funds			
Share capital	3	3,585.00	3,585.00
Reserves and surplus	4	77,234.65	65,794.75
Money received against share warrants		-	-
		80,819.65	69,379.75
2. Share application money pending allotment		-	-
3. Non-current liabilities			
Long term borrowings	5	45,067.22	38,128.90
Deferred tax liabilities (net)	6	4,996.14	3,607.40
Other long term liabilities	7	171.51	83.92
Long term provisions	8	834.76	775.00
		51,069.63	42,595.22
4. Current liabilities			
Short term borrowings	9	20,385.19	20,069.83
Trade payables		8,348.63	6,578.53
Other current liabilities	10	9,075.45	8,197.75
Short-term provisions	11	489.98	1,364.20
		38,299.25	36,210.31
Total		1,70,188.53	1,48,185.28
II. Assets			
Non-current assets			
1. Fixed assets	12		
Tangible assets		68,606.68	65,098.22
Intangible assets		4,561.26	3,525.73
Capital work-in-progress		10,876.94	12,403.41
Intangible assets under development		225.69	153.58
		84,270.57	81,180.94
Non-current investments	13	21,261.45	11,054.04
Long term loans and advances	14	18,840.81	11,143.35
Other non-current assets	15	121.02	63.09
		1,24,493.85	1,03,441.42
2. Current assets			
Current investments	16	51.39	4,174.37
Inventories	17	22,722.22	25,875.88
Trade receivables	18	4,313.04	4,335.95
Cash and bank balances	19	94.75	168.65
Short term loans and advances	20	15,914.69	9,925.74
Other current assets	21	2,598.59	263.27
		45,694.68	44,743.86
Total		1,70,188.53	1,48,185.28

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholetime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : May 26, 2012

RAIPUR
DATED : May 26, 2012

Statement of Profit & Loss

for the year ended 31st March 2012

(₹ in Lacs)

Particulars	Note	2011-12	2010-11
I. Revenue from operations (gross)	22	1,19,666.68	95,574.97
Less: excise duty		9,648.98	7,100.74
Revenue from operations (net)		1,10,017.70	88,474.23
II. Other income	23	5,843.91	2,527.71
III. Total revenue (i + ii)		1,15,861.61	91,001.94
IV. Expenses:			
Cost of materials consumed	24	62,877.40	56,026.23
Purchases of stock-in-trade		1,404.77	4,407.39
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(41.24)	(6,325.74)
Employee benefits expense	26	4,087.01	3,300.19
Finance costs	27	7,027.67	3,165.68
Depreciation and amortization expense	28	6,323.36	5,762.67
Other expenses	29	23,776.70	17,593.13
Total expenses		1,05,455.67	83,929.55
V. Profit before tax (iii - iv)		10,405.94	7,072.39
VI. Tax expense:			
Current tax		2,084.58	1,356.92
Deferred tax		1,388.74	748.19
Mat credit entitlement		(4,507.27)	-
VII. Profit for the period (v - vi)		11,439.89	4,967.28
VIII. Earnings per equity share			
Basic & diluted		31.91	13.86

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

MANISH JAIN
Partner
Membership No. 118548

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PANKAJ SARDA
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P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : May 26, 2012

RAIPUR
DATED : May 26, 2012

Cash Flow Statement

for the year ended 31st March 2012

(₹ in Lacs)

Particulars	2011-12	2010-11
A. Cash flow from operating activities :		
Net profit before tax as per statement of profit & loss	10,405.94	7,072.39
Adjusted for :		
Depreciation	6,323.36	5,762.67
Interest income	(2,530.44)	(1,347.96)
Finance costs	7,027.67	2,867.25
Unrealised exchange (gain)/loss	12.45	126.21
Dividend income	(2,678.30)	(68.49)
(Profit) / loss on sale of investments	(465.71)	(938.48)
(Profit) / loss on sale of fixed assets	(7.47)	(55.97)
	7,681.56	6,345.23
Operating profit before working capital changes	18,087.50	13,417.62
Adjusted for :		
Increase/(decrease) in trade & other payables	3,158.48	1,446.87
(Increase)/decrease in inventories	3,153.66	(10,677.43)
(Increase)/decrease in trade and other receivables	22.91	(2,905.35)
(Increase)/decrease in loans, advances & other current assets	(140.07)	(6,114.01)
	6,194.98	(18,249.92)
Cash generated from operations	24,282.48	(4,832.30)
Direct taxes (net)	(1,556.56)	(990.16)
Net cash from operating activities	22,725.92	(5,822.46)
B. Cash flow from investing activities :		
Investment in fixed assets including capital wip	(9,539.76)	(8,176.74)
Sale of fixed assets	79.19	202.31
(Increase)/decrease in investments	(5,618.73)	(7,643.92)
Proceeds from long term borrowings for investing	12,500.00	0.00
Loan given to subsidiaries and other parties	(7,758.35)	(4,935.63)
Interest received	2,530.44	1,347.96
Dividend received	134.80	68.49
Net cash used in investing activities	(7,672.41)	(19,137.53)
C. Cash flow from financing activities :		
Proceeds from fresh issue of shares	0.00	9,204.94
Proceeds from long term borrowings	0.00	18,423.80
Repayment of long term borrowings	(8,447.45)	(9,146.47)
Short term borrowings (net)	315.35	8,230.36
Interest paid	(5,745.34)	(2,867.25)
Dividend & dividend tax paid	(1,249.97)	(1,183.31)
Net cash used in financing activities	(15,127.41)	22,662.07
Increase/(decrease) in cash and cash equivalents (a+b+c)	(73.90)	(2,297.92)
Cash and cash equivalents as at 01/04/2011 (as per note 19)	168.65	2,466.57
Cash and cash equivalents as at 31/03/2012 (as per note 19)	94.75	168.65
Increase/(decrease) in cash and cash equivalents	(73.90)	(2,297.92)

Cash Flow Statement

for the year ended 31st March 2012 (contd..)

Notes:		
(a) Cash and cash equivalents include the following :		
Cash in hand	36.23	31.03
Balances with banks	58.52	137.62
	94.75	168.65
(b) Previous year figures have been recast/restated wherever necessary.		
(c) Figures in brackets represent outflows.		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

MANISH JAIN
Partner
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K. K. SARDA
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P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : May 26, 2012

RAIPUR
DATED : May 26, 2012

Notes to Financial Statements

for the year ended 31st March 2012

1. NATURE OF OPERATION

The Company has integrated steel manufacturing facility starting from iron ore and coal mining to the finished steel in the form of wire rod and wire. The Company is also a leading manufacturer and exporter of Ferro Alloys enjoying Star Export House Status. The manufacturing facilities are backed by captive thermal power plant. The Company has also promoted hydro power projects through SPVs.

2. BASIS OF PREPARATION

a) Accounting Convention

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policies as discussed below.

b) Use of Estimates

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

c) Current and Non-current classification

An asset or a liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realized / settled, or is intended for sale or consumption, in the Company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realized / due to be settled within twelve months after the reporting date;
- iv. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

2.1 Summary of significant accounting policies

a) Changes in accounting policies

i. Presentation and disclosure of financial statements

These financial statements have been prepared as per Revised Schedule VI notified under the Companies Act, 1956. Except accounting for dividend on investments in subsidiary companies, the adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

ii. Dividend on investment in subsidiary companies

Until last financial year, as per requirement of Pre-Revised Schedule VI, the Company had a policy to recognize in its books, dividend declared by subsidiaries even after reporting date, if such dividend pertained to the period ending on or before the reporting date. Accounting Standard 9 “Revenue Recognition”, which now supersedes Schedule VI, requires recognition of dividend as income only when the right to receive the same is established by the reporting date. Accordingly, to comply with the Accounting Standard, the Company has changed its accounting policy for recognition of dividend income from subsidiary companies when the right to receive the same is established by the reporting date.

This change in the policy will however not affect the financials of the Company since none of the subsidiaries have declared dividend in previous year as well as in current year after the reporting date.

iii. Deferral/capitalization of exchange differences

The Ministry of Corporate Affairs (MCA) has issued Companies (Accounting Standards) Amendment Rules, 2011 dated 29th December 2011 for amendment in the Accounting Standard 11 “The Effects of Changes in Foreign Exchange Rates”, to allow companies deferral/ capitalization of exchange differences arising on long-term foreign currency monetary items. The Company has opted to avail the option provided in the said Rules. Consequently, the exchange differences arising on long term foreign currency monetary items, related to acquisition of a fixed asset, which were until now being recognized in the Statement of Profit and Loss are now capitalized and depreciated / amortized over the remaining useful life of the respective assets.

Accordingly, the Company has capitalized exchange losses, arising on long-term foreign currency loan, amounting to ₹ 1,706.12 Lacs to the cost of related fixed assets. Had the Company continued to follow the earlier accounting policy, the net foreign exchange differences recognized in the Statement of Profit and Loss would have been higher by ₹ 1,706.12 Lacs, depreciation / amortization expenses would have been lower by ₹ 113.85 Lacs. The surplus and Fixed Assets / Capital Work in Progress would have been lower by ₹ 1,819.97 Lacs.

iv. Proposed Dividend

Clause 8.5 of the AS-4 “Contingencies and events occurring after the Balance Sheet date” states that proposed dividend is sometimes reflected in the financial statements because of statutory requirement. Until last year, the Company was providing for proposed dividend in the financial statements as per statutory requirement of the pre-revised Schedule VI to the Companies Act, 1956. As per requirement of revised Schedule VI, now the Company is not providing but disclosing proposed dividend separately.

Had the Company continued to follow the earlier accounting policy, the surplus would have been lower and short term provision would have been higher by the amount of proposed dividend plus tax thereon.

b) Fixed Assets

Tangible

Tangible assets are stated at cost, net of recoverable taxes less accumulated depreciation / amortization and impairment losses, if any. Cost comprises purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

All costs, including administrative, financing and general overhead expenses, as are specifically attributable to construction of a project or to the acquisition of a fixed asset or bringing it to its working condition, is included as part of the cost of construction of project or as a part of the cost of fixed asset, till commencement of commercial

production. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalized as aforementioned.

Subsequent expenditure related to an item of tangible assets is added to its book value only, if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Intangible

Intangible assets are carried at its cost, less accumulated amortization and impairment losses, if any. All costs, including financing costs relating to development of intangible assets which takes substantial period of time to get ready for its intended use are also included to the extent they are incurred, till commencement of commercial production.

Expenditure on exploration, prospecting and evaluation of minerals / other projects is recognized as intangible assets under development. The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether future economic benefits are likely from future exploitation. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in Statement of profit and loss in the period when the new information becomes available.

Capital Work in Progress

Projects / fixed assets under installation including other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable cost. Advances for Capital work in progress are shown under Non Current Assets.

c) Lease

The Company has entered into various operating lease agreements for premises (residential, office and godown). These lease agreements are cancellable in nature and range between 11 months to 3 years and are usually renewable by mutual consent on mutually agreed terms. The aggregate rentals on accrual basis under such agreement have been charged to Statement of Profit and Loss under the head rent, rates and taxes in Other Expenses.

d) Impairment of fixed Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists based on internal or external factors, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

e) Depreciation / Amortization

Depreciation on Building and Plant & Machinery in respect of Steel Division are provided on Straight Line Method and on all other assets on Written Down Value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

Mining Rights and expenditure incurred on development of mines are amortized over useful life of the mines or lease period whichever is shorter.

Leased assets are amortized on a straight-line basis over the useful life of the asset or the remaining period of lease, whichever is earlier.

Intangible Assets are amortized over technically useful life of the asset.

f) Investments

Trade Investments are investments made to enhance the Company's business interests. Investments are classified either as current or long-term based on Management's intention at the time of purchase.

Other Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at the lower of cost and fair value determined by category of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

g) Valuation of Inventories

- i) Stores and Spares are carried at cost (net of CENVAT & VAT credits availed) on moving average basis.
- ii) Raw Materials are carried at cost (net of CENVAT & VAT credits availed) on moving average basis and net realizable value, whichever is lower. However, raw materials held for use in the production of inventories are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost.
- iii) Finished and semi finished products produced or purchased by the Company are carried at lower of cost and net realizable value. Cost includes direct material and labour cost and a proportion of manufacturing overheads. Cost of finished goods includes excise duty based on prevailing rate.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

h) Advance Stripping Costs

The Company distributes stripping (waste removal) costs incurred during the production phase of its mining operations on equitable basis over estimated minable reserves. This calculation requires the use of judgments and estimates relating to the expected tonnes of waste to be removed over the life of the mining area and the expected economically recoverable reserves to be extracted as a result. This information is reviewed periodically to calculate the average life of mine strip ratio (expected waste to expected mineral reserves ratio). Changes in a mine's life and design will usually result in changes to the average life of mine strip ratio. These changes are accounted for prospectively.

i) Borrowing Cost

Borrowing cost includes interest, commitment charges on bank borrowings, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalization is determined in accordance with Accounting Standard 16 "Borrowing Costs". Other borrowing costs are recognized as an expense in the period in which they are incurred.

In accordance with Accounting Standard 16, exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs are recognized as borrowing costs, and are capitalized as part of the cost of fixed assets if they are directly attributable to their acquisition or charged to Statement of Profit and Loss

j) Employee Benefits

- i) Retirement benefits in the form of Provident Fund contribution to the Statutory Provident Fund and Superannuation Fund are defined contribution schemes and the payments are charged to the Statement of Profit and Loss of the year when the payments to the respective funds are due.
- ii) Retirement benefits in the form of Gratuity is a defined benefit obligation and is covered under group gratuity scheme. The Company contributes the ascertained gratuity liability to the approved Gratuity Trust which is charged to revenue on accrual basis. Gratuity Liability at each balance sheet date is ascertained on Actuarial Valuation basis using projected unit credit method. Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.
- iii) The liability for encashable leaves / compensated absences outstanding as on reporting date is provided based on the salary prevailing on reporting date.

k) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognized, when all the significant risks and rewards of ownership of the goods is passed to the buyer, which is generally on dispatch of goods to customers except in case of consignment sales. Sales include excise duty and exclude VAT and are net of discounts and incentives to the customers. Excise Duty to the extent included in the gross turnover is deducted to arrive at the net turnover.

Dividends

Revenue is recognized when the Company's right to receive the payment is established by the reporting date.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the Statement of Profit and Loss.

Incentives

Revenue is recognized when the right to receive the credits is established and there is no significant uncertainty regarding the ultimate collection.

l) Foreign Currency Transaction and Balances**Initial recognition**

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

Conversion**a) Monetary Items**

Year end balances of foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date.

b) Non Monetary Items

Non Monetary items such as investments are carried at historical cost using the exchange rate on the date of transaction.

Exchange differences

Exchange differences arising on long term foreign currency monetary items, related to acquisition of a fixed asset are deferred/capitalized and depreciated over the remaining useful life of respective assets as per the Companies (Accounting Standards) Amendment Rules, 2011 dated 29th December 2011 for amendment to Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", issued by The Ministry of Corporate Affairs (MCA).

In order to exercise the option, an asset or liability is treated as a long term foreign currency monetary item, if the asset or liability is expressed in a currency and has a term of twelve months or more at the date of the origination of the asset or liability.

All other exchange differences including mark to market losses/gains are dealt with in the Statement of Profit and Loss as income or as expenses in the period in which they arise except to the extent that they are regarded as an adjustment to the interest costs and capitalized to fixed assets or charged to Statement of Profit and Loss as per Accounting Standard 16 "Borrowing Costs".

Foreign exchange forward contracts are marked to market at Closing Rate as on the reporting date. The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

m) Taxes on Income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

n) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Inter-segment transfers

The Company generally accounts for intersegment transfers at an agreed transaction value.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

o) Earnings per Share

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 "Earnings per Share". Basic EPS is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all potential equity shares, except where the results are anti-dilutive.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of

equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

q) Onerous Contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the una voidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating/exiting the contract and the expected net cost of fulfilling the contract.

r) Contingent liabilities

Possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation is reported as contingent liability. In rare cases, when a liability cannot be measured reliably, it is classified as contingent liability. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

s) Cash Flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

For the purpose of cash flow statement, Cash and cash equivalents comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Share Capital

	31.03.2012		31.03.2011	
	No.	₹ in Lacs	No.	₹ in Lacs
Authorised				
Equity shares of ₹ 10/- each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	3,58,50,000	3,585.00	3,58,50,000	3,585.00
	3,58,50,000	3,585.00	3,58,50,000	3,585.00

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

	31.03.2012		31.03.2011	
	No.	₹ in Lacs	No.	₹ in Lacs
Shares outstanding at the beginning of the year	3,58,50,000	3,585.00	3,40,45,109	3,404.51
Shares Issued during the year	-	-	18,04,891	180.49
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,58,50,000	3,585.00	3,58,50,000	3,585.00

b Terms/rights attached to equity shares

The Company has only one class of shares - equity shares - having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of per share dividend proposed for distribution to equity shareholders is ₹ 3/- (P.Y. ₹ 3/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

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

Name of Shareholder	31.03.2012		31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of ₹ 10/- each fully paid				
Chhattisgarh Investments Limited	1,04,90,657	29.26	1,04,90,657	29.26
Sarda Agriculture and Properties Private Limited	26,35,150	7.35	26,35,150	7.35
Orange Mauritius Investments Limited	21,65,680	6.04	21,65,680	6.04
Infrastructure Development Finance Company Limited	18,42,105	5.14	18,42,105	5.14
Asia Minerals Limited	18,04,891	5.03	18,04,891	5.03

4 Reserves and Surplus

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Capital reserve		
Balance as per last financial statements	404.78	404.77
Securities premium account		
Balance as per last financial statements	19,167.93	10,143.48
Add : securities premium credited on share issue	-	9,024.45
Closing balance	19,167.93	19,167.93
Debenture redemption reserve		
Balance as per last financial statements	625.00	1,000.00
Add :transfer from surplus balance in statement of profit & loss	625.00	625.00
Less:transfer to general reserve	-	(1,000.00)
Closing balance	1,250.00	625.00

General reserve		
Balance as per last financial statements	9,557.75	7,057.75
Add: transfer from debenture redemption reserve	-	1,000.00
Add: transfer from surplus balance in statement of profit & loss	1,500.00	1,500.00
Closing balance	11,057.75	9,557.75
Surplus in the statement of profit and loss		
Balance as per last financial statements	36,039.30	34,446.99
Add : profit for the year	11,439.89	4,967.28
<u>Less: appropriations</u>		
Proposed equity dividend	-	(1,075.50)
Tax on proposed equity dividend	-	(174.47)
Transfer to debenture redemption reserve	(625.00)	(625.00)
Transfer to general reserve	(1,500.00)	(1,500.00)
Closing balance	45,354.19	36,039.30
Total	77,234.65	65,794.75

5 Long Term Borrowings

	Non-Current portion		Current Maturities	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Bonds/debentures (secured)				
1,250 (1,250) 9.55 % Redeemable non-convertible debentures of ₹ 10/- lacs each	12,500.00	12,500.00	-	-
Term loans (secured)				
<u>From banks</u>				
Indian rupee loan	1,220.00	2,060.00	700.00	700.00
Foreign currency loan	17,527.97	20,484.22	5,842.65	5,121.06
<u>From other parties</u>				
Indian rupee loan from financial institutions	12,500.00	1,500.00	-	-
	43,747.97	36,544.22	6,542.65	5,821.06
Deferred payment liabilities				
Deferred sales tax loan (unsecured)	1,319.25	1,584.68	268.25	169.39
	1,319.25	1,584.68	268.25	169.39
Total	45,067.22	38,128.90	6,810.90	5,990.45

Terms of repayment

- The Non-Convertible Debentures are redeemable in three equal annual installments commencing from July, 2015. The Company has an option to redeem these debentures earlier; however, no redemption will take place before the end of 3rd year from the date of allotment.
- External Commercial Borrowings availed in foreign currencies are payable in 5 Annual installments (First three installments are 1/6th of the loan amount and remaining 2 installments are 1/4th of the loan amount). First two installments have already been paid.
- Rupee term loan from a financial institution is payable in 12 equal quarterly installments commencing from September, 2013.
- Rupee term loan of ₹ 1,920 Lacs from Bank is payable in monthly installment of ₹ 70 Lacs.
- Deferred Sales Tax loan is interest free and payable at the end of fifth year from the end of the financial year of accrual.

Security

The Non-convertible Debentures are also secured by a registered mortgage of an immovable property of the Company situated at Ahmedabad.

Term Loans from Bank, Financial Institution, External Commercial Borrowing and Debentures are secured by first pari-passu charge by way of hypothecation of entire movable assets of the Company situated at Industrial Growth Centre, Siltara, Raipur subject to prior charge on current assets in favour of Working Capital Bankers and by way of joint equitable mortgage of immovable properties of the Company situated at Industrial Growth Centre, Siltara.

Besides this, the Term Loan from Bank and Non Convertible Debentures are also secured by unconditional and irrevocable personal guarantees of Mr. K. K. Sarada & Mr. Manish Sarada.

6 Deferred tax liabilities (Net)

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Deferred tax liabilities at the beginning of the year	3,607.40	2,859.21
Deferred tax liabilities during the year on account of timing difference	1,388.74	748.19
Deferred tax liabilities at the end of the year	4,996.14	3,607.40

7 Other Long Term Liabilities

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Others		
Security deposit received		
Deposits from customers	-	0.42
Deposits from vendors	130.18	65.70
Deposit from employees	28.09	12.96
Other payables	13.24	4.84
Total	171.51	83.92

8 Long term Provisions

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Provision for employee benefits		
Leave encashment	131.01	100.45
Other provisions		
Statutory liabilities	703.75	674.55
Total	834.76	775.00

9 Short term borrowings

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Loans repayable on demand (secured)		
From banks		
Hire purchase loan	1.83	11.92

Short term loans	2,500.00	3,900.00
Working capital loans	6,793.84	7,459.35
Working capital buyers credit loans	3,416.66	8,195.72
	12,712.33	19,566.99
Loans repayable on demand (unsecured)		
<u>From banks</u>		
Short term loans	6,999.98	-
Other loans and advances		
Advances from customers	672.88	502.84
	7,672.86	502.84
Total	20,385.19	20,069.83

Security

Working Capital loans from banks are secured by first pari-passu charge on stocks & book debts and second pari-passu charge on all present and future movable Plant & Machinery and second charge by way of joint equitable mortgage of immovable properties located at Industrial Growth Centre, Siltara, Raipur. These facilities are also secured by irrevocable personal guarantees of Mr. K. K. Sarda and Mr. Manish Sarda.

Mortgage loan of ₹ 2,500.00 Lacs is payable in 3 monthly installments starting from November, 2012. Mortgage loan is also secured by irrevocable personal guarantees of Mr. K. K. Sarda and Mr. Manish Sarda, Corporate Guarantee of M/s. Chhattisgarh Investments Limited and Rishabh Mining & Transport Co. Private Limited.

The Loan of ₹ 1.83 Lacs is secured by hypothecation of related vehicle is payable in monthly installment of ₹ 0.92 Lacs.

10 Other Current Liabilities

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Current maturities of long-term debt (refer note no. 5)	6,810.90	5,990.45
Interest accrued but not due on borrowings	453.78	353.36
Unpaid dividends	45.43	49.73
Other payables		
Indirect taxes payable	811.43	720.30
Tax deducted at source payable	153.68	103.44
Salary & reimbursements	721.44	536.88
Liabilities for expenses	78.79	443.59
Total	9,075.45	8,197.75

11 Short Term Provisions

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Provision for employee benefits		
Gratuity	1.66	-
Others		
Provision for expenses	488.32	114.23
Provision for dividend & tax on dividend	-	1,249.97
Total	489.98	1,364.20

12 Fixed Assets

Tangible Fixed Assets

(₹ in Lacs)

Particulars	Gross Block			Depreciation			Net Block		
	As on 01.04.2011	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2012	Up to 01.04.2011	Depreciation for the year	Transfer / Adjustment	As on 31.03.2012	As on 31.03.2011
Freehold land	3,270.52	54.40	- 16.02	3,308.90	-	-	-	3,308.90	3,270.52
Leasehold land	918.47	-	-	918.47	14.18	9.41	-	23.59	894.88
Building	13,679.26	2,510.89	388.15	15,802.00	2,179.82	488.22	70.59	2,597.45	11,499.45
Plant & machinery	69,038.76	7,042.08	75.00	76,005.84	20,466.96	5,344.15	176.42	25,634.69	48,571.80
Furniture, fixture & equipment	892.50	144.81	48.47	988.84	519.51	108.73	44.93	583.31	405.52
Vehicles	963.16	143.86	198.65	908.37	483.99	136.34	133.64	486.69	421.68
Total	88,762.67	9,896.04	726.29	97,932.42	23,664.46	6,086.85	425.58	29,325.73	65,098.22
Previous year	60,498.24	29,428.82	1,164.39	88,762.67	18,368.29	5,583.67	287.50	23,664.46	42,129.96
Capital Work in Progress (Including capital stock)	12,403.41			10,876.94				10,876.94	12,403.41

Note:

- Plant & Machinery includes Exchange Fluctuation adjusted as interest cost (as per AS 16) of ₹ 67.55 Lacs, as well as borrowing cost of ₹ 62.87 Lacs. It also includes Exchange Fluctuation capitalised (as per Para 46A of AS 11) of ₹ 1,768.09 Lacs.
- Building includes borrowing cost of ₹ 8.00 Lacs.

Intangible Fixed Assets

(₹ in Lacs)

Particulars	Gross Block			Depreciation			Net Block		
	As on 01.04.2011	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2012	Up to 01.04.2011	Depreciation for the year	Transfer / Adjustment	As on 31.03.2012	As on 31.03.2011
SAP software	210.74	17.55	-	228.29	114.14	45.87	-	160.00	96.60
Mining rights & development	3,630.01	0.85	1,254.96	4,885.82	200.88	190.64	1.33	392.85	3,429.13
Total	3,840.75	18.40	1,254.96	5,114.11	315.02	236.51	1.33	552.85	3,525.73
Previous year	656.63	3,184.12	-	3,840.75	136.02	179.00	-	315.02	520.62
Intangible assets under development	153.58	-	-	225.69	-	-	-	225.69	153.58

13 Non Current Investments

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Trade investments		
Investment in equity instruments at cost (unquoted)		
Fully paid up with face value of ₹10/- each unless otherwise specified		
<u>In subsidiaries</u>		
10,00,000 (P.Y. 10,00,000) Equity shares of Sarda Energy & Minerals Hongkong Limited of HK\$ 1.00 Each, partly paid up	55.83	55.83
100 (P.Y. 100) Equity shares of Sarda Global Venture Pte Limited of USD 100.00 Each	4.30	4.30
50,000 (P.Y. 50,000) Equity shares of Sarda Energy Limited	5.00	5.00
1,25,45,000 (P.Y. 50,45,000) Equity shares of Sarda Metals & Alloys Limited	12,500.00	5,000.00
2,76,34,000 (P.Y. 91,00,000) Equity shares of Madhya Bharat Power Corporation Limited	6,401.50	1,768.00
7,83,182 (P.Y. 7,83,182) Equity shares of Parvatiya Power Private Limited	783.52	783.52
1,59,120 (P.Y. 6,120) Equity shares of Sarda Hydropower Private Limited	15.91	0.61
11,000 (P.Y. Nil) equity shares of Raipur Fabritech Private Limited	1.10	-
5,100 (P.Y. Nil) equity shares of Raipur Industrial Gases Private Limited	0.51	-
<u>In joint ventures</u>		
1,30,800 (P.Y. 46,300) Equity shares of Raipur Infrastructure Company Limited	210.70	41.70
2,17,562 (P.Y. 1,88,127) Equity shares of Madanpur South Coal Company Limited	296.45	237.58
<u>In associates</u>		
4,000 (P.Y. 4,000) Equity shares of Chhattisgarh Bricks Private Limited	0.40	0.40
5,000 (P.Y. 5,000) Equity shares of Natural Resources Energy Private Limited	0.50	0.50
<u>In other companies</u>		
4,85,000 (P.Y. 4,85,000) Equity shares of Chhattisgarh Ispat Bhumi Limited	48.50	48.50
<u>Investments in LLP</u>		
Shri Ram Electricity LLP	340.97	69.00
Chhattisgarh Hydro Power LLP	540.86	436.00
Other non-current investments		
<u>Share application money</u>		
Madanpur South Coal Company Limited	16.51	58.86
Sarda Energy Limited	-	2,300.43
Sarda Global Venture Pte Limited	-	74.81
Sarda Metal & Alloys Limited	36.63	-
Madhya Bharat Power Corporation Limited	2.26	-
Raipur Infrastructure Company Limited	-	169.00
Total	21,261.45	11,054.04

14 Long term Loans and Advances

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Capital advances		
Unsecured, considered good	2,769.09	1,110.63
Security deposits		
Unsecured, considered good	540.95	554.25
Loans and advances to related parties (refer note no.34)		
Unsecured, considered good	11,590.24	7,423.15
Other loans and advances		
Unsecured, considered good		
Mat credit entitlement	2,641.69	-
Advance income tax (net of provision)	20.03	548.05
Advance stripping expenses	259.14	570.53
Prepaid expenses	13.29	10.68
Other advances	1,006.38	926.06
Total	18,840.81	11,143.35

15 Other Non Current Assets

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Others		
Unsecured, considered good		
Unamortised expenses	121.02	63.09
Total	121.02	63.09

16 Current Investments

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Investment in equity instruments (quoted)		
(Valued at lower of cost and market value)		
<u>In other companies</u>		
32,813 (P.Y. 32,813) Equity shares of Abhishek Mills Limited	32.81	32.81
3,688 (P.Y. 3,688) Equity shares of Indian Metals & Ferro Alloys Limited	1.84	1.84
12,400 (P.Y. 12,400) Equity shares of Mangalam Cement Limited	24.47	24.47
Less: provision for diminution in the value of investments	27.93	-
	31.19	59.12
Investments in mutual funds		
Nil units (P.Y. 32,25,339.94 Units) of Birla Mutual Fund	-	1,000.00
Nil units (P.Y. 51,24,913.45 Units) of Reliance Mutual Fund	-	605.23
1,63,592.43 Units (P.Y. 40,77,571.72 Units) of ICICI Mutual Fund	20.04	1,010.02
Nil units (P.Y. 25,98,698.57 Units) of HDFC Mutual Fund	-	500.00
11.71 Units (P.Y. 25,76,097.93 Units) of UTI Mutual Fund	0.16	500.00

Nil units (P.Y. 15,35,338.89 Units) of DSP Black Rock Government Securities Fund	-	500.00
Total	51.39	4,174.37
Aggregate amount of quoted investments	59.12	59.12
Aggregate market value of quoted investments	31.19	40.56

17 Inventories

	31.03.2012	31.03.2011
(valued at lower of cost and net realisable value)	₹ in Lacs	₹ in Lacs
Raw materials and components	7,039.39	10,807.33
Finished / semi finished goods	13,675.50	13,786.44
Stock-in-trade	152.18	-
Stores and spares	1,855.15	1,282.11
Total	22,722.22	25,875.88

18 Trade Receivables

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	212.42	53.44
Unsecured, considered doubtful	349.33	356.69
Less: provision for doubtful debts	349.33	356.69
	212.42	53.44
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	4,100.62	4,282.51
	4,100.62	4,282.51
Total	4,313.04	4,335.95

19 Cash and Bank balances

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Balances with banks		
In current accounts	13.09	87.89
On unpaid dividend	45.43	49.73
Cash in hand	36.23	31.03
Total	94.75	168.65

20 Short term Loans and Advances

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Loans and advances to related parties (refer note no.34)		
Unsecured, considered good	169.90	225.66
Total	169.90	225.66

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Others		
Unsecured, considered good		
Earnest money deposit	76.42	181.36
Advances to employees	96.95	38.10
Advances to vendors	4,140.40	3,506.59
Claims & recoverables	784.97	918.23
Loans & advances to others	7,776.29	4,185.03
Advance royalty paid	26.18	132.99
Prepaid expenses	390.43	258.23
Balances with tax authorities	2,453.15	479.55
Doubtful advances to vendors	75.99	30.59
Less: provision for doubtful advances	75.99	30.59
	-	-
	15,744.79	9,700.08
Total	15,914.69	9,925.74

21 Other Current Assets

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Employees gratuity scheme	-	8.28
Receivable from bank in forex account	-	239.22
Dividend receivable	2,543.50	-
Unamortised expenses	55.09	15.77
Total	2,598.59	263.27

22 Revenue from Operations (Gross)

	2011-12	2010-11
	₹ in Lacs	₹ in Lacs
Sale of products		
Sponge iron	33,911.01	25,449.02
Ferro alloys	35,644.45	37,793.59
Steel billets	8,291.05	10,559.60
Wire rod / HB wire	29,950.21	11,854.02
Others	10,786.83	9,106.01
Other operating revenues	1,083.13	812.73
Total	1,19,666.68	95,574.97

23 Other Income

	2011-12	2010-11
	₹ in Lacs	₹ in Lacs
Interest income	2,530.44	1,358.64
Dividend income		
From subsidiaries	2,665.50	-
From others	12.80	68.49

Net gain on sale of investments	465.71	938.48
Other non-operating income (net of expenses directly attributable to such income)	169.46	162.10
Total	5,843.91	2,527.71

24 Cost of Raw Material Consumed

	2011-12	2010-11
	₹ in Lacs	₹ in Lacs
Iron ore	26,140.01	20,115.31
Manganese ore	15,344.46	19,379.09
Coal	15,090.04	11,884.34
Scrap	5,092.42	3,719.69
Other material	1,210.47	927.80
Total	62,877.40	56,026.23

24.1 Raw Material Consumption

	2011-12		2010-11	
	₹ in Lacs	%	₹ in Lacs	%
Raw material -indigenous consumption	50,043.60	79.59%	41,351.54	73.81%
Raw material -imported consumption	12,833.80	20.41%	14,674.69	26.19%
Total	62,877.40	100.00%	56,026.23	100.00%

25 Changes in inventories of finished goods, Semi-finished goods and Stock-in-Trade

	2011-12	2010-11
	₹ in Lacs	₹ in Lacs
Inventories at the end of the year		
Finished goods / semi-finished goods	13,675.50	13,786.44
Trading goods	152.18	-
	13,827.68	13,786.44
Inventories at the beginning of the year		
Finished goods / semi-finished goods	13,786.44	7,266.95
Trading goods	-	193.75
	13,786.44	7,460.70
Increase/(decrease) in inventories	41.24	6,325.74

26 Employee benefit expense

	2011-12	2010-11
	₹ in Lacs	₹ in Lacs
Salaries, incentives & managerial remuneration	3,744.21	2,907.83
Contributions to -		
Provident fund	205.27	178.84
Superannuation scheme	9.73	7.30
Gratuity fund	28.00	125.43
Staff welfare expenses	99.80	80.79
Total	4,087.01	3,300.19

26.1 As per Accounting Standard 15 “Employee Benefits”, the disclosures as defined in the Accounting Standard are given below:

The present value of defined obligation and the related current service cost were measured using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company’s Balance Sheet as at 31st March, 2012.

	2011-12	2010-11
	₹ in Lacs	₹ in Lacs
Assumptions		
Discount rate (beginning of the year)	8.00%	8.00%
Discount rate (end of the year)	8.00%	8.00%
Rate of increase in compensation levels	9.00%	10.00%
Rate of return on plan assets	8.10%	9.31%
Expected average remaining working lives of employees (years)	22.57	23.00
Table showing changes in present value of obligations		
Present value of obligation as at the beginning of the year	325.86	185.49
Acquisition adjustment	0.00	0.00
Interest cost	25.60	14.59
Current service cost	68.81	59.86
Curtailment cost / (credit)	0.00	0.00
Settlement cost / (credit)	0.00	0.00
Benefits paid	(11.76)	(6.31)
Actuarial (gain) / loss on obligations	(37.19)	72.24
Present value of obligation as at the end of the year	371.33	325.86
Table showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	334.15	234.51
Acquisition adjustments		
Expected return of plan assets	27.06	21.83
Contributions	18.06	83.58
Benefits paid	(11.76)	(6.31)
Actuarial gain / (loss) on plan assets	2.16	0.54
Fair value of plan assets at the end of the year	369.67	334.15
Tables showing fair value of plan assets		
Fair value of plan asset at the beginning of year	334.15	234.51
Acquisition adjustments		
Actual return on plan assets	29.21	22.37
Contributions	18.06	83.58
Benefits paid	(11.76)	(6.31)
Fair value of plan assets at the end of year	369.67	334.15
Funded status	(1.66)	8.28
Excess of actual over estimated return on plan assets	2.16	0.54
Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year – obligation	(37.19)	72.24
Actuarial (gain) / loss for the year – plan assets	(2.16)	(0.54)

Total (gain) / loss for the year	(39.35)	71.70
Actuarial (gain) / loss recognized in the year	(39.35)	71.70
Unrecognized actuarial (gain) / loss at the end of year	0.00	0.00
The amounts to be recognized in balance sheet and statement of profit & loss		
Present value of obligation as at the end of the year	371.33	325.86
Fair value of plan assets as at the end of the year	369.67	334.15
Funded status	(1.66)	8.28
Net asset / (liability) recognized in balance sheet	(1.66)	8.28
Expense recognized in the statement of profit & loss		
Current service cost	68.81	59.86
Interest cost	25.60	14.59
Expected return of plan assets	(27.06)	(21.83)
Curtailment cost / (credit)	0.00	0.00
Settlement cost / (credit)	0.00	0.00
Net actuarial (gain) / loss recognized in the year	(39.35)	71.70
Expenses recognized in the statement of profit & loss	28.00	124.32

Note:- Gratuity paid & debited to Statement of Profit & Loss Nil (P.Y. ₹ 1.11 Lacs) has not been considered above since it is borne by the Company besides funding to LIC and SBI Life Insurance Co. Limited

27 Finance Costs

	2011-12	2010-11
	₹ in Lacs	₹ in Lacs
Interest expense	4,881.81	2,845.99
Other borrowing costs	212.65	303.67
Amortization of ancillary borrowing costs	45.26	16.02
Exchange differences to the extent considered as an adjustment to borrowing costs	1,887.95	-
Total	7,027.67	3,165.68

28 Depreciation and Amortization

	2011-12	2010-11
	₹ in Lacs	₹ in Lacs
Depreciation of tangible assets	6,086.85	5,583.67
Amortization of intangible assets	236.51	179.00
Total	6,323.36	5,762.67

29 Other Expenses

	2011-12	2010-11
	₹ in Lacs	₹ in Lacs
Stores & spares consumption	6,610.90	4,700.55
Power	1,404.37	1,029.05
Manufacturing expenses		
Plant process & services	916.30	749.58
Material handling expenses	1,871.84	1,762.74

Other manufacturing expenses	4,299.07	3,361.00
Increase/ (decrease) of excise duty on inventory	185.02	580.49
Mining expenses	2,371.21	1,404.54
Repairs & maintenance		
Building	141.24	56.94
Plant & machinery	604.39	503.40
Others	203.64	167.02
Rent	90.78	55.16
Rates & taxes	1,502.35	1,493.69
Insurance charges	101.30	123.53
Miscellaneous expenses		
Travelling & conveyance expenses	370.98	332.23
Legal & professional expenses	346.82	239.54
Administrative and other expenses	511.60	612.38
Selling expenses		
Carriage outward	890.57	685.90
Selling commission & brokerage	228.44	245.06
Other selling expenses	309.74	131.92
Exchange differences (net)	774.76	(652.78)
Payments to auditor	13.45	11.19
Provision for diminution in value of current investment	27.93	-
Total	23,776.70	17,593.13

29.1 Stores & Spares Consumption

	2011-12		2010-11	
	₹ in Lacs	%	₹ in Lacs	%
Stores & spares -indigenous consumption	5,988.23	90.58%	4,628.25	98.46%
Stores & spares -imported consumption	622.67	9.42%	72.30	1.54%
Total	6,610.90	100.00%	4,700.55	100.00%

29.2 Payments to Auditor

	2011-12	2010-11
	₹ in Lacs	₹ in Lacs
As auditor:		
Audit fees	10.00	8.00
Tax audit fees	2.00	2.00
Other services	0.48	0.25
Reimbursement of expenses	0.97	0.94
Total	13.45	11.19

30 Earnings per Share (EPS)

	2011-12	2010-11
Net profit after tax as per statement of profit & loss attributable to equity shareholders (₹ in lacs)	11,439.89	4,967.28
Nominal value of equity shares (₹)	10	10

Weighted average number of Equity Shares used as denominator for calculating EPS	3,58,50,000	3,58,50,000
Basic and Diluted Earnings per Share (₹)	31.91	13.86

31. Segment Reporting

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company.

As part of secondary reporting, the company has no geographical segment by location.

A) Business Segment Primary

(₹ in Lacs)

Particulars	2011-2012			2010-2011		
	Steel	Ferro	Total	Steel	Ferro	Total
Revenue						
Sales & other income	70,011.92	35,298.87	1,05,310.79	44,297.90	41,414.84	85,712.74
Inter segment sales	-	520.81	520.81	-	509.15	509.15
Others unallocated			4,706.90			2,761.49
Total revenue	70,011.92	35,819.68	1,10,538.50	44,297.90	41,923.99	88,983.38
Result						
Segment result	12,751.09	3,203.75	15,954.84	4,610.76	5,628.72	10,239.48
Unallocated expenses net off unallocated income			2,253.53			(654.19)
Operating profit			18,208.37			9,585.29
Interest & forex fluctuation loss (net)			(7,802.44)			(2,512.90)
Profit before tax & extraordinary item			10,405.93			7,072.39
Add: extra ordinary item			-			-
<u>Provision for taxation</u>						
For current year			2,084.58			1,356.92
For deffered taxation			1,388.74			748.19
Mat credit entitlement			(4,507.27)			-
Profit after taxation			11,439.89			4,967.28
Other information						
Segment assets	80,633.98	18,779.46	99,413.44	78,116.43	24,941.70	1,03,058.13
Unallocated assets			31,300.51			19,817.08
Total assets			1,30,713.95			1,22,875.21
Segment liabilities	4,167.28	8,803.81	12,971.09	3,430.11	15,755.41	19,185.52
Unallocated liabilities			2,774.11			(1,081.35)
Total liabilities			15,745.20			18,104.17
Capital expenditure	5,577.93	398.24	5,976.17	5,779.74	792.97	6,572.71
Depreciation / amortization	3,544.01	533.58	4,077.59	2,901.61	520.25	3,421.86
Unallocated capital exp. & Depreciation			8,163.09			3,602.75
Non -cash expenditure other than depreciation / (amortization)			-			-

32. Capitalization of Expenditure

During the year, Company has capitalized the following expenses to the cost of fixed asset/ capital work-in-progress (CWIP) because these were attributable to the installation of fixed assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	(₹ in Lacs)	
	2011-12	2010-11
Salaries	303.06	204.07
Finance cost	367.43	74.22
Other expenses (exchange fluctuation)	1,864.81	28.90
Total	2,535.30	307.19

33. Interest in Joint Ventures

Name of the Company	Proportion of ownership interest as at 31st March	
	2012	2011
i) Raipur Infrastructure Company Limited	33.33%	33.33%
ii) Madanpur South Coal Company Limited	20.63%	20.63%

The above joint venture companies are incorporated in India. The companies' share of assets and liabilities as on 31st March, 2012 and income and expenses for the year ended on that date are given below which are based on audited figures of the joint venture companies.

Particulars	As at 31st March	
	2012	2011
Assets		
Non current assets	583.80	551.22
Current assets	179.69	161.13
Total	763.49	712.35
Liabilities		
Non current liabilities	7.48	17.10
Current liabilities	8.64	5.92
Total	16.12	23.02
Income	105.73	41.94
Expenses	36.94	39.69
Contingent liabilities	899.88	899.88
Capital commitments	7.08	8.92

34. Related Party Disclosure

a) Names of related parties and description of relationship

S.No.	Description of Relationship	Names of Related Parties
1	Subsidiaries	Sarda Energy & Minerals Hongkong Limited, Hongkong Sarda Global Ventures Pte Limited, Singapore Sarda Metals & Alloys Limited Sarda Energy Limited Parvatiya Power Limited Madhya Bharat Power Corporation Limited Sarda Hydro Power Private Limited Raipur Fabritech Private Limited Raipur Industrial Gases Private Limited

2	Controlled entities	Chhattisgarh Hydro Power LLP Shri Ram Electricity LLP
3	Associate companies	Chhattisgarh Bricks Private Limited Natural Resources Energy Private Limited
4	Related enterprises where significant influence exist	Sarda Agriculture & Properties Private Limited R.R. Sarda & Company
5	Key management personnel	Mr. Kamal Kishore Sarda Mr. Gopal Krishna Chhanghani Mr. Pankaj Sarda Mr. Ghanshyam Das Mundra
6	Relative of key management personnel	Mrs. Shakuntala Devi Sarda Mrs. Uma Sarda Mrs. Veena Sarda
7	Joint ventures	Raipur Infrastructure Company Limited Madanpur South Coal Company Limited

b) Material Transactions with Related Parties

(₹ in Lacs)

Particulars	Subsidiaries & Controlled Entities	Associates	Related Enterprises	Key Management Personnel	Relatives of Key Management Personnel	Joint Venture
Loans/advances given	8,564.11 (2,155.44)					
Loans/advances received back	2,267.99 (2,669.81)					
Material transferred/sold	24.14 (NIL)					
Interest received	1,263.04 (709.69)					
Dividend income	2,665.50 (NIL)					
Remuneration				301.84 (246.80)		
Rent paid			9.60 (9.60)	1.80 (1.80)	10.20 (9.36)	
Services offered						3.00 (3.00)
Corporate guarantee given	258.56 (106.44)					900.00 (900.00)
Investments made	12,150.41 (6,711.61)				-- (--)	169.00 (--)

Outstanding as at 31.03.2012

Receivable	14,370.92 (7,648.81)			9.64 (10.60)	-- (0.14)	5.10 (3.61)
Corporate guarantee given	365.00 (106.44)					900.00 (900.00)
Investments	20,688.39 (10,497.49)	0.90 (0.90)				523.65 (436.28)
Payable			-- (2.12)		-- (0.03)	

Note: Figures in bracket represents previous year's figures.

35. Capital and other commitments

- a) Estimated amount of contracts remaining to be executed on Capital Account, net of advance given ₹ 501.91 Lacs (P.Y. ₹ 1,288.62 Lacs).
- b) Company has commitments of ₹ 1,812 Lacs (P.Y. ₹ 7,102 Lacs) for further investment in subsidiary Sardas Metals & Alloys Limited and ₹ 5,510 Lacs (P.Y. ₹ 7,195 Lacs) in Madhya Bharat Power Corporation Limited.
- c) Uncalled amount on partly paid shares of Sardas Energy & Minerals Hongkong Limited—₹ 10 Lacs (P.Y. ₹ 8.73 Lacs).

36. Proposed Dividend

Board of Directors have recommended dividend of ₹ 3/- (P.Y. ₹ 3/-) per share for equity share of ₹ 10/- each totaling ₹ 1,075.50 Lacs (P.Y. ₹ 1,075.50 Lacs) for the period ended March 31, 2012. Tax on proposed dividend will be ₹ 174.47 Lacs (P.Y. ₹ 174.47 Lacs).

37. Contingent Liabilities

(₹ in Lacs)

Particulars	31.03.2012	31.03.2011
Guarantees given by company's bankers	704.89	719.44
Share of guarantees given by the jointly controlled entity	900.00	900.00
Guarantees given to dgft on behalf of wholly owned subsidiary for meeting export obligation	63.87	63.87
Guarantees given to assistant commissioner of customs on behalf of wholly owned subsidiary	334.21	42.57
Penal interest for non creation of securities for rupee term loan from idfc	65.43	---
Post dated cheques given to Axis Bank Limited for disbursement of term loan to Sardas Metal & Alloys Limited, wholly owned subsidiary of the company, pending creation of security for sanctioned facilities	NIL	12,128.10
Bills discounted with the company's bankers under letters of credit	1,625.77	1,712.05
Claims against the company not acknowledged as debt & disputed in appeals	85.29	96.87
Excise duty & service tax demand	353.90	230.48
VAT, CST & entry tax	200.20	50.78
Income tax	3,986.14	1,896.37
Energy development cess	2,189.80	1,567.40

- i) Guarantee (equal to Company's share in Joint Venture) given by the Company to IDBI Bank Limited against guarantee issued by the Bank in favour of Government of India on behalf of Madanpur South Coal Company Limited (The Joint Venture Company for Coal Mining) ₹ 900.00 Lacs (P.Y. ₹ 900.00 Lacs).
- ii) Guarantee given to Director General of Foreign Trade ₹ 63.87 Lacs (P.Y. ₹ 63.87 Lacs) and Assistant Commissioner of Customs ₹ 301.13 Lacs (P.Y. ₹ 42.57 Lacs) on behalf of Sardas Metal & Alloys Limited, wholly owned subsidiary of the Company for fulfillment of Export Obligation against import of capital goods under Export Promotion Capital Goods Scheme.
- iii) Excise Duty & Service Tax
 - a) Excise duty demand of ₹ 20.56 Lacs (P.Y. ₹ 20.56 Lacs) raised on account of Cenvat credit availed, which the Company has disputed in High Court.

- b) Excise Duty demand of ₹ 165.38 Lacs (P.Y. ₹ 170.38 Lacs) raised on account of Cenvat credit availed which the Company has disputed and has filed appeal before the Customs Excise & Service Tax Appellate Tribunal (CESTAT).
- c) Excise Duty demand of ₹ 97.87 Lacs (P.Y. ₹ 10.23 Lacs) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the CESTAT.
- d) ₹ 6.97 Lacs (P.Y. ₹ 6.97 Lacs) on account of duty on VAT Collected by the Company against which the Company has filed an appeal before the CESTAT.
- e) ₹ 6.96 Lacs (P.Y. ₹ 4.44 Lacs) on account of duty on sale of waste and scrap by the Company. The case has been decided in favour of the Company by Commissioner Central Excise (Appeals) (CCE(A)). The Central Excise Department has filed appeal before the CESTAT against decision of the CCE(A).
- f) Excise Duty demand of ₹ 10.10 Lacs (P.Y. ₹ 10.28 Lacs) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- g) Excise Duty demand of ₹ 7.62 Lacs (P.Y. ₹ 7.62 Lacs) raised on account of Modvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- h) Service Tax demand of ₹ 38.44 Lacs (P.Y. NIL) raised on account of Service Tax on foreign services availed, which the Company has disputed and has filed appeal before Commissioner (Appeals), Raipur.
- iv) Value Added Tax/Central Sales Tax/Entry Tax
Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 200.20 Lacs (P.Y. ₹ 50.78 Lacs) are pending in appeal against assessment of various years.
- v) Income Tax
₹ 1,896.34 Lacs (P.Y. ₹ 1,896.34 Lacs) for the Assessment Year 2008-09 and ₹ 2,089.80 Lacs (P.Y. NIL) for the Assessment year 2009-10 on account of partial disallowance of deduction claimed under Section 80IA of the Income Tax Act, 1961 disputing the transfer pricing of Power captively consumed by other divisions. The Company has filed appeal before CIT (Appeals). The CIT (Appeals) has decided the similar issue in favour of the Company for the Assessment Year 2007-08. This issue has also been decided in favour of the Company by the Income Tax Appellate Tribunal for earlier Assessment years.
- vi) Energy Development Cess of ₹ 2,189.80 Lacs (P.Y. ₹ 1,288 Lacs) net of amount deposited ₹ 294.34 Lacs (P.Y. ₹ 294.34 Lacs) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May, 2006 to January, 2012. The Honorable High Court of Chhattisgarh has held the levy of Energy Development Cess as unconstitutional vide its Order dated 20th June, 2008. The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.

38. Derivative instruments and unhedged foreign currency exposure

- a) Derivatives outstanding as at the reporting date

Particulars	Purpose	31.03.2012		31.03.2011	
		USD in Lacs	INR in Lacs	USD in Lacs	INR in Lacs
Forward contract to sell usd	To Hedge Export Sales	35.40	1,813.36	NIL	NIL

b) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Currency	31.03.2012		31.03.2011	
		Foreign Currency in Lacs	INR in Lacs	Foreign Currency in Lacs	INR in Lacs
ECB loan	USD	373.33	18,991.47	466.67	20,806.33
ECB loan	JPY	7,133.33	4,379.15	8,916.67	4,798.85
Trade payable	USD	192.73	9,804.17	273.80	12,207.37
Trade receivable	USD	27.16	1,381.69	2.070	92.29
Dividend receivable	USD	50.00	2,543.50	NIL	NIL

39. Disclosure as per Clause 32 of the Listing Agreement

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others

Name of the entities	Relationship	Amount	Maximum	Investment by
		outstanding as at 31.03.2012	amount outstanding during the year	the loanee in the shares of the Company
		₹ in Lacs	₹ in Lacs	No. of shares
Sarda Energy & Minerals Hongkong Limited	Subsidiary	---	1,986.23	---
Sarda Global Ventures Pte Limited	Subsidiary	101.65	101.65	---
Parvatiya Power Limited	Subsidiary	169.90	225.66	---
Madhya Bharat Power Corporation Limited	Subsidiary	---	2,986.33	---
Sarda Metals & Alloys Limited	Subsidiary	1,941.32	8,778.98	---
Shri Ram Electricity LLP	Subsidiary	NIL	184.79	---
Sarda Energy Limited	Subsidiary	9,543.98	9,543.98	---
Raipur Fabritech Private Limited	Subsidiary	0.14	0.14	---
Raipur Industrial Gases Private Limited	Subsidiary	0.17	0.17	---
Sarda Hydro Power Private Limited	Subsidiary	2.75	2.75	---
Natural Resources Energy Private Limited	Associate	0.50	0.50	---
Chhattisgarh Investments Limited	Others	7,273.94	10,765.95	1,04,90,657
Bhawans' R K Sarda Vidya Mandir	Others	1,035.08	1,050.08	---

40. Dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2012 as micro, small or medium enterprises. Consequently the amount paid/ payable to these parties during the year is NIL.

41. Foreign Exchange Earnings & Outgo

Earnings in Foreign Exchange

Particulars	₹ in Lacs	
	2011-12	2010-11
FOB value of exports (direct)	11,351.10	11,745.88
Interest received	47.22	7.18
Discounts & dispatch money received	---	42.30
Dividend	2,665.50	---

Foreign Exchange Outgo

		(₹ in Lacs)	
Particulars	2011-12	2010-11	
Value of imports calculated on cif basis			
Raw materials	8,349.33	18,546.06	
Components, stores & spare parts	733.66	71.13	
Capital goods	469.70	959.53	
Expenditure in foreign currency			
Travelling expenses	7.25	24.56	
Commission	5.31	1.03	
Others	12.01	10.46	
Interest	812.22	971.02	
Net dividend remitted in foreign exchange			
Year of remittance	2011-12		
Period to which it relates	01.04.2010 to 31.03.2011		
Number of non-resident shareholders	One		
Number of equity shares held on which dividend was due	18,04,891		
Amount remitted (in USD)	1,10,256.02		

SIGNATURE TO NOTES "1" TO "41"

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholetime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : May 26, 2012

RAIPUR
DATED : May 26, 2012

Statement pursuant to section 212 of the Companies Act, 1956 in respect of the Subsidiary Companies / LLPs

S. No.	Particulars/Name of the Subsidiary Company	SEMHKL Hongkong	SGV Singapore	SMAL India	SEL India	CHP LLP India	MBPCL India	PPL India	SHPLL India	SRE LLP India	RFPL India	RIGPL India
1	Financial year of the subsidiary company/llp ended on	31st March, 12	31st March, 12	31st March, 12	31st March, 12	31st March, 12	31st March, 12	31st March, 12	31st March, 12	31st March, 12	31st March, 12	31st March, 12
2	Date from which it became subsidiary company/llp	17th Sept. 07	12th June, 08	15th June, 09	31st March, 10	31st March, 10	31st March, 10	31st March, 10	1st March, 11	21st Sept, 10	25th Aug. 11	13th Dec, 11
3	Number of equity shares held by holding company in the subsidiary company											
	Quantity	10,00,000	100	1,25,45,000	50,000	NA	2,76,34,000	7,83,182	1,59,120	NA	11,000	5,100
	Face value (per share)	HK\$ 1	US\$ 100	₹ 10/-	₹ 10/-	NA	₹ 10/-	₹ 10/-	₹ 10/-	NA	₹ 10/-	₹ 10/-
	Fully paid up / partly paid up	partly paid-up	fully paid-up	fully paid up	fully paid up	NA	fully paid up	fully paid up	fully paid up	NA	fully paid up	fully paid up
4	Extent of holding of sarda energy & minerals limited	100.00%	100.00%	100.00%	100.00%	60.92%	58.48%	51.00%	60.00%	51.00%	52.38%	51.00%
5	Net aggregate amount of profit (losses) of the subsidiary/llp so far as they concern members of sarda energy & minerals ltd.											
a.	For the current financial year of the subsidiary /llp											
i)	Dealt with in the accounts of the holding company	HK\$ (24,25,219)	US\$ (3,47,229)	₹ (11,24,957)	Nil	Nil	₹ (2,05,630)	₹ 2,00,75,757	Nil	Nil	Nil	Nil
ii)	Not dealt with in accounts of the holding company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b.	For the previous financial years since it became subsidiary/llp											
i)	Dealt with in the accounts of the holding company	HK\$ 3,60,90,430	US\$ (21,379)	₹ 1,87,816	Nil	Nil	₹ (3,07,378)	₹ 1,01,25,406	Nil	Nil	N.A.	N.A.
ii)	Not dealt with in accounts of the holding company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	N.A.	N.A.
6	As the financial year of the subsidiary companies/LLP coincides with the financial year of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable.											

Note:

- SEMHKL - Sarda Energy & Minerals Hongkong Ltd.
- SGV - Sarda Global Venture Pte. Ltd.
- SMAL - Sarda Metals & Alloys Ltd.
- SEL - Sarda Energy Ltd.
- CHP LLP - Chhattisgarh Hydro Power LLP
- MBPCL - Madhya Bharat Power Corporation Ltd.
- PPL - Parvatiya Power Ltd.
- SHPLL - Sarda Hydro Power Pvt.Ltd.
- SRE LLP - Shri Ram Electricity LLP
- RFPL- Raipur Fabritech Pvt. Ltd.
- RIGPL- Raipur Industrial Gases Pvt. Ltd.

Summary of Financial Information of Subsidiary Companies as on 31.03.2012

(₹ in Lacs)

S. No.	Particulars/Name of the Subsidiary Company	SEMHKL		SGV		SMAL		SEL		CHP LLP		MBPCL		PPL		SHPPL		SRE LLP		RFPL		RIGPL	
		Hongkong	India	Singapore	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India
1	Capital	66.78		5.09	1,254.50		5.00	887.82	4,725.00	153.56	26.52	340.97									2.10		1.00
2	Reserves	9,163.36		(208.14)	11,232.37				6,043.06	1,842.63													
3	Total assets	16,925.31		1,504.03	49,092.63		9,639.67	900.46	18,675.33	3,127.96	30.61	341.06									2.32		1.25
4	Total liabilities	7,695.17		1,707.08	36,569.12		9,634.67	12.64	7,905.01	1,131.76	4.09	0.08									0.22		0.25
5	Investments	13,154.50		-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Turnover	1,371.13		2.41	176.41		-	-	-	705.10													
7	Profit before tax	(150.08)		(167.13)	(11.25)		-	-	(2.06)	252.23													
8	Provision for tax	-		-	-		-	-	-	51.48													
9	Profit after tax	(150.08)		(167.13)	(11.25)		-	-	(2.06)	200.75													
10	Proposed dividend	2,604.42		-	-		-	-	-	-													

The Indian rupee equivalents of the figures given in the foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31.03.2012, i.e. 1HK\$ = ₹ 6.678 [SEMHKL] and 1US\$ = ₹ 50.870 [SGV]

Note:

1. SEMHKL - Sarda Energy & Minerals Hongkong Ltd.
2. SGV - Sarda Global Venture Pte. Ltd.
3. SMAL - Sarda Metals & Alloys Ltd.
4. SEL - Sarda Energy Ltd.
5. CHP LLP - Chhattisgarh Hydro Power LLP
6. MBPCL - Madhya Bharat Power Corporation Ltd.
7. PPL - Parvatiya Power Ltd.
8. SHPPL - Sarda Hydro Power Pvt.Ltd.
9. SRE LLP - Shri Ram Electricity LLP
10. RFPL - Raipur Fabritech Pvt. Ltd.
11. RIGPL - Raipur Industrial Gases Pvt. Ltd.

Auditors' Report

To the Board of Directors

Sarda Energy & Minerals Limited

- 1) We have audited the attached Consolidated Balance Sheet of SARDA ENERGY & MINERALS LIMITED (the "Company") and its subsidiaries (collectively referred to as "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. The Consolidated Financial Statements include investments in associates accounted for under the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and in joint ventures, accounted as jointly controlled entities in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified by the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 have not conducted audit of the financial statement of Joint Venture and subsidiaries except Madhya Bharat Power Corporation Ltd. The financial statements of subsidiaries reflect total assets of ₹ 1,00,240.64 Lacs as at March 31, 2012, total revenue of ₹ 2,255.35 Lacs for the year ended on that date and Joint Ventures whose financial statements include the Company's share of assets amounting to ₹ 763.23 Lacs as at March 31, 2012, the Company's share of revenue amounting to ₹ 105.73 Lacs for the year ended on that date as considered in the consolidated accounts. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
- 4) We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified by the Companies (Accounting Standards) Rules, 2006.
- 5) Based on our audit as aforesaid and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at March 31, 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and

- c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For M. M. Jain & Associates

Chartered Accountants

(FRN 112538W)

(MANISH JAIN)

Partner

Membership No. 118548

Place : Raipur

Dated : May 26, 2012

Consolidated Balance Sheet

as at 31st March 2012

(₹ in Lacs)

Particulars	Note	31.03.2012	31.03.2011
I. Equity and liabilities			
1. Shareholders' funds			
Share capital	3	3,585.00	3,585.00
Reserves and surplus	4	86,354.49	77,092.46
Money received against share warrants		-	-
		89,939.49	80,677.46
2. Share application money pending allotment		-	-
3. Minority interest		5,798.73	2,756.70
4. Non-current liabilities			
Long term borrowings	5	80,588.79	46,236.76
Deferred tax liabilities	6	5,002.38	3,613.28
Other long term liabilities	7	7,097.00	483.39
Long term provisions	8	854.57	783.58
		93,542.74	51,117.01
5. Current liabilities			
Short term borrowings	9	25,324.71	26,345.98
Trade payables		8,364.47	6,595.89
Other current liabilities	10	10,176.59	8,775.45
Short-term provisions	11	491.80	1,367.32
		44,357.57	43,084.64
		2,33,638.53	1,77,635.81
II. Assets			
Non-current assets			
1. Fixed assets	12		
Tangible assets		75,415.86	71,440.32
Intangible assets		4,564.99	3,525.82
Capital work-in-progress		61,024.55	24,356.95
Intangible assets under development		253.94	153.58
		1,41,259.34	99,476.67
Non-current investments	13	49.29	49.40
Deferred tax assets		0.25	-
Long term loans and advances	14	23,409.15	14,048.85
Other non-current assets	15	1,241.87	357.83
		1,65,959.90	1,13,932.75
2. Current assets			
Current investments	16	13,245.95	19,710.67
Inventories	17	22,724.23	25,877.89
Trade receivables	18	4,356.39	4,399.44
Cash and bank balances	19	7,978.19	1,561.90
Short term loans and advances	20	19,273.94	11,889.55
Other current assets	21	99.93	263.61
		67,678.63	63,703.06
		2,33,638.53	1,77,635.81

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates

Chartered Accountants

FRN 112538W

MANISH JAIN

Partner

Membership No. 118548

K. K. SARDA

Chairman &
Managing Director

PANKAJ SARDA

Wholetime Director

P. K. JAIN

CFO & Company Secretary

RAIPUR

DATED : May 26, 2012

RAIPUR

DATED : May 26, 2012

Consolidated Statement of Profit & Loss

for the year ended 31st March 2012

(₹ in Lacs)

Particulars	Note	2011-12	2010-11
I. Revenue from operations (gross)	22	1,20,473.92	96,204.40
Less: excise duty		9,648.99	7,100.75
Revenue from operations (net)		1,10,824.93	89,103.65
II. Other income	23	4,732.25	5,115.35
III. Total revenue (i + ii)		1,15,557.18	94,219.00
IV. Expenses:			
Cost of materials consumed	24	62,877.40	56,026.23
Purchases of stock-in-trade		1,404.77	4,407.39
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(41.24)	(6,325.74)
Employee benefits expense	26	4,144.40	3,369.57
Finance costs	27	7,156.67	3,561.74
Depreciation and amortization expense	28	6,535.89	5,975.10
Other expenses	29	25,626.36	17,873.53
Total expenses		1,07,704.25	84,887.82
V. Profit before tax (iii - iv)		7,852.93	9,331.18
VI. Tax expense:			
Current tax		2,158.86	1,383.82
Deferred tax (net)		1,388.85	747.93
Mat credit entitlement		(4,507.27)	-
VII. Profit for the period (v - vi)		8,812.49	7,199.43
VIII. Less: share of loss of associates		0.11	-
IX. Less: minority interest		97.51	46.48
X. Net profit after minority interest and share of loss of associates		8,714.87	7,152.95
XI. Earnings per equity share			
Basic & diluted		24.31	19.95

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholtime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : May 26, 2012

RAIPUR
DATED : May 26, 2012

Consolidated Cash Flow Statement

for the year ended 31st March 2012

(₹ in Lacs)

Particulars	2011-12	2010-11
A. Cash flow from operating activities :		
Net profit before tax as per statement of profit & loss	7,852.93	9,331.18
Adjusted for :		
Depreciation	6,535.89	5,975.10
Interest income	(3,727.89)	(2,799.47)
Finance costs	7,156.67	3,271.32
Unrealised exchange (gain)/loss	12.44	126.79
Dividend income	(30.46)	(91.71)
(Profit) / loss on sale of investments	(625.18)	(2042.81)
(Profit) / loss on sale of fixed assets	(7.47)	2.55
Effect of exchange differences on translation of subsidiaries	614.89	456.87
Profit pertaining to associates/minority interest & pre acquisition profits (net)	(97.62)	(48.10)
	9,831.27	4,850.54
Operating profit before working capital changes	17,684.20	14,181.72
Adjusted for :		
Increase/(decrease) in trade & other payables	10,216.33	1,559.78
(Increase)/decrease in inventories	3,153.66	(10,677.44)
(Increase)/decrease in trade and other receivables	43.05	(3,014.31)
(Increase)/decrease in loans, advances & other current assets	(1,983.45)	(7,617.29)
	11,429.59	(19,749.26)
Cash generated from operations	29,113.79	(5,567.54)
Direct taxes (net)	(1,631.53)	(1,004.01)
Net cash from operating activities	27,482.26	(6,571.55)
B. Cash flow from investing activities :		
Investment in fixed assets including capital wip	(54,204.73)	(25,301.25)
Sale of fixed assets	79.18	202.31
(Increase)/decrease in investments	7,090.01	3,398.75
Proceeds from long term borrowings for investing	12,500.00	0.00
Loan given to subsidiaries and other parties	(4,083.79)	-
Interest received	3,727.89	2,799.47
Dividend received	30.46	91.71
Increase/(decrease) in minority interest	3,042.03	172.18
Capital reserve on acquisition of subsidiaries	(67.73)	10.47
Net cash used in investing activities	(31,886.68)	(18,626.36)
C. Cash flow from financing activities :		
Proceeds from fresh issue of shares	-	9,172.85
Proceeds from long term borrowings	25,703.12	25,300.95
Repayment of long term borrowings	(6,736.85)	(9,059.40)
Short term borrowings (net)	(1,021.26)	(468.17)
Interest paid	(5,874.33)	(3,271.32)
Dividend & dividend tax paid	(1,249.97)	(1,194.92)
Net cash used in financing activities	10,820.71	20,479.99
Increase/(decrease) in cash and cash equivalents (a+b+c)	6,416.29	(4,717.92)
Cash and cash equivalents as at 01/04/2011 (as per note 19)	1,561.90	6,279.82
Cash and cash equivalents as at 31/03/2012 (as per note 19)	7,978.19	1,561.90
Increase/(decrease) in cash and cash equivalents	6,416.29	(4,717.92)

Consolidated Cash Flow Statement

for the year ended 31st March 2012 (contd..)

Notes:		
(a) Cash and cash equivalents include the following :		
Cash in hand	46.72	37.69
Balances with banks	7,931.47	1,524.21
	7,978.19	1,561.90
(b) Previous year figures have been recast/restated wherever necessary.		
(c) Figures in brackets represent outflows.		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholetime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : May 26, 2012

RAIPUR
DATED : May 26, 2012

Significant Accounting Policies on Consolidated Financial Statements

1) Basis of Consolidation

The Consolidated Financial Statements comprise individual financial statements of Sarda Energy & Minerals Limited, its subsidiaries, jointly controlled entities and associates as on March 31, 2012. The Consolidated Financial Statements have been prepared on the following basis:

- i. The Financial Statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006. The assets and liabilities of foreign subsidiaries are translated at year end exchange rates and all other items in Statement of Profit and Loss are translated at average annual rate. The resultant gains and losses are shown separately as Foreign Currency Translation Reserve under Reserves and Surplus.
- ii. The Financial Statements of jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions resulting in unrealized profits or losses as per Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies (Accounting Standard) Rules, 2006 using the proportionate consolidation method.
- iii. The Group's investments in associates are accounted under the equity method and its share of pre-acquisition profits / losses is reflected as Capital Reserve / Goodwill in the carrying value of investments in accordance with Accounting Standard 23 on 'Accounting for Investments in Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006
- iv. The Financial Statements of the subsidiaries, the jointly controlled entities and the associates used in the consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2012.
- v. The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the Consolidated Financial Statements as Goodwill/Capital Reserve as the case may be.
- vi. Minority interest in the net assets of the subsidiaries consists of the amount of equity attributable to minorities at the date on which investments are made in subsidiaries. Net Profit for the year of the subsidiaries attributable to minorities is identified and adjusted against the Profit of the Group in order to arrive at the net profit attributable to the shareholders of the Group.

2) Other significant accounting policies :-

These are set out under "Significant Accounting Policies" as given in the Company's standalone financial statements.

3) Share Capital

	31.03.2012		31.03.2011	
	No.	₹ in Lacs	No.	₹ in Lacs
Authorised				
Equity shares of ₹ 10/- each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	3,58,50,000	3,585.00	3,58,50,000	3,585.00
	3,58,50,000	3,585.00	3,58,50,000	3,585.00

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

	31.03.2012		31.03.2011	
	No.	₹ in Lacs	No.	₹ in Lacs
Shares outstanding at the beginning of the year	3,58,50,000	3,585.00	3,40,45,109	3,404.51
Shares issued during the year	-	-	18,04,891	180.49
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,58,50,000	3,585.00	3,58,50,000	3,585.00

b Terms/rights attached to equity shares

The Company has only one class of shares - equity shares - having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of per share dividend proposed for distributions to equity shareholders is ₹ 3/- (P.Y. ₹ 3/-).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	31.03.2012		31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of ₹ 10/- each fully paid				
Chhattisgarh Investments Limited	1,04,90,657	29.26	1,04,90,657	29.26
Sarda Agriculture And Properties Private Limited	26,35,150	7.35	26,35,150	7.35
Orange Mauritius Investments Limited	21,65,680	6.04	21,65,680	6.04
Infrastructure Development Finance Company Limited	18,42,105	5.14	18,42,105	5.14
Asia Minerals Limited	18,04,891	5.03	18,04,891	5.03

4) Reserves and Surplus

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Capital reserve		
Balance as per last financial statements	459.41	448.94
Add/(less): adjustment during the year	(67.73)	10.47
Closing balance	391.68	459.41
Securities premium account		
Balance as per last financial statements	19,135.83	10,143.49
Add : securities premium received during the year	-	8,992.34
Closing balance	19,135.83	19,135.83
Debenture redemption reserve		
Balance as per last financial statements	625.00	1,000.00
Add : transfer from surplus balance in profit & loss	625.00	625.00
Less : transfer to general reserve	-	(1,000.00)

Closing balance	1,250.00	625.00
General reserve		
Balance as per last financial statements	9,557.75	7,057.75
Add: transfer from debenture redemption reserve	-	1,000.00
Add: transfer from surplus balance in profit & loss	1,500.00	1,500.00
Closing balance	11,057.75	9,557.75
Foreign currency translation reserve	629.75	14.86
Surplus in the statement of profit and loss		
Balance as per last financial statements	47,299.61	43,521.63
Add : profit for the year	8,714.87	7,152.95
<u>Less: appropriations</u>		
Proposed equity dividend	-	(1,075.50)
Tax on proposed equity dividend	-	(174.47)
Transfer to debenture redemption reserve	(625.00)	(625.00)
Transfer to general reserve	(1,500.00)	(1,500.00)
Closing balance	53,889.48	47,299.61
Total	86,354.49	77,092.46

5) Long Term Borrowings

	Non-Current portion		Current Maturities	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Bonds/debentures (secured)				
1,250 (1,250) 9.55 % Redeemable non-convertible debentures of ₹ 10/- lacs each	12,500.00	12,500.00	-	-
Term loans (secured)				
<u>From banks</u>				
Indian rupee loan	10,798.89	9,361.35	948.57	829.23
Foreign currency loan	19,458.80	20,484.22	5,842.66	5,121.06
<u>From other parties</u>				
Indian rupee loan from financial institutions	36,477.00	2,300.00	-	-
	79,234.69	44,645.57	6,791.23	5,950.29
Deferred payment liabilities				
Deferred sales tax loan (unsecured)	1,319.25	1,584.68	268.25	169.39
Loans & advances (unsecured)				
<u>From related parties</u>	34.85	6.51	-	-
Total	80,588.79	46,236.76	7,059.48	6,119.68

Terms of repayment

Parent Company

The Non-Convertible Debentures are redeemable in three equal annual installments commencing from July, 2015. The Company has an option to redeem these debentures earlier; however, no redemption will take place before the end of 3rd year from the date of allotment.

External Commercial Borrowings availed in foreign currencies are payable in 5 Annual installments (First three installments are 1/6th of the loan amount and remaining 2 installments are 1/4th of the loan Amount). First two installments have already been paid.

Rupee term loan from a financial institution is payable in 12 equal quarterly installments commencing from September, 2013.

Rupee term loan of ₹ 1,920 Lacs from Bank is payable in monthly installment of ₹ 70 Lacs.

Deferred Sales Tax loan is interest free and payable at the end of fifth year from the end of the financial year of accrual.

Sarda Metal and Alloys Limited

Term Loans from Banks are repayable in 36 quarterly installments commencing from June, 2012.

Term Loan from Financial Institution is repayable in 36 quarterly installments commencing from December, 2013.

Buyer's credit are repayable in six months from the date of credit. The Company however has an unconditional right to defer settlement for atleast 12 months after reporting date.

Parvatiya Power Limited

The Term Loan from Union Bank of India is payable in 28 quarterly instalments from 31.10.2007.

The Term Loan from IDFC Ltd. is payable in 32 quarterly instalments starting from 01.05.2008.

Madhya Bharat Power Corporation Limited

The term loan is repayable in 60 equal quarterly installments on 15th of every April, July, Oct and Jan commencing on the first standard due date after 48 months from the date of first disbursement to the project or the first repayment date falling 6 months after commencement of COD, whichever is earlier.

The unsecured taken loan from others are repayable on demand.

Security

Parent Company

The Non-convertible Debentures are also secured by a registered mortgage of an immovable property of the Company situated at Ahmedabad.

Term Loans from Bank, Financial Institution, External Commercial Borrowing and Debentures are secured by first pari-passu charge by way of hypothecation of entire movable assets of the Company situated at Industrial Growth Centre, Siltara, Raipur subject to prior charge on current assets in favour of Working Capital Bankers and by way of joint equitable mortgage of immovable properties of the Company situated at Industrial Growth Centre, Siltara.

Besides this, the Term Loan from Bank and Non Convertible Debentures are also secured by unconditional and irrevocable personal guarantees of Mr. K. K. Sarda & Mr. Manish Sarda.

Sarda Metal and Alloys Limited

Term Loans from Banks and other parties are secured by pari passu charge by way of Registered Mortgage of the office located at Kalomboli, Navi Mumbai, Equitable Mortgage of the immovable property of the Company situated at APIIC Industrial Park at Kantakapalli village, Pari Passu first charge on the moveable properties and assets of the Company and second charge on the current assets of the Company in favour of Axis Trustee Services Limited appointed as Security trustee by the Lenders.

Term Loans are also secured by pledge of 51% of shares held in the Company by the Holding Company Sarda Energy & Minerals Limited.

Buyer's Credits are secured by Letter of Undertaking (LOU) issued by Axis Bank Ltd in favour of foreign banks/Foreign branches of Indian banks. The LOU issued are covered as part of the term loan limits sanctioned by the Banks.

Parvatiya Power Limited

The loan is secured by hypothecation of Company's movable assets (present & future) and equitable mortgage on the immovable assets of the Company both ranking pari passu and also secured by pledge of equity shares of the Company held by all the shareholders of the Company. These term loans are further secured by personal guarantee of a director of the Company.

Madhya Bharat Power Corporation Limited

Term loans are secured by hypothecation of Movable Project Assets, including movable plant and machinery, machinery spares etc. both present and future. Moreover, 51% of the Promoter's equity interest representing 51% of the project equity capital is pledged in favour of the security agent at all times, until the final settlement date.

6) Deferred tax liabilities

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Deferred tax liabilities at the beginning of the year	3,613.28	2,865.34
Deferred tax liabilities during the year on account of timing difference	1,389.10	747.94
Deferred tax liabilities at the end of the year	5,002.38	3,613.28

7) Other Long Term Liabilities

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Others		
Security deposit received		
Deposits from customers	-	0.42
Deposits from vendors	7,055.67	464.37
Deposit from employees	28.09	12.96
Other payables	13.24	5.64
Total	7,097.00	483.39

8) Long term Provisions

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Provision for employee benefits		
Leave encashment	150.82	108.98
Other provisions		
Statutory liabilities	703.75	674.60
Total	854.57	783.58

9) Short term borrowings

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Loans repayable on demand (secured)		
From banks		
Hire purchase loan	1.83	11.92
Short term loans	7,388.56	3,900.00
Working capital loans	6,793.83	15,655.07
Working capital buyers credit loans	3,416.66	-
	17,600.88	19,566.99
Loans repayable on demand (unsecured)		
From banks		
Short term loans	6,999.98	6,206.99

From others (unsecured)	50.97	69.16
Other loans and advances (unsecured)		
Advances from customers	672.88	502.84
	7,723.83	6,778.99
Total	25,324.71	26,345.98

Security

Parent Company

Working Capital loans from banks are secured by first pari-passu charge on stocks & book debts and second pari-passu charge on all present and future movable Plant & Machinery and second charge by way of joint equitable mortgage of immovable properties located at Industrial Growth Centre, Siltara, Raipur. These facilities are also secured by irrevocable personal guarantees of Mr. K. K. Sarda and Mr. Manish Sarda.

Mortgage loan of ₹ 2,500.00 Lacs is payable in 3 monthly installments starting from November, 2012. Mortgage loan is also secured by irrevocable personal guarantees of Mr. K. K. Sarda and Mr. Manish Sarda, Corporate Guarantee of M/s. Chhattisgarh Investments Limited and Rishabh Mining & Transport Co. Private Limited.

The Loan of ₹ 1.83 Lacs is secured by hypothecation of related vehicle is payable in monthly installment of ₹ 0.92 Lacs.

Sarda Energy and Minerals Hong Kong Limited

All secured bank loans are repayable within one year and secured by the Investments held for trading by the Company. In the opinion of directors, the Company should be able to obtain refinancing of the respective loans.

10) Other Current Liabilities

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Current maturities of long-term debt (refer note no. 5)	7,059.48	6,119.68
Interest accrued but not due on borrowings	694.93	368.39
Unpaid dividends	45.43	49.73
Other payables		
Indirect taxes payable	836.53	741.11
Tax deducted at source payable	348.88	211.63
Salary & reimbursements	828.87	608.66
Deposits from vendors	32.00	56.64
Liabilities for expenses	330.47	619.61
Total	10,176.59	8,775.45

11) Short Term Provisions

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Provision for employee benefits		
Gratuity	3.48	2.18
Others		
Provision for expenses	488.32	115.17
Provision for dividend & tax on dividend	-	1,249.97
Total	491.80	1,367.32

12) Fixed Assets

Tangible Fixed Assets

(₹ in Lacs)

Particulars	Gross Block		Depreciation			Net Block		
	As on 01.04.2011	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2012	Up to 01.04.2011 for the year	Transfer / Adjustment	As on 31.03.2012	As on 31.03.2011
Freehold land	6,266.21	12.77	16.02	6,262.96	-	-	6,262.96	6,266.21
Leasehold land	1,006.40	519.00	-	1,525.40	23.98	10.68	1,490.74	982.42
Building	13,700.34	2,518.39	388.16	15,830.57	2,181.03	489.03	13,231.11	11,519.31
Plant & machinery	72,811.24	7,202.58	75.00	79,938.82	21,128.17	5,570.21	53,416.88	51,695.69
Furniture, fixture & equipment	1,010.70	200.11	48.47	1,162.34	541.73	122.52	543.01	452.75
Vehicles	1,017.40	167.20	207.64	976.96	497.07	147.51	471.16	523.94
Total	95,812.29	10,620.05	735.29	105,697.05	24,371.98	6,339.95	75,415.86	71,440.32
Depreciation taken to preoperative expenses						40.57		
Net depreciation during the year						6,299.38		
Previous year	66,073.05	30,912.22	1,172.98	95,812.29	18,854.57	5,796.03	24,371.98	47,610.77
Capital work in progress (including capital stock)				61,024.55			61,024.55	24,356.95

Note:

- Plant & Machinery includes Exchange Fluctuation adjusted as interest cost (as per AS 16) of ₹ 67.55 Lacs, as well as borrowing cost of ₹ 62.87 Lacs. It also includes Exchange Fluctuation capitalised (as per Para. 46A of AS 11) of ₹ 1,768.09 Lacs.
- Building includes borrowing cost of ₹ 8.00 Lacs.

Intangible Fixed Assets

(₹ in Lacs)

Particulars	Gross Block		Depreciation			Net Block		
	As on 01.04.2011	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2012	Up to 01.04.2011 for the year	Transfer / Adjustment	As on 31.03.2012	As on 31.03.2011
Computer software	210.90	17.56	-	228.46	114.21	45.91	160.12	96.69
Mining rights & development	3,630.01	0.85	1,254.96	4,885.82	200.88	190.64	392.85	3,429.13
Rights to use land	-	3.67	-	3.67	-	-	-	3.67
Total	3,840.91	22.08	1,254.96	5,117.95	315.09	236.55	552.97	3,525.82
Depreciation taken to preoperative expenses						0.04		
Net depreciation during the year						236.51		
Previous year	656.80	3,184.11	-	3,840.91	136.02	179.07	315.09	128.49
Intangible assets under development				253.94			253.94	153.58

13) Non Current Investments

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Trade investments		
Investment in equity instruments at cost (unquoted)		
Fully paid up with face value of ₹ 10/- each unless otherwise specified		
<u>In associates</u>		
4,000 (P.Y. 4,000) Equity shares of Chhattisgarh Bricks Private Limited	0.40	0.40
5,000 (P.Y. 5,000) Equity shares of Natural Resources Energy Private Limited	0.39	0.50
<u>In other companies</u>		
4,85,000 (P.Y. 4,85,000) Equity shares of Chhattisgarh Ispat Bhumi Limited	48.50	48.50
Total	49.29	49.40

14) Long term Loans and Advances

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Capital advances		
Unsecured, considered good	18,829.56	11,411.69
Security deposits		
Unsecured, considered good	581.00	560.83
Other loans and advances		
Unsecured, considered good		
Mat credit entitlement	2,641.69	-
Advance income tax (net of provision)	20.22	547.55
Advance stripping expenses	259.14	570.53
Prepaid expenses	69.90	32.20
Other advances	1,007.64	926.05
Total	23,409.15	14,048.85

15) Other Non Current Assets

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Others		
Unsecured, considered good		
Unamortised Expenses	1,241.87	357.83
Total	1,241.87	357.83

16) Current Investments

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Investment in equity instruments (quoted)		
(Valued at lower of cost and market value)		
<u>In other companies</u>		
32,813 (P.Y. 32,813) Equity shares of Abhishek Mills Limited	32.81	32.81

3,688 (P.Y. 3,688) Equity shares of Indian Metals & Ferro Alloys Limited	1.84	1.84
12,400 (P.Y. 12,400) Equity shares of Mangalam Cement Limited	24.47	24.47
Less: provision for dimunition in the value of investments	27.93	-
	31.19	59.12
Investment in debentures / bonds (quoted)	14,549.22	15,536.30
(Valued at lower of cost and market value)		
Less : provision for diminution in the value of investments	1,394.71	-
Total	13,154.51	15,536.30
Investments in mutual funds		
Nil units (P.Y. 32,25,339.94 Units) of Birla Mutual Fund	-	1,000.00
27.314 Units (P.Y. Nil units) of Birla Sun Life Mutual Fund	0.05	-
Nil units (P.Y. 51,24,913.45 Units) of Reliance Mutual Fund	-	605.23
1,63,592.43 Units (P.Y. 40,77,571.72 Units) of ICICI Mutual Fund	20.04	1,010.02
Nil units (P.Y. 25,98,698.57 Units) of HDFC Mutual Fund	-	500.00
11.71 Units (P.Y. 25,76,097.93 Units) of UTI Mutual Fund	40.16	500.00
Nil units (P.Y. 15,35,338.89 Units) of DSP Black Rock Government Securities Fund	-	500.00
	60.25	4,115.25
Total	13,245.95	19,710.67
Aggregate amount of quoted investments	14,608.34	15,595.42
Aggregate market value of quoted investments	13,185.70	15,576.86

17) Inventories

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
(Valued at lower of cost and net realisable value)		
Raw materials and components	7,039.39	10,807.33
Finished / semi finished goods	13,675.50	13,786.44
Stock-in-trade	152.18	-
Stores and spares	1,857.16	1,284.12
Total	22,724.23	25,877.89

18) Trade Receivables

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	266.29	116.93
Unsecured, considered doubtful	349.33	356.69
Less: provision for doubtful debts	349.33	356.69
	266.29	116.93
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4,090.10	4,282.51
	4,090.10	4,282.51
Total	4,356.39	4,399.44

19) Cash and Bank balances

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Balances with banks		
In current accounts	1,891.27	1,379.80
In fixed deposit	5,994.77	94.68
On unpaid dividend	45.43	49.73
Cash in hand	46.72	37.69
Total	7,978.19	1,561.90

20) Short term Loans and Advances

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Others		
Unsecured, considered good		
Earnest money deposit	76.42	181.36
Advances to employees	97.45	38.34
Advances to vendors	4,176.20	3,526.58
Claims & recoverables	787.02	967.62
Loans & advances to others	8,671.57	4,587.79
Advance royalty paid	327.53	1,447.14
Prepaid expenses	419.11	302.04
Balances with tax authorities	4,718.64	838.70
Doubtful advances to vendors	75.99	30.59
Less:provision for doubtful advances	75.99	30.59
Total	19,273.94	11,889.55

21) Other Current Assets

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Employees gratuity scheme	-	8.28
Interest receivable from bank	44.77	239.44
Unamortised expenses	55.16	15.89
Total	99.93	263.61

22) Revenue from Operations (Gross)

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Sale of products		
Sponge iron	33,911.01	25,449.02
Ferro alloys	35,644.45	37,793.59
Steel billets	8,291.05	10,559.60
Wire rod / HB wire	29,950.21	11,854.02
Others	10,786.82	9,106.01
Other operating revenues	1,890.38	1,442.16
Total	120,473.92	96,204.40

23) Other Income

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Interest income	3,727.89	2,799.50
Dividend income	30.46	91.71
Net gain on sale of investments	625.18	2,042.81
Other non-operating income (net of expenses directly attributable to such income)	348.72	181.33
Total	4,732.25	5,115.35

24) Cost of Raw Material Consumed

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Iron ore	26,140.01	20,115.31
Manganese ore	15,344.46	19,379.09
Coal	15,090.04	11,884.34
Scrap	5,092.42	3,719.69
Other material	1,210.47	927.80
Total	62,877.40	56,026.23

24.1) Raw Material Consumption

	2011-12		2010-11	
	₹ in Lacs	%	₹ in Lacs	%
Raw material -indigenous consumption	50,043.60	79.59%	41,351.54	73.81%
Raw material -imported consumption	12,833.80	20.41%	14,674.69	26.19%
Total	62,877.40	100.00%	56,026.23	100.00%

25) Changes in inventories of finished goods, Semi-finished goods and Stock-in-Trade

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Inventories at the end of the year		
Finished goods / semi-finished goods	13,675.50	13,786.44
Trading goods	152.18	-
	13,827.68	13,786.44
Inventories at the beginning of the year		
Finished goods / semi-finished goods	13,786.44	7,266.95
Trading goods	-	193.75
	13,786.44	7,460.70
Increase/(decrease) in inventories	41.24	6,325.74

26) Employee benefit expense

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Salaries, incentives & managerial remuneration	3,790.49	2,967.16
Contributions to -		

Provident fund	206.39	180.12
Superannuation scheme	9.73	7.30
Gratuity fund	29.37	125.77
Staff welfare expenses	108.42	89.22
Total	4,144.40	3,369.57

27) Finance Costs

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Interest expense	5,119.85	3,239.90
Other borrowing costs	225.61	305.82
Amortization of ancillary borrowing costs	45.26	16.02
Exchange differences to the extent considered as an adjustment to borrowing costs	1,765.95	-
Total	7,156.67	3,561.74

28) Depreciation and Amortization

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Depreciation of tangible assets	6,299.38	5,796.03
Amortization of intangible assets	236.51	179.07
Total	6,535.89	5,975.10

29) Other Expenses

	31.03.2012	31.03.2011
	₹ in Lacs	₹ in Lacs
Stores & spares consumption	6,610.90	4,700.55
Power & fuel	1,405.03	1,029.57
Manufacturing expenses		
Plant process & services	918.29	752.39
Material handling expenses	1,871.84	1,762.74
Other manufacturing expenses	4,299.07	3,361.00
Increase/ (decrease) of excise duty on inventory	185.02	580.49
Mining expenses	2,371.21	1,404.54
Repairs & manitenance		
Building	141.24	56.94
Plant & machinery	646.02	543.10
Others	267.61	171.98
Rent	137.88	64.07
Rates & taxes	1,502.37	1,493.71
Insurance charges	106.00	127.04
Miscellaneous expenses		
Travelling & conveyance expenses	378.93	344.84
Legal & professional expenses	519.96	261.30
Administrative and other expenses	604.93	619.27

Selling expenses		
Carriage outward	890.57	685.90
Selling commission & brokerage	228.80	245.06
Other selling expenses	310.89	131.92
Exchange differences (net)	774.76	(479.40)
Payment to auditors	32.40	16.52
Provision for diminution in value of current investment	1,422.64	-
Total	25,626.36	17,873.53

29.1) Stores & Spares Consumption

	2011-12		2010-11	
	₹ in Lacs	%	₹ in Lacs	%
Stores & Spares -Indigenous consumption	5,988.23	90.58%	4,628.25	98.46%
Stores & Spares -Imported consumption	622.67	9.42%	72.30	1.54%
Total	6,610.90	100.00%	4,700.55	100.00%

30) Earnings per Share (EPS)

	2011-12	2010-11
Net profit after tax as per statement of profit & loss attributable to equity shareholders (₹ in lacs)	8,714.87	7,152.95
Nominal value of equity shares (₹)	10	10
Weighted average number of equity shares used as denominator for calculating eps	3,58,50,000	3,58,50,000
Basic and diluted earnings per share (₹)	24.31	19.95

31) Segment Reporting

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company.

As part of secondary reporting, the Company has no geographical segment by location.

Business Segment Primary

Particulars	2011-2012			2010-2011		
	Steel	Ferro	Total	Steel	Ferro	Total
(₹ in Lacs)						
Revenue						
Sales & other income	70,011.92	35,298.87	1,05,310.79	44,297.90	41,414.84	85,712.74
Inter segment sales	-	520.81	520.81	-	509.15	509.15
Others unallocated			5,514.13			3,390.92
Total revenue	70,011.92	35,819.68	1,11,345.73	44,297.90	41,923.99	89,612.81
Result						
Segment result	12,751.09	3,203.75	15,954.84	4,610.76	5,628.71	10,239.47
Unallocated expenses net off unallocated income			(170.48)			2,174.05
Operating profit			15,784.36			12,413.52
Interest & forex fluctuation loss (net)			(7,931.43)			(3,082.34)
Profit before tax & extraordinary item			7,852.93			9,331.18

Add: extra ordinary item							-	-
Provision for taxation								
For current year			(2,158.86)					(1,383.82)
For deffered taxation			(1,388.85)					(747.93)
Mat credit entitlement			4,507.27					-
Share of loss of associates	-	-	-	-	-	-	-	-
Others unallocated			(0.11)					-
Minority interest	-	-	-	-	-	-	-	-
Others unallocated			(97.51)					(46.48)
Profit after taxation			8,714.87					7,152.95
Other information								
Segment assets	80,633.98	32,261.58	1,12,895.56	78,116.43	27,370.39			1,05,486.82
Unallocated assets			83,639.11					39,113.59
Total assets			1,96,534.67					1,44,600.41
Segment liabilities	4,167.28	13,423.41	17,590.69	3,430.11	15,738.11			19,168.22
Unallocated liabilities			5,728.88					(132.92)
Total liabilities			23,319.57					19,035.30
Capital expenditure	5,577.94	11,451.67	17,029.61	6,161.57	2,887.07			9,048.64
Depreciation / amortization	3,544.02	533.58	4,077.60	2,901.61	520.25			3,421.86
Unallocated capital exp. & depreciation			33,358.58					19,417.47
Non-cash expenditure other than depreciation / (amortization)			NIL					NIL

32) The financial statements of the following subsidiaries have been considered in consolidation:-

Name of Subsidiaries	Proportion of ownership interest as at 31st March	
	2012	2011
Sarda Energy & Minerals Hongkong Limited	100%	100%
Sarda Global Ventures Pte Limited	100%	100%
Sarda Metals and Alloys Limited	100%	100%
Sarda Energy Limited	100%	100%
Chhattisgrah Hydro Power LLP	66.92%	60.81%
Parvatiya Power Limited	51%	51%
Madhya Bharat Power Corporation Limited	58%	52%
Shri Ram Electricity LLP	51%	51%
Sarda Hydro Power Private Limited	60%	60%
Raipur Fabritech Private Limited	52%	---
Raipur Industrial Gases Private Limited	51%	---

33) Interest in Joint Ventures

The financial statements of the following Joint Ventures have been considered in consolidation:-

Name of the Company	Proportion of ownership interest as at 31st March	
	2012	2011
Raipur Infrastructure Company Limited	33.33%	33.33%
Madanpur South Coal Company Limited	20.63%	20.63%

The above joint venture companies are incorporated in India. The groups' share of the assets and liabilities as on 31st March, 2012 and income and expenses for the year ended on that date are given below which are based on audited figures of the joint venture companies.

(₹ in Lacs)

Particulars	As at 31st March	
	2012	2011
Assets		
Non current assets	583.54	551.22
Current assets	179.69	161.13
Total	763.22	712.35
Liabilities		
Non current liabilities	7.22	17.10
Current liabilities	8.64	5.92
Total	15.86	23.02
Income	105.73	41.94
Expenses	36.94	39.69
Contingent liabilities	899.88	899.88
Capital commitments	7.08	8.92

34) Investments in associates

The Company has investments in the following associates which are accounted for on the equity method in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006.

Name of the Associates	Proportion of ownership interest as at 31st March	
	2012	2011
Chhattisgarh Bricks Private Limited	40%	40%
Natural Resources Energy Private Limited	50%	50%

35) Related Party Disclosure

a) Names of related parties and description of relationship

S.No.	Description of Relationship	Names of Related Parties
1	Related enterprises where significant influence exist	Sarda Agriculture & Properties Private Limited R.R. Sarda & Company
2	Key management personnel	Mr. Ghanshyam Das Mundra Mr. Gopal Krishna Chhanghani Mr. Kamal Kishore Sarda Mr. Manish Sarda Mr. Neeraj Sarda Mr. Pankaj Sarda Mrs. Uma Sarda Ms. Sheen Agrawal
3	Relative of key management personnel	Mrs. Shakuntala Devi Sarda Mrs. Veena Sarda

b) Material Transactions with Related Parties

(₹ in Lacs)

Particulars	Key Relatives of Key		
	Related Enterprises	Management Personnel	Management Personnel
Share application money refunded	-- (--)	-- (6.00)	-- (--)
Remuneration	-- (--)	352.54 (317.53)	5.32 (--)
Rent paid	9.60 (9.60)	1.80 (1.80)	10.20 (10.44)
Outstanding as on 31st march 2012	--	9.64	--
receivable	(--)	(10.74)	(0.14)

Note: Figures in bracket represents previous year's figures.

36) Capital and other commitments

- Estimated amount of contracts remaining to be executed on Capital Account, net of advance given ₹ 35,075 Lacs (PY ₹ 27,909 Lacs).
- Group's total future minimum lease payment under non cancellable operating lease of premises is ₹ 5.85 Lacs (PY ₹ 2.08 Lacs).

37) Contingent Liabilities

(₹ in Lacs)

Particulars	31.03.2012	31.03.2011
Guarantees given by group's bankers	833.39	761.965
Share of guarantees given by the jointly controlled entity	900.00	900.00
Guarantees given to dgft on behalf of wholly owned subsidiary for meeting export obligation	63.87	63.87
Guarantees given to asst commissioner of custom on behalf of wholly owned subsidiary	334.21	42.57
Penal interest for non creation of securities for rupee term loan from idfc	65.43	---
Post dated cheques given to Axis Bank Limited for disbursement of term loan to Sarda Metal & Alloys Limited, wholly owned subsidiary of the group (sml), pending creation of security in sml for sanctioned facilities.	Nil	12,128.10
Bills discounted with the group's bankers under letters of credit	1,625.77	1,712.05
Claim against the group not acknowledged as debt & disputed in appeal	2,501.95	96.87
Excise duty & service tax demand	353.90	230.48
Vat, cst & entry tax	200.20	50.78
Income tax	3,986.14	1,896.37
Energy development cess	2,189.80	1,567.40

- Guarantee (equal to Group's share in Joint Venture) given by the Group to IDBI Bank Limited against guarantee issued by the Bank in favour of Government of India on behalf of Madanpur South Coal Company Limited (The Joint Venture Company for Coal Mining) ₹ 900.00 Lacs (P.Y. ₹ 900.00 Lacs).

- ii) Guarantee given to Director General of Foreign Trade ₹ 63.87 Lacs (P.Y. ₹ 63.87 Lacs) and Assistant Commissioner of Customs ₹ 301.13 Lacs (P.Y. ₹ 42.57 Lacs) on behalf of Sarda Metal & Alloys Limited, wholly owned subsidiary of the Group for fulfillment of Export Obligation against import of capital goods under “Export Promotion Capital Goods Scheme.”
- iii) Excise Duty & Service Tax
- a) Excise duty demand of ₹ 20.56 Lacs (P.Y. ₹ 20.56 Lacs) raised on account of Cenvat credit availed, which the Group has disputed in High Court.
- b) Excise Duty demand of ₹ 165.38 Lacs (P.Y. ₹ 170.38 Lacs) raised on account of Cenvat credit availed, which the Group has disputed and has filed appeal before the Customs Excise & Service Tax Appellate Tribunal (CESTAT).
- c) Excise Duty demand of ₹ 97.87 Lacs (P.Y. ₹ 10.23 Lacs) raised on account of Cenvat credit availed, which the Department has disputed and has filed appeal before the CESTAT.
- d) ₹ 6.97 Lacs (P.Y. ₹ 6.97 Lacs) on account of duty on VAT Collected by the Group against which the Group has filed an appeal before the CESTAT.
- e) ₹ 6.96 Lacs (P.Y. ₹ 4.44 Lacs) on account of duty on sale of waste and scrap by the Group. The case has been decided in favour of the Group by Commissioner Central Excise (Appeals) (CCE(A)). The Central Excise Department has filed appeal before the CESTAT against decision of the CCE(A).
- f) Excise Duty demand of ₹ 10.10 Lacs (P.Y. ₹ 10.28 Lacs) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- g) Excise Duty demand of ₹ 7.62 Lacs (P.Y. ₹ 7.62 Lacs) raised on account of Modvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- h) Service Tax demand of ₹ 38.44 Lacs (P.Y. NIL) raised on account of Service Tax on foreign services availed, which the Group has disputed and has filed appeal before Commissioner (Appeals), Raipur.
- iv) Value Added Tax/Central Sales Tax/Entry Tax
- Value Added Tax/Central Sales Tax/ Entry Tax demand of ₹ 200.20 Lacs (P.Y. ₹ 50.78 Lacs) are pending in appeal against assessment of various years.
- v) Income Tax
- ₹ 1,896.34 Lacs (P.Y. ₹ 1,896.34 Lacs) for the Assessment Year 2008-09 and ₹ 2,089.80 Lacs (P.Y. NIL) for the Assessment year 2009-10 on account of partial disallowance of deduction claimed under Section 80IA of the Income Tax Act, 1961 disputing the transfer pricing of Power captively consumed by other divisions. The Group has filed appeal before CIT (Appeals). The CIT (Appeals) has decided the similar issue in favour of the Group for the Assessment Year 2007-08. This issue has also been decided in favour of the Group by the Income Tax Appellate Tribunal for earlier Assessment years.
- vi) Energy Development Cess of ₹ 2,189.80 Lacs (P.Y. ₹ 1,288 Lacs) net of amount deposited ₹ 294.34 Lacs (P.Y. ₹ 294.34 Lacs) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to January 2012. The Honorable High Court of Chhattisgarh has held the levy of Cess as unconstitutional vide its Order dated 20th June 2008. The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.

38) Provision for Contingencies - NIL

39) Derivative instruments and unhedged foreign currency exposure

a) Derivatives outstanding as at the reporting date of the group as under:

Particulars	Purpose	31.03.2012		31.03.2011	
		USD in Lacs	INR in Lacs	USD in Lacs	INR in Lacs
Forward contract to sell usd	To hedge receivables	35.40	1,813.36	NIL	NIL

b) Particulars of unhedged foreign currency exposure as at the reporting date

(in Lacs)

Particulars	Currency	31.03.2012		31.03.2011	
		Foreign Currency in Lacs	INR in Lacs	Foreign Currency in Lacs	INR in Lacs
Ecb & other bank loans	USD	467.18	23,765.45	603.19	26,893.23
	JPY	7,133.33	4,379.15	8,916.67	4,798.95
Trade & other payable	HKD	20.17	6.68	2.95	17.19
	SGD \$	0.04	1.61	0.03	1.06
	EURO	18.62	1,262.01	15.02	959.05
	USD	273.99	13,937.87	350.90	15,644.88
Investment held for trading	USD	252.54	12,846.81	332.37	14,818.75
Trade & other receivables	EURO	-	-	0.16	10.21
	USD	11.50	584.84	39.32	1,753.26
Cash & cash equivalentents	EURO	5.12	346.70	0.00	0.09
	HKD	0.23	1.54	1.77	10.32
	USD	13.55	689.15	0.09	4.07

40) Previous year figures have been recast / regrouped / restated wherever necessary to make them comparable.

SIGNATURE TO NOTES "1" TO "40"

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholetime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : May 26, 2012

RAIPUR
DATED : May 26, 2012

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

Sharepro Services (India) Pvt. Ltd.
 Sam Hita Warehousing Complex
 Warehouse No.52 & 53, Plot No.13AB
 2nd Floor, Sakinaka
 Mumbai 400 072

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY. Please TICK whichever is applicable

For shares held in physical form

For Office use only

Folio No.		ECS reference no.	
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For shares held in electronic form

DP Id		
CL Id		

Name of first holder		
Bank Name		
Branch Name		
Branch Code		

9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank. Please attach a Xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.

Account Type	Saving		Current		Cash Credit	
--------------	--------	--	---------	--	-------------	--

Account no. as appearing on the cheque						
Effective date this mandate						

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Sarda Energy & Minerals Ltd. and or / Sharepro Services (India) Pvt. Ltd. will not be held responsible. I agree to avail the ECS facility provided by RBI as and when implemented by RBI / Sarda Energy & Minerals Ltd.

I further undertake to inform the Company any change in my Bank / branch and account number.

Signature of first holder :

Date :

Note: On dematerialisation of existing physical shares, for which you have availed ECS facility the above form needs to be re-submitted.

SARDA ENERGY & MINERALS LIMITED

Regd. Office: 73-A, Central Avenue, Nagpur (M.H.)

ATTENDANCE SLIP

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

Folio No./DPID –Client ID _____

I certify that I am a registered Shareholder of the Company and hold _____ shares.

I hereby record my presence at the 39th ANNUAL GENERAL MEETING of the Company, at 73-A, Central Avenue, Nagpur (M.H.) to be held on 29th September, 2012 and at any adjournment thereof.

Name of the Member/proxy in Block Letter_____
Member's/Proxy's signature**NOTES:**

1. A member/proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance duly signed.
2. If you intend to appoint a proxy, please complete the proxy form given below and deposit it at the Company's Registered Office at least 48 hours before the meeting.

SARDA ENERGY & MINERALS LIMITED

Regd. Office: 73-A, Central Avenue, Nagpur (M.H.)

PROXY FORM

Folio No./DPID – Client ID _____

I/We _____
of _____ in the district of _____ being a member/members of Sarda Energy & Minerals Limited hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ to act as my/our Proxy to attend and vote for me/us and on my/our behalf at the 39th ANNUAL GENERAL MEETING of the Company, to be held on 29th September, 2012 and at any adjournment thereof.

Signed : _____

Place : _____

Dated : _____

Affix Revenue Stamp

NOTE: This proxy form duly completed must be received at the Company's Registered Office at least 48 hours before the meeting.

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Chhattisgarh State Renewable Energy Development Agency



**State Level Energy
Conservation Award**

2011

Award for Excellence in Energy Efficiency

to

Sarda Energy & Minerals Ltd., Raipur





73/A, Central Avenue
Nagpur - 4400 18
Maharashtra, India
Visit us at: www.seml.co.in