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An ISO 9001, ISO 14001 & OHSAS 18001
Certified Company



31st August, 2020

BSE Ltd
The Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street - Mumbai 400 001

National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai - 400051
Fax. No: 022-26598237/38, 022-26598347/48

Security Code No. : **504614**

Symbol: **SARDAEN**

Series : **EQ**

Dear Sir,

Sub: Submission of Annual Report of the Company for the FY 2019-20
Submission of Notice convening 47th Annual General Meeting

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith Annual Report of the Company for the FY 2019-20 and the Notice convening the 47th Annual General Meeting (AGM) to be held on 24th September, 2020.

The Annual Report and the Notice of 47th AGM is also placed on the website of the Company i.e. www.seml.co.in and can be accessed as per the details given below:

Annual Report for the FY 2019-20: Investors > Financials > Annual Reports>Annual Report 2019-20
Notice of 47th AGM: Investors > Disclosures> AGM/EGM/Postal Ballot/Outcome>SEML 47th AGM
Notice.

Thanking you,

Yours faithfully,
For Sarada Energy & Minerals Ltd.


Authorised Signatory

Encl: As above

A large, stylized circular graphic composed of several overlapping, semi-transparent rings. The left side of the graphic shows a waterfall cascading over a dam, while the right side shows molten metal being poured into a mold. The central text is overlaid on a white circular area within the graphic.

De-risked and **Diversified**

Read across



Company Overview

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Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers are requested to consider the same while taking decisions. We undertake no obligation to publicly update any forward-looking statements, whether because of new information, future events or otherwise.

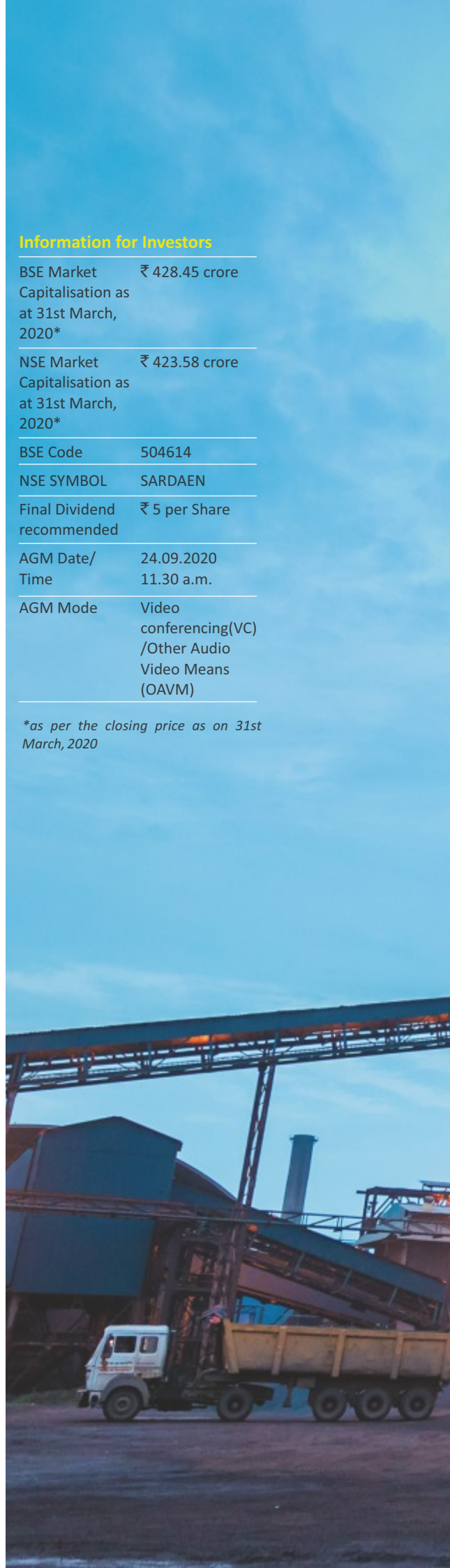


Scan this QR code from your smartphone to access our Annual Report
Please visit at www.seml.co.in

Information for Investors

| | |
|---|--|
| BSE Market Capitalisation as at 31st March, 2020* | ₹ 428.45 crore |
| NSE Market Capitalisation as at 31st March, 2020* | ₹ 423.58 crore |
| BSE Code | 504614 |
| NSE SYMBOL | SARDAEN |
| Final Dividend recommended | ₹ 5 per Share |
| AGM Date/ Time | 24.09.2020 11.30 a.m. |
| AGM Mode | Video conferencing (VC) / Other Audio Video Means (OAVM) |

*as per the closing price as on 31st March, 2020



It has been proven time and again, that any company with strong fundamentals, robust business model and diversified business has always prospered amidst challenges.

At SEML*, our business model, proactive diversification strategies, strong liquidity and lower leveraging has successfully de-risked us from the anticipated as well as unanticipated disruptions. Moreover, it has further strengthened our long-term focus and has given us confidence of achieving consistent growth amidst adversities and to continue creating value for our stakeholders, going ahead.

The consistency continues across 2019-20!

6 lakh MT
Pellet production

3.25 lakh MT
Sponge iron production

1.75 lakh MT
Steel billet production

1.42 lakh tonne
Wire rod production

1113 Mn Kwh
Power generation

₹ 5 per equity share (50%)
Dividend payout

*Sarda Energy & Minerals Limited or the Company across the report



From the desk of Chairman & Managing Director

In a challenging year, we sustained mainly due to our de-risked and diversified business model. We have maintained strong levels of financial robustness, liquidity and successful leveraging of our diversification strategies.

Dear Shareholders

The present world is confronting one of its greatest health threats of a generation, that profoundly impacts the socio-economic activities of its citizens. We strongly and sincerely praise the untiring efforts of the Government, health agencies, communities and individuals, including healthcare workers and first responders, who are putting in their heart and soul to help the mankind during the COVID-19 pandemic.

Over the years, SEML has built its reputation of standing with its employees and communities in the most critical times. This unprecedented environment has been no different. The Company took adequate safety measures for its employees and surrounding communities by promoting social distancing and ensuring the compliance of the SOPs laid down by the regulatory agencies. The Company also took various initiatives in supporting the noble cause of service to humanity. As regards the business continuity is concerned, I am proud to state that we are one of the least impacted companies in the metals and mining space. Thanks to our de-risked and diversified business model, that has allowed us to sustain the disruptive shock and has allowed us to test our abilities to

emerge even stronger than before.

Our proactive strategies of integrating our operations, has proved to be a blessing in disguise for a commodity player like us. It has helped us to face the market volatilities and ensure optimum use of resources. Besides, our diversification into hydro power has further given us the cushion to face the unanticipated disruptions during the year.

Macro environment

India's economic performance of 2019-20 was rather flat. During the large part of the year, the country struggled to accelerate on the momentum set in the earlier years. Lower consumption, investments and unstable global macro-economic environment resulting out of trade war between China and US, coupled with geological tensions in other geographies, dragged down the growth curve. The Government intervened with several measures to boost up the consumption and drive investments into the country. Just when the things started easing out in the early part of Q4 2019-20, the country was struck with the deadly pandemic. The nationwide lockdown halted all

the economic activities and put brakes to the growth. The 2019-20 GDP growth slowed to a 11-year low at 4.2%. The Government took several measures and announced a prestigious 'Atmanirbhar Abhiyan' Package, worth ₹ 20 lakh crore, giving an opportunity to kickstart Make in India 2.0. Apart from allaying near-term working capital and loan financing concerns during an unprecedented health crisis, the package lays down a bold intent to re-energise, revamp and reinforce a strong industrial and manufacturing sector for India's long-term growth in a post-COVID world.

India emerged as the world's second largest steel producer in 2019 surpassing Japan, with a crude steel production of 111.2 million tonnes (MT). India's per capita consumption stands around 74 kgs as against the world average of around 208 kgs.

The Government has taken various steps to boost the sector including the introduction of National Steel Policy 2017 and allowing 100% Foreign Direct Investment (FDI) in the steel sector under the automatic route. The Government's National Steel Policy 2017 aims to increase the per capita steel consumption to 160 kgs by 2030-31. The Government has also promoted policy which provides a minimum value addition of 15% in notified steel products covered under preferential procurement.

Performance

Let me now take you through the numbers we achieved during the year. We reported consolidated revenues of ₹ 1,983 Cr during the year, as compared to ₹ 2,341 Cr in the previous year. The decline was owing to the following reasons:

- a) Scheduled maintenance shutdown of one ferro alloy furnaces at Vizag facility in Q1FY20 and scheduled repair work of one furnace from end of Aug-19 to Nov-19
- b) Repair work related scheduled shutdown of one turbine of power plant at Raipur facility in Q4FY20
- c) Covid-19 related disruption in sales and production in the last quarter of FY20.

The EBITDA and PAT also witnessed, 32% and 38% decline, respectively, due to mark-to-market losses and higher forex losses which are largely notional in nature.

However, on a positive side, we continued to witness highest production levels across our operations, including hydro power. I am also happy to state that, our liquidity position is one of the best in our space, making us among the few companies to be least impacted during the unforeseen pandemic. We have successfully and timely met all our obligations, without opting for the bank moratorium. Besides, our strong policies with respect to debtor and inventory management resulted in lower working capital requirement. Our commitment to our shareholders remain strong and I am pleased to announce that the Board has recommended a dividend payout of ₹ 5 per equity share (50%) for the F.Y. 2019-20.

Company updates

Our expansions at Raipur and Vishakhapatnam reaped strong benefits. We continued to operate at full capacities across our facilities. Our diversification into hydro power was a blessing in disguise for us amidst the tough times.

Our foray into hydropower gives us an opportunity for a quantum leap as the Company is now ready to build its alternate revenue stream. The hydro project coming up in Sikkim under the subsidiary was expected to commence operations by June 2020 but due to COVID 19 pandemic, the project activities have slowed down delaying the commission of the plant. The company is taking steps for commissioning the plant in F.Y. 2020-21. Hydro Power will result in increased cash flows. While we have already strengthened our gearing, the additional cash flows will allow us to leverage on any possible inorganic growth opportunities.

I am proud of the Company's enhanced commitment to safe operating culture. We have invested significantly towards building a safe and healthy operating environment through stringent safety measures. The efforts are visible in the declining trend of the incident rates over the past few years. We have also equally invested towards community development initiatives by focussing in the areas of education, healthcare and rural development.

Closing note

I would like to acknowledge the efforts of the entire SEML team for their profound commitment, professionalism, talent and passion. It's your dedication and efforts, that has brought the Company to this level.

I take the opportunity to thank the Board of Directors of the Company and also of the subsidiaries/controlled entities for their able guidance.

I also extend my sincere thanks to the Government, government agencies, departments, our bankers, suppliers, customers for posing faith in us and supporting us in all our endeavours.

While we know that the macroeconomic situation is still shrouded in uncertainty, we continue to remain optimistic to leverage on our diversification advantage. I believe that difficult times are precisely the ones during which we become stronger. We are confident and well-placed to build further on our achievements and continue to provide value to our stakeholders.

Thank you for your endless support, confidence and commitment.

Yours sincerely,

Kamal Kishore Sarda

Board of Directors



Kamal Kishore Sarda

CMD

Mechanical Engineer with nearly 44 years of experience in Iron and Steel, mining and strategic planning. He is responsible for steering SEML towards the path of growth.



Pankaj Sarda

Jt Managing Director

MS in Industrial Administration from Purdue University, USA, with nearly 17 years of industrial experience.



Padam Kumar Jain

Director & CFO

CA, CS with a rich experience of 34 years in the field of accounting, finance, taxation, costing, budgeting and corporate laws.

Our governance philosophies are based on transparency, accountability, values and ethics and are an integral part of the management's initiative in its pursuit towards excellence, growth and value creation. Our Board comprises of nine directors, including two whole time promoter directors, one whole time professional director, one non-executive women promoter director and five non-executive independent directors, for smooth and efficient functioning.



Uma Sarda

Director

Arts graduate with specialisation in Home Science. Active member of NGO that works for primary education and healthcare of tribal people.



Asit Kumar Basu

Independent Director

BME graduate with 42 years of experience in the field of finance and risk assessment. He is ex chief general manager of IDBI Bank.



C K Lakshminarayanan

Independent Director

An Engineer with experience of nearly 45 years in finance and power sector.



Gajinder Singh Sahni

Independent Director

Post Graduate from Cardiff University. IAS officer from Madhya Pradesh Cadre and Former MD, MSIDC & MP, Cabinet Secretariat, Govt. of India with nearly 45 years of experience



Jitender Balakrishnan

Independent Director

PGDM in Industrial Management. Nearly 42 years of experience in power, steel, oil & gas, corporate governance and risk assessment.



Rakesh Mehra

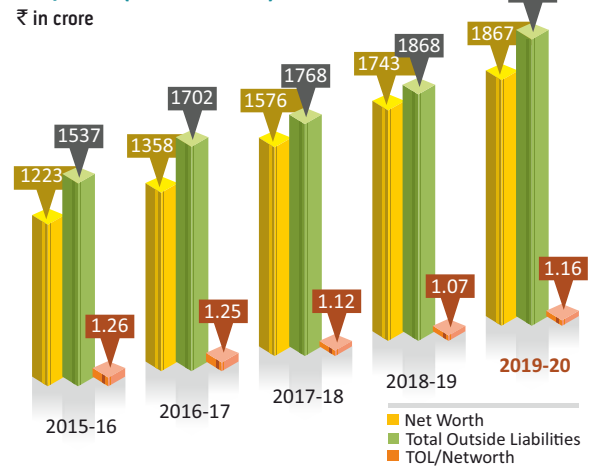
Independent Director

FCWA with over 36 yrs of experience in finance, costing and management accounting. Ex GM, Madhya Pradesh Audhyogik Vikas Nigam.

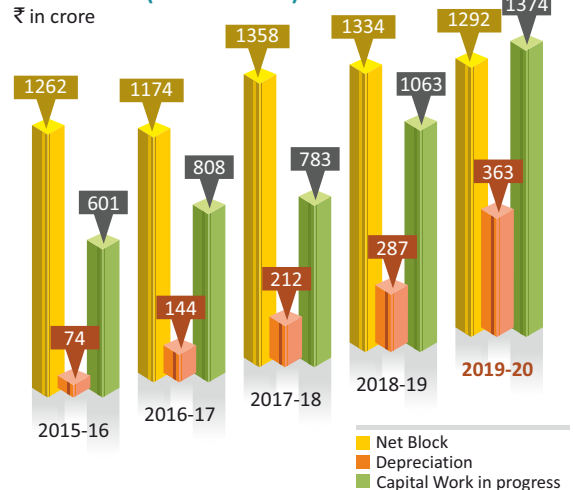


The achievement made by the Company must be viewed in light of the prevailing challenging economic phase. We always strive to be a stable organization that is willing to learn, create new ideas and adapt to new environment.

TOL/TNW (Consolidated)



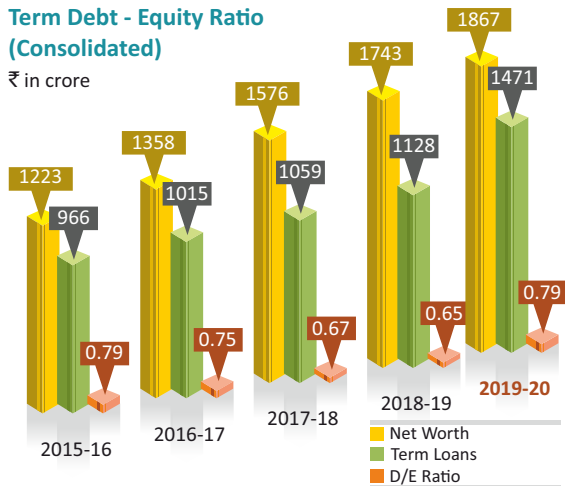
Fixed Assets (Consolidated)



Performance Snapshot

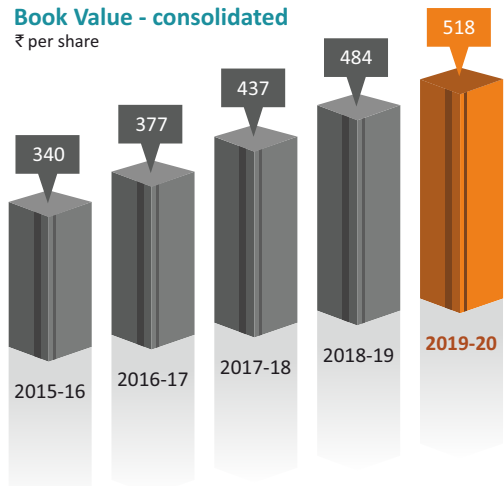
Term Debt - Equity Ratio (Consolidated)

₹ in crore



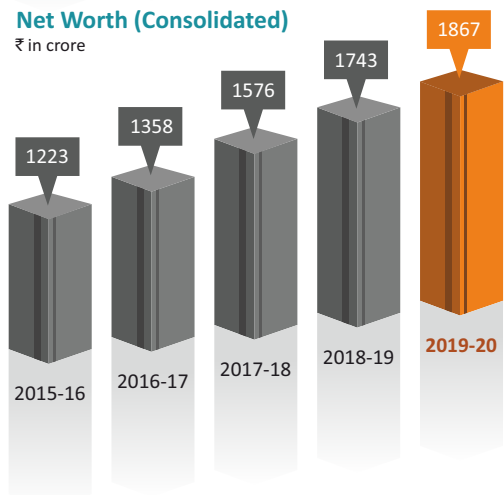
Book Value - consolidated

₹ per share



Net Worth (Consolidated)

₹ in crore



High Credit Rating, giving confidence to our lenders

| | |
|------------|-------------------------|
| Long Term | CRISIL A+/Stable |
| Short Term | CRISIL A1 |

How are we competitively placed?



Pure commodity to energy player

De-risked from the cyclicity of commodity business by diversifying into the renewable energy business.



Quantum jump

Hydro power will start generating positive cash flows for the Company from the next fiscal year.



Liquidity

The Company continues to meet its financial obligations on time. With additional cash flows, the liquidity available with the Company will further strengthen.



Inorganic opportunities

Increased cash flows will further enable the Company to leverage any inorganic growth opportunity coming its way.



Lower capex

With most of the expansions in place, the Company expects minimum capex, in next 2-3 years, that to for debottleneck existing capacities and derive optimum outcome.



Prudent governance practices

Our governance philosophies are based on transparency, accountability, values and ethics and are an integral part of the management's initiative in its pursuit towards excellence, growth and value creation with associated stakeholders.



Sustainable business practices

Social responsibility represents an integral part of our business. Our community development programmes are primarily mediated towards improving the quality of life of the people and outreaching the society at large.

Corporate Information

BOARD OF DIRECTORS

Mr. K. K. Sarda, Chairman & Managing Director
Mr. Pankaj Sarda, Jt. Managing Director
Mr. P. K. Jain, Wholetime Director & Chief Financial Officer
Mrs. Uma Sarda
Mr. A. K. Basu, Independent Director
Mr. C. K. Lakshminarayanan, Independent Director
Mr. G. S. Sahni, Independent Director
Mr. Jitender Balakrishnan, Independent Director
Mr. Rakesh Mehra, Independent Director

COMPANY SECRETARY

Mr. Manish Sethi

AUDITORS

Statutory Auditors

M/s. O. P. Singhanian & Co.
 Chartered Accountants
 J.D.S. Chambers, 1st Floor
 6, Central Avenue, Choubey Colony
 Raipur (C.G.) 492001

Cost Auditors

S. N. & Co.
 Cost & Management Accountants
 Mahalaxmi Cloth Market
 Pandri, Raipur (C.G.) 492001

Secretarial Auditors

S. G. Kankani & Associates
 Company Secretaries
 69, 1st Floor, Mahalaxmi Cloth Market
 Pandri, Raipur (C.G.) 492001

Internal Auditors

A P A S & Co.,
 Chartered Accountants
 Krishna Ranjan, B- 35/5
 Shailendra Nagar, Tagore Nagar
 Raipur (C.G.) 492001

BANKERS

Axis Bank Limited
 Bank of Baroda
 HDFC Bank Limited
 IDFC First Bank Limited
 RBL Bank Limited
 State Bank of India
 Union Bank of India

REGISTERED OFFICE

73-A, Central Avenue
 Nagpur (M.H.) 440 018
 Phone: +91-712-2722407

WORKS

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

MUMBAI OFFICE

125, B-Wing, Mittal Court
 Nariman Point
 Mumbai (M.H.) 400 021
 Phone: +91-22-22880080
 Fax: +91-22-22826680

DELHI OFFICE

E-585, Ground Floor
 Greater Kailash Part-II
 New Delhi-110048
 Phone: +91-11-41012163
 Fax: +91-11- 30824411

VISAKHAPATNAM OFFICE

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

DUBAI OFFICE

Sarda Global Trading DMCC
 Unit No.1241, DMCC Business Centre, Level No.1
 Jewellery & Gemplex 3, Dubai, UAE

REGISTRAR & SHARE TRANSFER AGENTS

Bigshare Services Private Limited
 1st Floor, Bharat Tin Works Building,
 Opp. Vasant Oasis
 Makwana Road
 Marol, Andheri East
 Mumbai (M.H.) 400059
 Tel : 022 62638200
 Fax : 022 62638299
 Email: investor@bigshareonline.com

Directors' Report

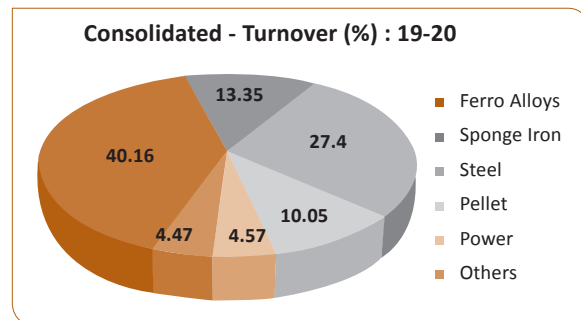
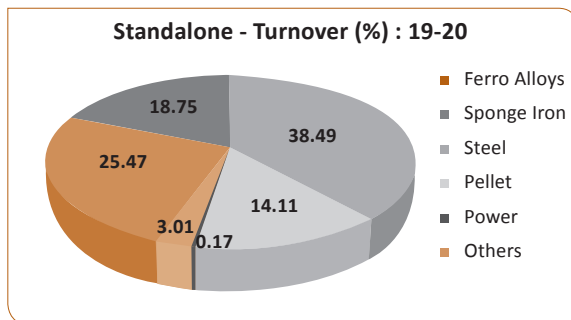
Dear Shareholders,

Your directors take pleasure in presenting the 47th Annual Report on business and operations of your Company for the financial year ended 31st March, 2020.

Results of our operations

(₹ in crore)

| Particulars | Standalone | | Consolidated | |
|-------------------------|------------|---------|--------------|---------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Revenue from operations | 1,424 | 1,653 | 2,000 | 2,324 |
| Exports | 49 | 124 | 331 | 637 |
| Other Income (Loss) | 61 | 32 | (17) | 17 |
| EBIDTA | 301 | 406 | 339 | 499 |
| Depreciation | 51 | 50 | 78 | 76 |
| Finance cost | 36 | 35 | 82 | 99 |
| Profit before tax | 214 | 321 | 179 | 324 |
| Provision for tax | 32 | 106 | 43 | 117 |
| Net Profit | 182 | 215 | 136 | 207 |



Review of performance

The year under review was a challenging year for global and so for the Indian economy. GDP growth, particularly IIP of the country has been shrinking since 2016. Global Slowdown was mainly attributed to the trade war between US and China, which inspite of a series of negotiations and discussions and even execution of a preliminary deal between the two nations in January 2020, still continues to haunt the global markets, particularly those markets which are anywhere in demand-supply chain of the two nations.

Even as the year began with dampened market conditions, growth seemed to have gradually stabilized at the close of 2019. However, the COVID-19 pandemic which initially affected the Chinese market, gradually spread across beginning 2020 to most parts of the world affecting the demand. The nationwide lockdowns to break the chain of transmission brought economic activities to near halt, affecting the steel demand in the month of March 2020. An uncertain economic environment, coupled with continued trade tensions, slowdown in global manufacturing notably auto sector and intensifying geopolitical issues, weighed on investment and trade. Similarly, production growth was only visible in Asia and the Middle East and to some extent in the US, while the rest of the world witnessed a contraction.

The global slowdown due to COVID-19 induced lockdown in China and across the world and in India in the month of March 2020 impacted the Company's performance in the fourth quarter of FY 2019-20. In view of the lockdown imposed, the Company temporarily suspended operations w.e.f. 25th March, 2020. The Company restarted manufacturing operations with effect from 16th April, 2020 in a synchronized manner with various restrictions imposed by the Govt. and full capacity could be achieved only in the 3rd week of May, 2020.

During the year, the plants operated satisfactorily. Revenue from operations were impacted due to:

- Maintenance shutdown of one ferro alloy furnace at Vizag facility in Q1FY20 and relining work of one furnace from end of Aug-19 to Nov-19;
- Repair work related shut down of one power plant at Raipur facility in Q4FY20; and
- shut down of Pellet plant on achievement of permitted capacity in the month of March.

Directors' Report

The total income and profitability has also been impacted on account of COVID-19 related disruption in economic activity and volatility in currency and capital market. Accordingly, there has been a Mark-To-Market loss of ₹ 40.08 crore in Other Income and a Forex loss of ₹ 16.65 crore in Other Expenses in FY20 which is mostly notional in nature.

During the year scattered and better rainfall helped in better capacity utilization of hydropower plants.

Despite the headwinds, the Company delivered steady operational performance, backed by strong focus on cost reduction and a healthy mix of value-added products. During the year your Company scaled new highs in production of most products. The production of other products was also in line with previous year. Operations at the iron ore mine was satisfactory. Your Company fulfilled all its financial obligations on time.

The outbreak of COVID-19 pandemic in the financial year under review has not been contained rather its severity has increased across the world including India, severely impacting economy. Apart from COVID-19 pandemic impact which may affect the financial performance of the Company, there are no other material changes and commitments affecting the financial position of the Company required to be reported under this section. Stakeholders are requested to refer the detailed analysis of the performance given in the Management Discussion and Analysis Report appended hereto. There was no change in the nature of the business of the Company during the year.

Impact of COVID-19

The outbreak of COVID-19 pandemic has led to an unprecedented health crisis and has disrupted economic activities and global trade while severely impacting consumer spending power. Consequently, the global steel demand is expected to be sharply lower in 2020.

The Government of India had imposed a stringent nationwide lockdown with effect from 25th March, 2020, which has severely impacted manufacturing activities. Though the continuous process Steel plants and Mining sectors were exempted from the strict lockdown measures, they could not be operated in the given environment and other restrictions. We took steps for resuming manufacturing operations from 16th April, 2020 but full normalcy could return only in third week of May, 2020. Due to respreads of the virus, localized lockdowns and other restrictions have been imposed which will have an impact on production and demand.

The health and safety of our employees and the communities in which we operate continues to be the foremost priority of the Company. The Company is focussed on running operations safely and efficiently to service our customers. The operations have been aligned with the prevailing market conditions Cross-functional teams worked to manage supply chain and logistics issues within the constraints imposed by the lockdown to ensure that plant could operate as planned. Increased steel has helped in balancing demand-supply of steel and preventing sharp correction in prices. The Company is also focused on liquidity management to face any future disruption in business conditions. Funds were raised to manage liquidity considering the heightened uncertainty over the extent of impact on underlying demand conditions.

Dividend

Your Directors are pleased to recommend dividend of ₹ 5/- (i.e. 50%) per equity share for the financial year 2019-20 (last year ₹ 5/- per equity share). The dividend if approved by the shareholders in the ensuing Annual General Meeting will be paid as per the applicable provisions. The dividend would result in cash outflow of ₹ 18.02 crore.

Further, your Company has transferred the unpaid dividend amount of ₹ 8.05 lakh in respect of the F.Y. 2011-12 to the Investor Education and Protection Fund. However due to technical reasons, the corresponding returns could not be filed with MCA. The Company has raised its concern to IEPFA and is awaiting the resolution.

Transfer to Reserves

The Board of Directors has decided to retain the entire amount of profit for Financial Year 2019-20 in the statement of profit and loss.

Subsidiaries / Controlled Entities / Joint Ventures

During the year under review -

- two of Company's subsidiaries, namely, Raipur Fabritech Private Limited and Raipur Industrial Gases Private Limited were dissolved/wound-up.
- there was an increase of 3.61% in the stake of your Company in Madhya Bharat Power Corporation Limited due to further infusion of equity capital towards its commitment in the project cost.
- as already reported, the Company has made further investments directly and through its wholly owned Subsidiary – Sarda Energy Limited - to acquire 100% stake in Chhattisgarh Hydro Power LLP

Directors' Report

- the Company has also infused further equity in overseas subsidiaries, namely Sarda Global Venture Pte. Limited and Sarda Global Trading, DMCC.

A brief on the performance/business operations of subsidiaries/controlled entities/joint ventures consolidated with your Company is given hereunder.

Subsidiaries

- Sarda Energy & Minerals Hongkong Limited, Hongkong (SEMHKL), is a wholly owned subsidiary, functioning as global investment and trading arm of your Company. During the year under review, the subsidiary reported a net loss of ₹ 30.22 crore as against net profit of ₹ 7.20 crore in the previous year. The loss was mainly related to mark-to-market losses on investments held by the company due to global meltdown on fears of COVID-19 pandemic. The company has paid a dividend of USD 2.50 Mn during the year (Pr. Year USD 2.60 Mn).
- Sarda Global Venture Pte. Limited, Singapore (SGV), a wholly owned subsidiary, has acquired economic interest in coal mines in Indonesia. The company is having JV with Indorama group for the coal mine in Indonesia. During the year under review, your Company has made further equity contribution of USD 2.00 Mn in the company. During the year under review the venture extracted 5,79,316 MTs (PY 5,00,004 MTs) of coal. The subsidiary reported a net profit of ₹ 0.08 crore as against net profit of ₹ 0.09 crore in the previous year.
- Sarda Global Trading DMCC, Dubai (SGT), a wholly owned subsidiary, has been incorporated in 2018 with the object of trading in metal ores and firewood. During the year under review, your Company has made further equity investments of United Arab Emirates Dirham 0.80 Mn to meet its establishments expenses. The subsidiary reported a net loss of ₹ 8.36 crore as against net loss of ₹ 1.23 crore in the previous year. The losses mainly related to mark-to-market loss on investments held in the company due to global melt-down triggered by COVID-19 pandemic.
- Sarda Metals & Alloys Limited (SMAL), a wholly owned subsidiary, operating 2 x 33 MVA Ferro Alloys plant backed by 80 MW captive thermal power plant enjoys a Two Star Export House status. During the year, power generation was 453.40 MU as compared to 524.28 MU in the previous year. The ferro alloys production stood at 68,596 MTs as against 79,585 MTs in the previous year. Relining works in one of the furnaces was carried out during the year which resulted in production loss. Post relining, the furnace has demonstrated increased availability and reduced specific consumptions. Captive consumption of Power was 292.20 MU as against 331.71 MU in previous year. The above was coupled with low demand of power due to overall sluggishness in economy and prolonged monsoon. As a result the company was able to achieve PLF of 64.52% against PLF of 74.81% in previous year.

During the FY 2019-20, the Company exported 41,773 MTs ferro alloys against 69,844 MTs in the previous year valuing ₹ 281.11 crore and ₹ 512.19 crores respectively. The fall in export was attributed mainly to trade war and subdued market conditions. However, the company was able to capture the domestic market achieving sales of 26,956 MTs against 10,414 MTs in the PY. During the year, the Company has reported a net profit of ₹ 2.86 crore as against Profit of ₹ 5.92 crore in P.Y. The fall in the profit was on account of the production loss because of time taken for overhaul and relining of furnaces. The company has met all its financial obligations on time.

- Sarda Energy Limited (SEL), a wholly owned subsidiary was incorporated as an SPV to put-up 1320 MW super critical IPP thermal power project in Chhattisgarh. As reported earlier, the company has abandoned the project. The funds lying idle with the Company have been invested in acquisition of share in Chhattisgarh Hydro Power LLP (CHP LLP) and Madhya Bharat Power Corporation Limited as part of promoters' contribution. During the year under review, the subsidiary earned a net profit of ₹ 3.27 crore mainly from share of profit from investment in Chhattisgarh Hydro Power LLP as against net profit of ₹ 0.43 crore in the previous year .
- Chhattisgarh Hydro Power LLP (CHP LLP) is operating 24 MW Gullu Small Hydro Electric Project in Chhattisgarh. The Plant has been earning cash surplus from the very first year of its operation. It has generated healthy returns. During the year, the Plant has generated and supplied highest ever 885.39 lakh units (PY 631.13 Lakh units) and has earned profit of ₹ 17.46 crore (PY ₹ 10.01 crore).

The LLP as it has licenses for implementation of four more small hydel power projects with installed capacity of 97.80 MW. Amongst these, 24.90 MW Rehar-I SHP is in the most advance stage of take-off. Various statutory clearances including Second stage (Final) forest clearance is in place. Pre-construction activities like construction of labour camps, stores and guest house is complete. The civil construction works will kick off after improvement of conditions posed by COVID 19 pandemic.

Your Company has increased its stake in the LLP to 100%.

Directors' Report

- Parvatiya Power Limited (PPL) is operating 4.8 MW Loharkhet Hydro Power project in Bageshwar district of Uttarakhand. The Company has supplied 264.03 lakh KWh (Previous Year 217.18 lakh KWh) to the state grid. The Plant has achieved highest ever generation in the current financial year. The plant enjoys debt free operations since financial year 2017-18. The capacity of the Plant is proposed to be enhanced by installing additional unit of 3 MW. The Detailed Project Report has been submitted for approval of Uttarakhand Jal Vidyut Nigam Limited.

During the year, the Company has earned profit after tax of ₹ 4.52 crore (Previous Year ₹ 2.76 crore). Your Company continues to hold 51% stake in PPL.

- Madhya Bharat Power Corporation Limited (MBPCL) is implementing run of the river 96 MW Rongnichu HEP in East Sikkim. It is a CDM registered project. The construction works of the project are nearing completion. 12.60 kms long underground tunnel has been fully excavated except 13.39 metres left intentionally to be excavated at the end. The concrete lining works is almost complete. Civil works of Barrage and Powerhouse Complex is largely completed. Hydro-Mechanical works of Gate erection and penstock steel lining is underway. Supply of power plant equipments is largely complete and half of erection works have been completed. All transmission line towers have been erected and stringing work is nearing completion. The project commissioning has been delayed due to effect of COVID-19 pandemic on project activities. Now project is expected to be commissioned in next quarter.

During year under review, your Company has infused ₹ 153.37 crore in MBPCL (₹ 95.74 crore by way of equity contribution and ₹ 57.63 crore by way of unsecured loan). Your Company holds 82.96% stake in the project (73.84% directly and 9.12% through its wholly owned subsidiary Sarda Energy Limited).

- Natural Resources Energy Private Limited (NREPL) is an SPV to carry on the business of development of mines and minerals, generation and trading of power and infrastructure development. The entire share capital of the company is held by SEML and its wholly owned subsidiary SMAL.
- Sarda Hydro Power LLP (SHP LLP), formerly, M/s Sarda Hydro Power Private Limited has been converted into LLP during the financial year 19-20. Your Company continues to hold 60% stake in LLP. The LLP is implementing two small hydro projects namely, 24 MW Kotaiveera and 9 MW Ganeshpur, which are under planning and approval stage.
- Shri Ram Electricity LLP (SRE LLP) was incorporated as a special purpose vehicle (SPV) for setting up a captive thermal power plant of 40 MW in the State of Chhattisgarh. In view of the changed power scenario and cancellation of coal linkage for the power project, the LLP has dropped the project. The entity reported a net profit of ₹ 0.12 crore as against net profit of ₹ 0.09 crore in the previous year. Your Company continues to hold 51% stake in SRELLP. The firm will be dissolved once coal allocation related matters are closed.

Joint Ventures

- Raipur Infrastructure Company Limited (RICL) was operating a leased Railway Siding in Mandhar, Raipur, which has expired. The company will be wound-up after closure of pending proceedings and getting refunds from Railways and the tax authorities. Your Company holds one third share in the Joint Venture. During the year 2019-20 the Company had incurred net loss of ₹ 0.11 crore as against net loss of ₹ 3.70 crore in the previous year.
- Madanpur South Coal Company Limited (MSCCL), a SPV was allotted Madanpur South Coal Block in consortium. The Supreme Court had cancelled all coal block allotments. Consequent to cancellation of coal mines, there is no business left in the company and no other activity has been planned. MSCCL holds certain assets, including land, acquired for the project. MSCCL would be wound-up after disposal of these assets. Your Company holds 20.13% in the Joint Venture.

A report on the performance and financial position of each of the subsidiaries, associates and joint ventures as per the Companies Act, 2013 and their contribution to the overall performance of the company during the period under report is provided as part of the Consolidated Financial Statements and hence not repeated here for the sake of brevity. The Policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website www.seml.co.in under the head corporate governance/policies under the Investors' section.

Consolidated financial statements

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards.

In accordance with Section 136 of the Companies Act, 2013, the Audited financial statements, including the consolidated financial statements and related information of the Company and audited financial statements of each of its subsidiaries, are available on our website www.seml.co.in. These documents are also available for inspection.

Directors' Report

Directors

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Pankaj Sarma, Jt. Managing Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Further, on the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company, in its meeting held on 1st February, 2020, subject to the consent of the members of the Company, had re-appointed Mr. K.K. Sarma as Chairman & Managing Director of the Company for a period of five years w.e.f. 1st April, 2020.

Necessary resolutions for the above re-appointments are being made a part of the Notice convening the ensuing general meeting.

Brief profile of Mr. Kamal Kishore Sarma and Mr. Pankaj Sarma, who are proposed to be re-appointed, nature of their expertise, names of the companies in which they hold directorships, their shareholding in the Company and other relevant details are provided in the Corporate Governance Report forming part of the Annual Report.

During the year under review, the members approved the re-appointment of Mrs. Uma Sarma, as Director liable to retire by rotation.

Your Company has received the necessary declaration from each Independent Directors who are part of Board confirming that;

- a) he/she meets the criteria of Independence as laid out in Section 149(6) of the Companies Act, 2013 read with the Schedules, rules made there under and Regulation 25 of SEBI Listing Regulations, 2015; and
- b) registered themselves with the Independent Directors' Databank as per the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

Board Evaluation

The Board has carried out an annual evaluation of effectiveness of its functioning, that of its Committees and individual Directors in the manner specified by the NRC.

The Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual Directors, the Board as a whole and its Committees.

A separate meeting of Independent Directors was also held to review the performance of Non-Independent Directors; and performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

This was followed by a Board meeting that discussed the performance of the Board, its Committees and individual Directors including independent Directors. During evaluation of the individual director, the concerned director was not present in the meeting. The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. Key criteria for performance evaluation are given in [Annexure A](#) to directors' report.

Remuneration Policy for the Board and Senior Management

Your Company follows a policy on remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel (SMP) and other employees of the Company. The policy is approved by the Nomination & Remuneration Committee of the Company. Remuneration Policy for Directors, Key Managerial Personnel and other employees is marked as [Annexure B](#) to directors' report.

Your Company with the approval of Nomination & Remuneration Committee has adopted a policy on Board diversity and the recommendation of candidature for Board appointment will be based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time towards achieving a diverse Board. The criteria for determining Qualification, positive attributes and Independence of director is enclosed as [Annexure C](#) to directors' report.

Familiarization programmes for Board Members

The Familiarization program aims to provide insight to the Independent Directors to understand the business of the Company. Upon induction, the Independent Directors are familiarized with their roles, rights and responsibilities. Your Company provides information to familiarize the Independent Directors with the strategy, operations and functions of

Directors' Report

the Company. The Board members are also taken to the sites of subsidiaries to understand and review their functions.

At various Board meetings during the year, the Board members are provided with information/ presentations and are given the opportunity to interact with the Senior Management of your Company to help them to understand the Company's strategy/policies, business model, operations, products, markets, organization structure, finance, human resources, technology, quality, facilities and risk management, changes in the regulatory environment applicable to the corporate sector and to the industry in which it operates and such other matters as may arise from time to time.

Quarterly presentations on operations made to the Board include information on business performance, operations, safety, market scenario, financial parameters, working capital management, fund flows, senior management change, major litigation, compliances, subsidiary information, donations, regulatory scenario, etc.

The policy on familiarization programmes for Independent Directors is posted on the website of the Company www.seml.co.in and can be accessed under the head corporate governance/ policies under the Investors' section.

Directors' Responsibility Statement

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the year ended on that date;
- c) 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;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Key managerial personnel

During the year, there was no change in the Key Managerial Personnel.

Auditors and Auditors' Report

Statutory Auditors

At the Annual General Meeting for the financial year 2018-19 held on 21st September, 2019, M/s. O.P. Singhania & Co., Chartered Accountants, Raipur were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting (AGM) to be held in the calendar year 2024.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark. During the year under review, the Auditors did not report any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014, the cost audit records maintained by the Company, in respect of various manufacturing activities are required to be audited.

The cost audit report for the financial year 2018-19 was filed with the Ministry of Corporate Affairs. M/s. S.N. & Co., Cost and Management Accountants, were appointed as the Company's Cost Auditor.

Your Directors have, on the recommendation of the Audit Committee, appointed M/s. S.N. & Co., Cost and Management Accountants, to audit the cost accounts of the Company on a remuneration of ₹ 1.75 lakh for the year 2019-20.

Directors' Report

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors:

- i) for 2019-20 has been ratified by the members in the Annual General Meeting held on 21.09.2019.
- ii) for 2020-21 is being placed before the members in the ensuing annual general meeting for ratification.

Secretarial Auditor

The Board has appointed M/s. S.G. Kankani & Associates, Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed herewith marked as Annexure D to this Report.

With reference to the comment of the secretarial auditors regarding -

- a) non-submission of information to Calcutta Stock Exchange, your Directors wish to inform that the Company had complied with all requirements for delisting of its shares from Calcutta Stock Exchange (CSE) in February, 2004. The delisting application is still pending on the part of CSE. In view of the pendency of delisting application, the Company has stopped sending any information to the Calcutta Stock Exchange and has also reported the matter to SEBI.
- b) non-filing of form IEPF 1 and IEPF 4 with MCA, your Directors wish to inform that the Company has remitted the unpaid dividend amount for F.Y. 2011-12 to the account of IEPF. However due to some technical reasons, the same could not be updated in the MCA /IEPF system due to which the MCA system is not permitting the Company to file investors details against form IEPF 1 and form IEPF 4. The Company has reported the matter to IEPFA.

Further, in terms of requirement of regulation 24A of SEBI Listing Regulations, the Secretarial Audit Report, for the financial year ended 31st March, 2020, in respect of Sarda Metals & Alloys Limited and Madhya Bharat Power Corporation Limited, the material subsidiaries of the Company, is annexed to this report, marked as Annexure E and Annexure F, respectively.

Corporate Social Responsibility (CSR)

With the objective of sustainable development and continual improvement, your Company adopts a voluntary and proactive approach to CSR to connect with the society by creating a sense of belonging. Your Company strives for sustainable development programs in partnership with the community.

Members are requested to refer the Corporate Governance Report forming part of this annual report for the composition of the CSR Committee. The CSR policy of the Company is available on the website of the Company – www.seml.co.in - under the head corporate governance/policies under the Investors' section. The annual report on the CSR activities is annexed as Annexure G to this report.

The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. During the year, the Company's spending on CSR has been more than the statutorily required.

Corporate Governance

Pursuant to the Listing Regulations, Corporate Governance Report along with the Auditors' Certificate regarding compliance of conditions of Corporate Governance is made a part of the Annual Report.

Business Responsibility / Sustainability Report

The Company is committed to pursue its business objectives sustainably, ethically, transparently and with accountability to all its stakeholders. The Company believes in ensuring environmental well-being with a long-term perspective as well as demonstrating responsible behaviour while adding value to the society and the community. The Company focuses on waste recycling. The Company has installed and expanded brick manufacturing facility to utilize process wastes. The company has also installed Waste Heat Recovery boilers to recover heat generated in sponge iron manufacturing process. The Company is also exploring utilization of waste heat generated from ferro Alloys manufacturing process. The Business Responsibility Report (BRR) of the Company forming part of this annual report is being presented to the stakeholders as per the requirements of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 describing the environmental, social and governance initiatives taken by the Company.

The Company has also provided the requisite mapping of principles of the National Guidelines on Responsible Business Conduct to fulfill the requirements of the Business Responsibility Report as per directive of SEBI.

Directors' Report

Disclosures

Board/Committees/Vigil Mechanism

The Board of Directors met 7 (seven) times during the financial year 2019-20. The details of the composition of Board of Directors, Corporate Social Responsibility Committee, Audit Committee, other committees of the Board, meetings of the board and committees and attendance of directors at the Board and committee meetings and implementation of Vigil Mechanism are given in the Corporate Governance Report forming part of this Annual Report.

Particulars of Loans given, Investments made, Guarantees given and Securities provided

Particulars of loans given, investments made and guarantees given are given in note no. 11, 47, 3, 7 and 41 to the standalone financial statements. The Company, in its capacity of promoter, has pledged shares of Sarda Metals & Alloys Limited and Madhya Bharat Power Corporation Limited with the lenders of respective companies for loans granted to them by the lenders. The details of pledged shares are given as part of the financial statements. The loans and the guarantees given are utilized by the recipients for their business purposes. Members are requested to refer the notes for details which are not repeated here for the sake of brevity.

Contracts and Arrangements with Related Parties

During the year, the Company did not have any contracts or arrangements with related parties in terms of Section 188 (1) of the Act. Also, there were no material related party contracts entered into by the Company and all contracts were at arm's length and in ordinary course of business to further the business interests of the Company.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act along with the justification for entering into such contracts or arrangements in Form AOC-2 does not form part of the report.

The Policy on materiality of related party transaction and dealing with related party transactions as approved by the Board may be accessed on the Company's website – www.seml.co.in under the head corporate governance/policies under Investors' section.

Internal Financial Control

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in [Annexure H](#) to this Report.

Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as [Annexure I](#) to this report. The same is also available on the Company's website at <http://seml.co.in/corporategov.php>

Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is annexed herewith as [Annexure J](#) to this Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in [Annexure K](#) to this report.

Risk Management

The Risk Management Committee has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, accident, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

A Risk Management Policy and a Hedging Policy as approved by the Board of Directors is in place. The Company monitors and manages the risks and uncertainties that can impact its ability to achieve its strategic objectives.

Directors' Report

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review -

1. Details relating to deposits covered under Chapter V of the Act;
2. Issue of equity shares with differential rights as to dividend, voting or otherwise;
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme;
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries;
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future;
6. The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and such accounts and records are made and maintained;
7. The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively;
8. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013].

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The disclosures/information/details disclosed/given elsewhere in the annual report have not been repeated again in the directors' report for the sake of brevity. Members are requested to refer relevant sections for the information. All policies/disclosures required to be disclosed on the website are available under the Investors' section on the website of the Company at www.seml.co.in.

Acknowledgement

Your Directors place on record their gratitude for the valuable guidance and support rendered by various Government departments, Financial Institutions, Banks and various stakeholders, shareholders, surrounding societies, customers and suppliers, among others. The Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. The Directors look forward to their continued support in future.

On behalf of the Board of Directors

Raipur
8th August, 2020

(K. K. Sarda)
Chairman & Managing Director
DIN: 00008170

Annexure "A" to the Directors' Report

KEY EVALUATION CRITERIA

Evaluation of Board

- Composition of the Board
- Procedures for Nomination and appointment of Board members and their remuneration
- Leadership by the Chairman of the Board
- Receipt of proper and timely information by the Board members
- Meaningful/active participation at board meetings
- Consideration of quality and appropriateness of financial accounting and reporting including the transparency of disclosures
- Existence and effective working of necessary committees

Evaluation of Independent Directors

- Understanding of the Company and the external environment in which it operates and contribution to strategic direction
- Knowledge about Company's products/services/activities
- Attendance and participations in the meetings and timely inputs on the minutes
- Adherence to ethical standards and code of conduct of Company and disclosure of non-independence, as and when it exists and disclosure of interest
- Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings
- Interpersonal relations with other directors and management
- Objective evaluation of Board's performance, rendering independent, unbiased opinion

Evaluation of Non-Independent Directors

- Attendance and participations in the meetings and timely inputs on the minutes
- Contribution towards growth of the Company
- Leadership initiative
- Adherence to ethical standards and code of conduct of Company
- Team work attributes and supervising & training of staff members
- Compliance with policies, reporting of frauds, violations, etc. and disclosure of interest
- Safeguarding of interest of whistle blowers under vigil mechanism and safeguard of confidential information

Annexure "B" to the Directors' Report

REMUNERATION POLICY

I. Preamble

As per the requirements of Companies Act, 2013 and the Listing Regulations, the Board of Directors of Sarda Energy & Minerals Limited ("Company") has constituted a Nomination and Remuneration Committee. The Committee's role is to be supported by a policy for remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel and other Employees.

The Policy is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for stakeholders.

II. Objective

The objectives of the Policy shall be to:

1. retain, motivate and promote talent and to ensure long term sustainability for retention of talented managerial persons and create competitive advantage for the Company.
2. guide and assist the Board in laying down and administer ESOP Compensation policy in terms of SEBI Guidelines, as and when decided.

III. Guiding Principles

The following principles shall act as guiding factors while designing compensation for Directors, Key managerial personnel, senior management and other employees:

1. Aligning key executive and board remuneration with the long term interests of the Company and its shareholders.
2. Minimize complexity and ensure transparency.
3. Link to long term strategy as well as annual business performance of the Company.
4. Promote a culture of meritocracy and is linked to key performance and business drivers.
5. Reflective of line expertise, market competitiveness so as to attract the best talent.
6. Consideration for living condition, industry practices, pay and employment conditions with peers / elsewhere in the competitive market to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context.

IV. Remuneration

1. General

- a. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the provisions of the Act and further subject to prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b. The remuneration and commission to be paid to the Whole-time Directors shall be in accordance with the approval of the shareholders of the Company and as per the provisions of the Act.
- c. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be in terms of the approval of the Shareholders in the case of Whole-time Director.
- d. Where any insurance is taken by the Company for its Whole-time Director, Key Managerial Personnel and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Annexure "B" to the Directors' Report

e. Leave

The employees, including directors where applicable, shall be eligible for casual leave, earned leave and maternity leave as per prevailing Rules of the Service.

f. Retirement benefits

The Company shall extend Provident Fund and Gratuity benefits as per provisions of the applicable law. In addition, the Company may extend benefit of Provident Fund to employees drawing higher salary and also contribution to superannuation and other pension fund/schemes for selective employees with mutual consent. The gratuity, superannuation and pensionary contribution shall be invested in approved funds.

g. Loans to employees

The Company may extend interest free/ concessional loans to the employees of the Company for meeting fund requirement for higher education of children, land purchase, building purchase/ construction/ furnishing & repair, marriage of self and family members, medical treatment of self and family members and other exigencies. For the purpose Rules shall be framed with authority for exceptions at appropriate levels.

2. Remuneration to Whole-time / Managing Director

a. Fixed pay

The Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee subject to approval of the shareholders and Central Government, wherever required. The breakup of the pay and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees, allowances, severance payments, etc. shall be decided and approved by the Board/the Person authorized by the Board on the recommendation of the Committee

b. Variable pay

The Committee may recommend suitable performance related variable payments linked to the performance of the Director concerned and of the Company.

c. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

d. Provisions for excess remuneration

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

e. Stock Options

The Committee shall determine the stock options and other share based payments to be made to Whole Time Directors, subject to prevailing guidelines of SEBI, if any.

3. Remuneration to Non- Executive / Independent Director

a. Remuneration / Commission

Commission may be paid within the monetary limit approved by shareholders, subject to the limits prescribed in the Act computed as per the applicable provisions of the Act.

b. Sitting Fees

The Non- Executive /Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee.

Provided that the amount of such fees shall not exceed the amount as may be prescribed by the Central Government from time to time.

Annexure "B" to the Directors' Report

c. Stock Options

An Independent Director shall not be entitled to any stock option of the Company.

- d. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as remuneration, if the following conditions are satisfied:
- i) The Services are rendered by such Director in his capacity as the professional; and
 - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

4. Remuneration to Key Managerial Personnel and Senior Management

- a. The remuneration to Key Managerial Personnel and Senior Management may consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b. The Committee shall determine the stock options and other share based payments to be made to Key Managerial Personnel and Senior Management.
- c. The Fixed pay shall include monthly remuneration, employer's contribution to superannuation fund, Provident Fund, contribution to pension fund, pension schemes, allowances, bonus, etc. as decided from to time, for which Rules shall be framed.
- d. The Incentive pay, if any, shall be decided based on the performance of the Company and the performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

5. Other Employees

- a. The remuneration of other employees shall be fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary they shall also be provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, wherever applicable. Policy of motivation/reward/severance payments are applicable to this category of personnel as in the case of those in the management cadre.
- b. The implementation of remuneration policy for other employees is to be ensured by CMD/JMD of the Company or any other personnel that the CMD/JMD may deem fit to delegate.

V Remuneration Duties

The duties of the Committee in relation to remuneration matters shall include:

1. considering and determining the remuneration based on such other factors as the Committee shall deem appropriate bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate talent.
2. approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
3. professional indemnity and liability insurance for Directors and senior management.

VI Implementation

1. The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
2. The Committee may delegate any of its powers to one or more of its members.

VII Policy Review

The Committee may assess the adequacy of this Policy and suggest any necessary or desirable amendments from time to time in the policy to the Board for approval to ensure it remains consistent with the Company's objectives, current laws and best practices.

VIII Dissemination

This Remuneration Policy shall be disclosed in the Board's report and shall be placed on the website of the Company as required under the Companies Act, 2013 and the Listing Regulations.

Annexure "C" to the Directors' Report

CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

Qualifications

- i) diversity of thought, experience, knowledge, perspective, age and gender.
- ii) appropriate blend of functional and industry expertise.
- iii) Independent Directors ("ID") ideally should be thought/practice leaders in their respective functions/domains.

Positive attributes

- i) compliance with duties as provided in the Companies Act, 2013.
- ii) possessing highest standards of ethical and moral qualities, strong interpersonal and communication skills and soundness of judgment as are considered eligible for the position.
- iii) act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
- iv) exercise duties with due and reasonable care, skill and diligence and exercise independent judgment.
- v) IDs are also expected to abide by the Code for Independent Directors as outlined in Schedule IV to Section 149(8) of the Companies Act, 2013.

Independence

A director will be considered as an "Independent Director" if the person meets with the criteria for 'Independent Director' as laid down in the Companies Act, 2013 and the Listing Regulations.

Annexure "D" to the Directors' Report

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2019-20

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
M/S SARDA ENERGY & MINERALS LIMITED
CIN: L27100MH1973PLC016617
73-A, Central Avenue
Nagpur 440018 (Maharashtra)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Sarda Energy & Minerals Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 in compliance of the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Other laws applicable specifically to the Company namely:
 - a) Mines Act, 1952 and the rules made thereunder;
 - b) Mines & Minerals (Development & Regulation) Act, 1957 and the rules made thereunder;
 - c) Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976 and the rules made thereunder;
 - d) Explosives Act, 1984 and the rules made thereunder.

We have also examined compliance with the applicable clauses of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 & Secretarial Standards issued by the Institute of Company Secretaries of India.

Annexure "D" to the Directors' Report

We report that, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above except the following:-

- a) **The Company has not submitted any information /documents with the Calcutta Stock Exchange.** In this regard we have been informed that the Company has applied for delisting of its shares from Cochin, Delhi and Calcutta Stock Exchanges in February, 2004. The Cochin and Delhi Stock Exchange have delisted the shares of the Company but the delisting application with the Calcutta Stock Exchanges is still pending. In view of the pendency of delisting application, the Company has stopped sending any information to the Calcutta Stock Exchange and has also reported the matter to SEBI.
- b) During the Financial Year under review, the Company was required to deposit Unpaid Dividend for the Financial Year 2011-12 amounting to ₹ 8,04,945/- in Investor Education Protection Fund (IEPF). As per the prescribed procedure, the Company has duly filed Form IEPF – 1 vide SRN - R16601502. Further, the Company had duly generated Misc. Payment Challan No. U56337611 dated 26.11.2019 and made NEFT against the above Challan on 27.11.2019. However, due to some technical problem at the website of the Ministry of Corporate Affairs, the NEFT payment could not be linked with the above-mentioned Challan. As a result of the above, the Company could not upload investor details against Form IEPF- 1 and Form IEPF – 4 at the website of the MCA. The Company has filed complaint with the IEPF Authority with respect to the above matter. However, the complaint is yet to be resolved.

We further report that there were no actions/events in pursuance of:

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

requiring compliance thereof by the Company during the Financial Year.

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws as applicable to the Company, has not been reviewed in this audit, since the same has been subject to review by statutory auditor and other designated professionals.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that adequate notice is given to all the directors of the Board Meetings/ Committee meetings, agenda along with detailed notes thereon were sent as per the provisions of the Act to all the Directors, and a system existed for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and there were no dissenting views that need to be recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

For, **S. G. KANKANI & ASSOCIATES**
Company Secretaries

(CS KAMLESH OJHA)
Partner

ACS No. : 39476

CP No. : 14660

PR: 424/2016

UDIN: A039476B000542561

Raipur
31st July, 2020

Annexure "D" to the Directors' Report**ANNEXURE - A to Secretarial Audit Report**

To,
The Members
M/S SARDA ENERGY & MINERALS LIMITED
CIN: L27100MH1973PLC016617
73-A, Central Avenue
Nagpur 440018 (MH)

Our report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the financial laws, like direct and indirect tax laws as applicable to the Company, since the same has been subject to review by statutory audit and other designated professionals.
- 4) Wherever required, we have obtained the representations about the compliance of laws, rules and regulation and happening of events etc.
- 5) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, **S. G. KANKANI & ASSOCIATES**
Company Secretaries

(CS KAMLESH OJHA)
Partner

Raipur
31st July, 2020

ACS No. : 39476
CP No. : 14660
PR: 424/2016
UDIN: A039476B000542561

Annexure "E" to the Directors' Report

SECRETARIAL AUDIT REPORT OF SARDA METALS & ALLOYS LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2019-20

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
M/S SARDA METALS & ALLOYS LIMITED
CIN: U51420MH2008PLC187689
125, B-Wing, Mittal Court
Nariman Point, Mumbai - 400021 (MH)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Sarda Metals & Alloys Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder. We also report that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

Due to an unprecedented lockdown imposed in the country caused by COVID-19 at a crucial time when the audit was underway limiting the availability of physical access to the records of the Company, and which lockdown continues even on the date of signing this report, we have examined in the best possible manner, through the virtual platform, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 in compliance of the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (iv) Other laws applicable specifically to the Company as per the representation made by the Company.

We have also examined the compliance of Secretarial Standards issued by the Institute of Company Secretaries of India.

We report that, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above. We further report that since the Company is an unlisted public limited company, therefore, the desired information under Securities and Exchange Board of India Act, 1992 and the regulations and guidelines prescribed thereunder and the Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder are not applicable to the Company.

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws as applicable to the Company, has not been reviewed in this audit, since the same has been subject to review by statutory audit and other designated professionals.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that adequate notice of the Board Meetings/ Committee meetings has been given to all the directors, agenda along with detailed notes thereon were sent as per the provisions of the Act to all the Directors and a system existed for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and there were no dissenting views that need to be recorded.

Annexure "E" to the Directors' Report

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

For, **S. G. KANKANI & ASSOCIATES**
Company Secretaries

(CS KAMLESH OJHA)
Partner

ACS No. : 39476

CP No. : 14660

PR: 424/2016

UDIN: A039476B000505689

Raipur
25th July, 2020

Annexure – To Secretarial Audit Report of Sarda Metals & Alloys Limited

To,
The Members
M/S SARDA METALS & ALLOYS LIMITED
CIN: U51420MH2008PLC187689
125, B-Wing, Mittal Court
Nariman Point, Mumbai - 400021 (MH)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
3. We have not verified the financial laws, like direct and indirect tax laws as applicable to the Company, since the same has been subject to review by statutory audit and other designated professionals.
4. Wherever required, we have obtained the representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit Report is partially limited to virtual examination based on inputs provided by the management in soft copies. Any material deviation or non-compliance which may have occurred during the year under review and which may come to light later on, on the examination of the physical records can be addressed, if appropriate and found necessary, in the next Secretarial Audit Report, which report may be construed as an addendum to this report to that extent.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For, **S. G. KANKANI & ASSOCIATES**
Company Secretaries

(CS KAMLESH OJHA)
Partner

ACS No. : 39476

CP No. : 14660

PR: 424/2016

UDIN: A039476B000505689

Raipur
25th July, 2020

Annexure "F" to the Directors' Report

SECRETARIAL AUDIT REPORT OF MADHYA BHARAT POWER CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31ST, MARCH, 2020

FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2019-20

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
M/s MADHYA BHARAT POWER CORPORATION LIMITED
CIN: U74899DL1994PLC061349
E-585, Ground Floor
Greater Kailash - II
New Delhi - 110048

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Madhya Bharat Power Corporation Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Due to an unprecedented lockdown imposed in the country caused by COVID-19 at a crucial time when the audit was underway limiting the availability of physical access to the records of the Company, and which lockdown continues even on the date of signing this report, we have examined in the best possible manner, through the virtual platform, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 in compliance of the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Other laws applicable specifically to the Company as per the representation made by the Company.

We have also examined the compliance of Secretarial Standards issued by the Institute of Company Secretaries of India.

We report that, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above.

We further report that since the Company is a unlisted public limited company, therefore, the desired information under Securities and Exchange Board of India Act, 1992 and the regulations and guidelines prescribed thereunder & the Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder are not applicable to the Company.

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws as applicable to the Company, has not been reviewed in this audit, since the same has been subject to review by statutory audit and other designated professionals.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors of the Company during the period under review.

We further report that adequate notice is given to all the directors of the Board Meetings/ Committee meetings, agenda along with detailed notes thereon were sent as per the provisions of the Act to all the Directors, and a system existed for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and there were no dissenting views that need to be recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Annexure "F" to the Directors' Report

We further report that during the audit period there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

For, **S. G. KANKANI & ASSOCIATES**
Company Secretaries

(CS KAMLESH OJHA)
Partner

Raipur
18th June, 2020

ACS No. : 39476
CP No. : 14660

UDIN: A039476B000351667

Annexure – To Secretarial Audit Report of Madhya Bharat Power Corporation Limited

To,
THE MEMBERS
M/s MADHYA BHARAT POWER CORPORATION LIMITED
CIN: U74899DL1994PLC061349
E-585, GROUND FLOOR
GREATER KAILASH -II, NEW DELHI – 110048

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the financial laws, like direct and indirect tax laws as applicable to the Company, since the same has been subject to review by statutory audit and other designated professionals.
4. Wherever required, we have obtained the representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit Report is partially limited to virtual examination based on inputs provided by the management in soft copies. Any material deviation or non-compliance which may have occurred during the year under review and which may come to light later on, on the examination of the physical records can be addressed, if appropriate and found necessary, in the next Secretarial Audit Report, which report may be construed as an addendum to this report to that extent.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, **S. G. KANKANI & ASSOCIATES**
Company Secretaries

(CS KAMLESH OJHA)
Partner

Raipur
18th June, 2020

ACS No. : 39476
CP No. : 14660

UDIN: A039476B000351667

Annexure "G" to the Directors' Report

ANNUAL REPORT ON CSR ACTIVITIES

Brief Outline of CSR Policy

CSR Policy of SEML shall ensure that all developmental activities/ initiatives undertaken are accessible to the most deserving segments such as children, women, elderly and those with disabilities. This would reflect particularly in the field of education, healthcare, sanitation, community welfare, skill development, infrastructure development, rural development, etc.

The CSR Policy focuses on addressing critical social, environmental and economic needs of the marginalized/ underprivileged sections of the society. SEML adopts an approach that integrates the solutions to these problems into the strategies of the Company to benefit the communities at large and create social and environmental impact.

The main objective of CSR Policy is to lay down guidelines to make CSR a key business process for sustainable development for the society. It aims at supplementing the program of the Government in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of their activities. The focus areas under SEML CSR policy are Education, healthcare, sports, art & culture, rural development programmes, social business projects, etc.

The CSR Policy can be accessed on the Company's website – www.seml.co.in - under the head corporate governance / policies under the Investors' section.

CSR Committee

As per the requirements, your Company has a Board Committee (CSR Committee) comprising three directors with one being independent director, that oversees the execution of CSR Policy to ensure that the CSR objectives of the Company are met. The Committee comprises of:

- Mr. G.S. Sahni, Chairman – Independent Director
- Mr. K.K. Sarda
- Mr. Pankaj Sarda

Financial Detail

As per the Companies Act, 2013, the Company is required to spend at least 2% of the average net profits of the company's three immediately preceding financial years on CSR activities. The relevant details are as hereunder:

| Particulars | Amount (₹ Lakh) |
|--|--------------------|
| Average net profit of the Company for last three financial years | 24,217.48 |
| Prescribed CSR expenditure (2% of net profit as computed above) | 484.35 |
| Details of CSR Expenditure during 2019-20 | |
| Total amount to be spent | 484.35 |
| Amount spent | 485.31 |
| Amount unspent | – |

Annexure "G" to the Directors' Report

Details of CSR spent during the financial year 2019-20

(₹ in Lakh)

| S. No. | CSR Project or activity identified | Sector in which the project is covered (as per clauses of Schedule VII to Companies Act, 2013) | Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken | Amount Outlay | Amount spent on the projects or programs Subheads: (1)Direct expenditure on projects or programs. (2)Overheads | Cumulative Expenditure upto the reporting period | Amount Spent Direct or through Implementing Agency |
|--------|------------------------------------|--|---|---------------|--|--|--|
| 1 | Healthcare | Clause (i) | Raipur and Dongarbore in Chhattisgarh | 125.00 | 117.50 | 117.50 | Direct/Implementing agency* |
| 2 | Education | Clause (ii) | Raipur and Dongarbore in Chhattisgarh | 300.00 | 318.72 | 318.72 | Direct/Implementing agency* |
| 3 | Environment | Clause (iv) | Raipur in Chhattisgarh | 2.00 | 0.99 | 0.99 | Direct |
| 4 | Art & Culture | Clause (v) | Raipur in Chhattisgarh | 20.00 | 15.84 | 15.84 | Direct/Implementing agency* |
| 5 | Armed Forces veterans | Clause (vi) | Raipur in Chhattisgarh | 0.60 | 0.10 | 0.10 | Direct |
| 6 | Livelihood projects | Clause (ii) | Raipur in Chhattisgarh | 10.00 | 5.00 | 5.00 | Implementing Agency |
| 7 | Sports | Clause (vii) | Raipur in Chhattisgarh | 1.75 | 0.68 | 0.68 | Direct |
| 8 | Rural development projects | Clause (x) | Raipur and Dongarbore in Chhattisgarh | 25.00 | 26.48 | 26.48 | Direct |
| | | | Total | 484.35 | 485.31 | 485.31 | |

* CSR activities have been carried out directly and through several other private, Non-Governmental Organizations and Charitable Institutions.

Responsibility Statement

We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

Raipur
8th August, 2020

K. K. Sarda
(Chairman & Managing Director)

G. S. Sahni
(Chairman – CSR Committee)

Annexure "H" to the Directors' Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Pursuant to the Companies (Accounts) Rules, 2014]

A. Conservation of energy

| | | |
|--|-----------------|--|
| i) Steps taken or impact on conservation of energy : | PELLET | |
| | i) | Medium Voltage drive provided in Hot Air Fan-2 Motor (400 KW, 6.6KV) for speed variation and as a result energy saved 1000 - 1100 KWH Units per day. |
| | WIRE ROD | |
| ii) the steps taken by the company for utilizing alternate sources of energy : | ii) | Block Hot-well centrifugal pump head optimize from 70 meter to 30 meter and motor also replaced with 90 KW to 30KW resulting in energy saving of 292000 Unit per Year. |
| | iii) | Energy saving LED light fixing in plant at various locations and as a result, energy saved 2700 Unit per Year. |
| iii) the capital investment on energy conservation equipments : | ₹ 0.55 crore | |

B. Technology absorption

| | | |
|--|--|---|
| i) The efforts made towards technology absorption : | i) | Elimination of Hydraulic coupler of Hot Air Fan-2 for speed variation by introducing Medium Voltage Drive technology at pellet plant. |
| | ii) | BC-4 tripper trolley successfully competed on 29.02.2020 & Auto Operation of BC-4 and tripper completed at power plant. |
| ii) the benefits derived like product improvement, cost reduction, product development or import substitution : | i) | Secondary Ball Mills shell replaced with Indigenous make modified segmented design mill for better and reliable operation at pellet Plant. |
| | ii) | Modification of batch producing systems for ferro-alloys Furnace C, D, E which resulted in reduction of the batch producing time. This help to avoid charge starvation in the Furnaces resulting in increase in productivity. |
| | iii) | Installation of crane weighing system for 15 MT EOT crane at tapping bay for smooth weighting of metal cakes at ferro-alloys plant. |
| | iv) | Installation of integrated wireless system for 2 no's platform scale which leads to easy capturing of metal weighting data at ferroalloys plant. |
| iii) in case of imported technology : (imported during the last three years reckoned from the beginning of the financial year) | - | |
| a) the details of technology imported : | - | |
| b) the year of import : | - | |
| c) whether the technology has been fully absorbed : | - | |
| d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : | - | |
| iv) the expenditure incurred on Research and Development : | Expenditure on R & D is not specifically accounted for. Internal team undertakes the R & D activities. | |

Annexure "H" to the Directors' Report**C. Foreign exchange earnings and outgo**

| | |
|---|------------|
| Total foreign exchange earnings and outgo (₹ in crore) | |
| a) Foreign exchange earnings | : ₹ 66.32 |
| b) Foreign exchange outgo | : ₹ 266.50 |

On behalf of the Board of Directors

Raipur
8th August, 2020**(K. K. Sarda)**
Chairman & Managing Director
DIN: 00008170

Annexure "I" to the Directors' Report

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2020

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

| | |
|--|---|
| CIN | L27100MH1973PLC016617 |
| Registration Date | 23.06.1973 |
| Name of the Company | Sarda Energy & Minerals Limited |
| Category / Sub-Category of the Company | Public company / Limited by shares |
| Address of the Registered Office and contact details | 73-A, Central Avenue, Nagpur (M.H.) 440018 Tel: +91-712-2722407 |
| Whether listed company | Yes |
| Name, address and contact details of Registrar and Transfer Agent, if any | Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building Opp. Vasant Oasis, Makwana Road Marol, Andheri East, Mumbai - 400059, Maharashtra Tel: +91-22-6263 8200, Fax: +91-22-6263 8299 E-mail : investor@bigshareonline.com |

II. Principal Business Activities of the Company

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated :

| Sl. No. | Name and Description of main Products / Services | NIC Code of the Product / Service | % to total turnover of the Company |
|---------|---|---|------------------------------------|
| 1 | Sponge Iron/Ferro Alloys/Billet/Wire-rod/ Iron ore Pellet | 241 - Manufacture of basic iron and steel | 97.20% |

III. Particulars of Holding, Subsidiary and Associate Companies

| Name and address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|--|-----------------------|----------------------------------|------------------|--------------------|
| Sarda Energy & Minerals Hongkong Limited 5th Floor, Dah Sing Life Bldg., 99-105 Des Voeux Road, Central, Hongkong | NA | Subsidiary | 100.00% | 2(87)(ii) |
| Sarda Global Venture Pte. Limited 9, Raffles Place, #57-00, Republic Plaza Singapore - 048619 | NA | Subsidiary | 100.00% | 2(87)(ii) |
| Sarda Global Trading DMCC Unit No.1241, DMCC Business Centre, Level No.1, Jewellery & Gemplex 3, Dubai, UAE | NA | Subsidiary | 100.00% | 2(87)(ii) |
| Sarda Metals and Alloys Limited 125-B Wing, Mittal Court, Nariman Point Mumbai | U51420MH2008PLC187689 | Subsidiary | 100.00% | 2(87)(ii) |
| Sarda Energy Limited Vanijya Bhawan, 1st Floor, Sai Nagar Devendra Nagar Road, Raipur | U40102CT2008PLC000406 | Subsidiary | 100.00% | 2(87)(ii) |

Annexure "I" to the Directors' Report

| Name and address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---|-----------------------|----------------------------------|------------------|--------------------|
| Madhya Bharat Power Corporation Limited E-585, Ground Floor, Greater Kailash - II, New Delhi | U74899DL1994PLC061349 | Subsidiary | 73.84% | 2(87)(ii) |
| Parvatiya Power Limited 801 Gandhi Chowk, Ranikhet, Almora UR | U40101UP1994PLC017151 | Subsidiary | 51.00% | 2(87)(ii) |
| Sarda Hydro Power LLP HIG Duplex House No. -2A Moulshri Vihar Purena Raipur | AAO-4263 | Subsidiary | 60.00% | 2(87)(ii) |
| Natural Resources Energy Private Limited Vanijya Bhawan, 1st Floor, Sai Nagar Devendra Nagar Road, Raipur | U40101CT2007PTC020163 | Subsidiary | 71.55% | 2(87)(ii) |
| Chhattisgarh Hydro Power LLP House No.A/02, VIP Road, Moul Shree Vihar Raipur | AAA-2277 | Subsidiary | 72.00% | 2(87)(ii) |
| Shri Ram Electricity LLP Vanijya Bhawan, 1st Floor, Sai Nagar Devendra Nagar Road, Raipur | AAA-2517 | Subsidiary | 51.00% | 2(87)(ii) |
| Raipur Infrastructure Company Limited Vanijya Bhawan, Sai Nagar Devendra Nagar Road, Raipur | U45203CT2004PLC016321 | Associate | 33.33% | 2(6) |
| Madanpur South Coal Company Limited Vanijya Bhawan, Sai Nagar Devendra Nagar Road, Raipur | U10300CT2006PLC020006 | Associate | 20.13% | 2(6) |

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change |
|---------------------------|---|----------|--------------------|-------------------|---|----------|--------------------|-------------------|-------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual / HUF | 79,07,397 | 0 | 79,07,397 | 21.93 | 79,07,397 | 0 | 79,07,397 | 21.93 | 0.00 |
| b) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corporate | 1,80,79,232 | 0 | 1,80,79,232 | 50.15 | 1,80,79,232 | 0 | 1,80,79,232 | 50.15 | 0.00 |
| e) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Any Other.... | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f i) Firm | 1,47,731 | 0 | 1,47,731 | 0.41 | 1,47,731 | 0 | 1,47,731 | 0.41 | 0.00 |
| Sub-Total (A)(1) : | 2,61,34,360 | 0 | 2,61,34,360 | 72.50 | 2,61,34,360 | 0 | 2,61,34,360 | 72.50 | 0.00 |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |

Annexure "I" to the Directors' Report

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change |
|--|---|--------------|--------------------|-------------------|---|------------|--------------------|-------------------|---------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| e) Any Other.... | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-Total (A)(2): | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Shareholding of Promoters (A) = (A)(1)+(A)(2) | 2,61,34,360 | 0 | 2,61,34,360 | 72.50 | 2,61,34,360 | 0 | 2,61,34,360 | 72.50 | 0.00 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds / UTI | 0 | 0 | 0 | 0.00 | 24,666 | 0 | 24,666 | 0.07 | 0.07 |
| b) Banks / FI | 19,515 | 2,500 | 22,015 | 0.06 | 28,857 | 100 | 28,957 | 0.08 | 0.02 |
| c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt.(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | | 250 | 250 | 0.00 | 0 | 250 | 250 | 0.00 | 0.00 |
| g) FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h) Foreign Portfolio Investors | 7,87,587 | 0 | 7,87,587 | 2.18 | 67,719 | 0 | 67,719 | 0.19 | (2.00) |
| i) Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-Total (B)(1): | 8,07,102 | 2,750 | 8,09,852 | 2.25 | 1,21,242 | 350 | 1,21,592 | 0.34 | (1.91) |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 15,58,170 | 9,949 | 15,68,119 | 4.35 | 14,73,537 | 5,884 | 14,79,421 | 4.10 | (0.25) |
| ii) Overseas | 6,84,891 | 0 | 6,84,891 | 1.90 | 6,84,891 | 0 | 6,84,891 | 1.90 | 0.00 |
| b) Individuals | | | | | | | | | |
| i) Individual Share holders holding nominal share capital upto ₹ 1 lakh | 37,19,452 | 2,96,459 | 40,15,911 | 11.14 | 40,44,863 | 2,72,056 | 43,16,919 | 11.98 | 0.83 |
| Individual Share holders holding nominal share capital in excess of ₹ 1 lakh | 15,41,552 | 0 | 15,41,552 | 4.28 | 20,50,625 | 0 | 20,50,625 | 5.69 | 1.41 |
| c) Others (specify) | | | | | | | | | |
| c i) NRIs | 2,05,309 | 0 | 2,05,309 | 0.57 | 2,81,628 | 0 | 2,81,628 | 0.78 | 0.21 |
| c ii) Directors & Relatives | 1,12,019 | 7,841 | 1,19,860 | 0.33 | 1,12,019 | 7,841 | 1,19,860 | 0.33 | 0.00 |
| c iii) NBFC's regd. with RBI | 311 | 0 | 311 | 0.00 | 0 | 0 | 0 | 0.00 | (0.00) |
| c iv) Clearing Member | 4,06,813 | 0 | 4,06,813 | 1.13 | 2,28,064 | 0 | 2,28,064 | 0.63 | (0.50) |
| c v) Trusts | 1,700 | 0 | 1,700 | 0.00 | 2,200 | 0 | 2,200 | 0.01 | 0.01 |
| c vi) IEPF | 1,41,528 | 0 | 1,41,528 | 0.39 | 1,61,906 | 0 | 1,61,906 | 0.45 | 0.06 |

Annexure "I" to the Directors' Report

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % Change |
|--|---|-----------------|--------------------|-------------------|---|-----------------|--------------------|-------------------|-------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| c) vii) HUFs | 4,19,029 | 0 | 4,19,029 | 1.16 | 4,67,769 | 0 | 4,67,769 | 1.30 | 0.14 |
| Sub-Total (B)(2): | 87,90,774 | 3,14,249 | 91,05,023 | 25.25 | 95,07,502 | 2,85,781 | 97,93,283 | 27.17 | 1.91 |
| Total Public Share holding (B)=(B)(1)+(B)(2) | 95,97,876 | 3,16,999 | 99,14,875 | 27.50 | 96,28,744 | 2,86,131 | 99,14,875 | 27.50 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A+B+C) | 3,57,32,236 | 3,16,999 | 3,60,49,235 | 100.00 | 3,57,63,104 | 2,86,131 | 3,60,49,235 | 100.00 | 0.00 |

ii) Shareholding of Promoters

| Sl. No. | Shareholders Name | Shareholding as on 01.04.2019 | | | Shareholding at on 31.03.2020 | | | % change |
|---------|---|-------------------------------|----------------------------------|--|-------------------------------|----------------------------------|--|--------------|
| | | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | Chhatisgarh Investments Limited | 1,38,78,760 | 38.499 | 0 | 1,38,78,760 | 38.499 | 0 | 0.000 |
| 2 | Sarda Agriculture & Properties Private Limited | 26,35,150 | 7.310 | 0 | 26,35,150 | 7.310 | 0 | 0.000 |
| 3 | Prachi Agriculture & Properties Private limited | 15,65,322 | 4.342 | 0 | 15,65,322 | 4.342 | 0 | 0.000 |
| 4 | G.D. Sarda | 13,92,378 | 3.862 | 0 | 13,92,378 | 3.862 | 0 | 0.000 |
| 5 | Kamal Kishore Sarda* | 13,09,149 | 3.632 | 0 | 23,23,667 | 6.446 | 0 | 2.814 |
| 6 | J.K. Sarda^ | 11,72,365 | 3.252 | 0 | - | - | 0 | (3.252) |
| 7 | Shakuntala Sarda* | 10,14,518 | 2.814 | 0 | - | - | 0 | (2.814) |
| 8 | Chhatisgarh Investments Limited (Firm) | 1,47,731 | 0.410 | 0 | 1,47,731 | 0.410 | 0 | 0.000 |
| 9 | Veena Sarda | 7,02,350 | 1.948 | 0 | 7,02,350 | 1.948 | 0 | 0.000 |
| 10 | Pankaj Sarda | 6,91,107 | 1.917 | 0 | 6,91,107 | 1.917 | 0 | 0.000 |
| 11 | Premlata Sarda^ | 4,68,910 | 1.301 | 0 | - | - | 0 | (1.301) |
| 12 | Uma Sarda | 4,89,425 | 1.358 | 0 | 4,89,425 | 1.358 | 0 | 0.000 |
| 13 | Dr. K.K. Rathi | 6,000 | 0.017 | 0 | 6,000 | 0.017 | 0 | 0.000 |
| 14 | Manish Sarda^ | 2,37,570 | 0.659 | 0 | 9,90,618 | 2.748 | 0 | 2.089 |
| 15 | Aditya Sarda | 1,12,840 | 0.313 | 0 | 1,12,840 | 0.313 | 0 | 0.000 |
| 16 | Raghav Sarda | 1,12,840 | 0.313 | 0 | 1,12,840 | 0.313 | 0 | 0.000 |
| 17 | Neeraj Sarda^ | 98,490 | 0.273 | 0 | 9,86,717 | 2.737 | 0 | 2.464 |
| 18 | Anant Sarda | 49,140 | 0.136 | 0 | 49,140 | 0.136 | 0 | 0.000 |
| 19 | J.K. Sarda (HUF) | 21,716 | 0.060 | 0 | 21,716 | 0.060 | 0 | 0.000 |
| 20 | Shashi Rathi | 19,467 | 0.054 | 0 | 19,467 | 0.054 | 0 | 0.000 |
| 21 | Aditi Sarda | 9,132 | 0.025 | 0 | 9,132 | 0.025 | 0 | 0.000 |
| | Total | 2,61,34,360 | 72.496 | 0 | 2,61,34,360 | 72.496 | 0 | 0.000 |

* Transmission of shares from Shakuntala Sarda to Kamal Kishore Sarda

^ Transmission of shares from J.K. Sarda and Premlata Sarda to Manish Sarda and Neeraj Sarda

Annexure "I" to the Directors' Report

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

| Sl. No. | Name | | Shareholding (Beginning of the year) | | Transactions during the year | | | Cumulative shareholding during the year | |
|---------|---|---|--------------------------------------|-------------------|------------------------------|---------------|---------------|---|-------------------|
| | | | No. of Shares | % of total shares | Date | Reason | No. of shares | Cumulative | % of total shares |
| 1 | Chhatisgarh Investments Limited | At the beginning of the year | 1,38,78,760 | 38.50 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 1,38,78,760 | 38.50 | | | | | |
| 2 | Sarda Agriculture & Properties Private Limited | At the beginning of the year | 26,35,150 | 7.31 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 26,35,150 | 7.31 | | | | | |
| 3 | Prachi Agriculture & Properties Private Limited | At the beginning of the year | 15,65,322 | 4.34 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 15,65,322 | 4.34 | | | | | |
| 4 | Ghanshyam Sarda | At the beginning of the year | 13,92,378 | 3.86 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 13,92,378 | 3.86 | | | | | |
| 5 | Kamal Kishore Sarda | At the beginning of the year | 13,09,149 | 3.63 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | 21.06.2019 | Transmission* | 10, 14,518 | 23,23,667 | 6.45 |
| | | At the end of the year | 23,23,667 | 6.45 | | | | | |

* Transmission of shares from Shakuntala Sarda

Annexure "I" to the Directors' Report

| Sl. No. | Name | | Shareholding (Beginning of the year) | | Transactions during the year | | | Cumulative shareholding during the year | |
|--|--|---|--------------------------------------|-------------------|------------------------------|---------------------------|---------------|---|-------------------|
| | | | No. of Shares | % of total shares | Date | Reason | No. of shares | Cumulative | % of total shares |
| 6 | J. K. Sarda | At the beginning of the year | 11,72,365 | 3.63 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | 31.05.2019 | Transmission [^] | (5,37,350) | 6,35,015 | 1.76 |
| | | | | | 31.05.2019 | Transmission [^] | (6,35,015) | - | 0.00 |
| | | At the end of the year | - | - | | | | | |
| [^] Transmission of shares to Manish Sarda and Neeraj Sarda | | | | | | | | | |
| 7 | Shakuntala Sarda | At the beginning of the year | 10,14,518 | 2.81 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | 21.06.2019 | Transmission* | (10,14,518) | - | - |
| | | | | | | | | | |
| | | At the end of the year | - | -- | | | | | |
| * Transmission of shares to Kamal Kishore Sarda | | | | | | | | | |
| 8 | Chhatisgarh Investments Limited (Firm) | At the beginning of the year | 1,47,731 | 0.41 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 1,47,731 | 0.41 | | | | | |
| 9 | Veena Sarda | At the beginning of the year | 7,02,350 | 1.95 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 7,02,350 | 1.95 | | | | | |
| 10 | Pankaj Sarda | At the beginning of the year | 6,91,107 | 1.92 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 6,91,107 | 1.92 | | | | | |

Annexure "I" to the Directors' Report

| Sl. No. | Name | | Shareholding (Beginning of the year) | | Transactions during the year | | | Cumulative shareholding during the year | |
|--------------|---|---|--------------------------------------|-------------------|------------------------------|---------------------------|---------------|---|-------------------|
| | | | No. of Shares | % of total shares | Date | Reason | No. of shares | Cumulative | % of total shares |
| 11 | Premlata Sarda | At the beginning of the year | 4,68,910 | 1.30 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | 10.05.2019 | Transmission [^] | (2,15,698) | 2,53,212 | 0.70 |
| | | | | | 10.05.2019 | Transmission [^] | (2,53,212) | - | 0.00 |
| | | At the end of the year | - | - | | | | | |
| [^] | Transmission of shares to Manish Sarda and Neeraj Sarda | | | | | | | | |
| 12 | Uma Sarda | At the beginning of the year | 4,89,425 | 1.36 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 4,89,425 | 1.36 | | | | | |
| 13 | Dr. K.K. Rathi | At the beginning of the year | 6,000 | 0.02 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 6,000 | 0.02 | | | | | |
| 14 | Manish Sarda | At the beginning of the year | 2,37,570 | 0.66 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | 10.05.2019 | Transmission [^] | 2,15,698 | 4,53,268 | 1.26 |
| | | | | | 31.05.2019 | Transmission [^] | 5,37,350 | 9,90,618 | 2.75 |
| | | At the end of the year | 9,90,618 | 2.75 | | | | | |
| [^] | Transmission of shares from J.K. Sarda and Premlata Sarda | | | | | | | | |
| 15 | Aditya Sarda | At the beginning of the year | 1,12,840 | 0.31 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 1,12,840 | 0.31 | | | | | |

Annexure "I" to the Directors' Report

| Sl. No. | Name | | Shareholding (Beginning of the year) | | Transactions during the year | | | Cumulative shareholding during the year | |
|--|------------------|---|--------------------------------------|-------------------|------------------------------|---------------------------|---------------|---|-------------------|
| | | | No. of Shares | % of total shares | Date | Reason | No. of shares | Cumulative | % of total shares |
| 16 | Raghav Sarda | At the beginning of the year | 1,12,840 | 0.31 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 1,12,840 | 0.31 | | | | | |
| 17 | Neeraj Sarda | At the beginning of the year | 98,490 | 0.27 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | 10.05.2019 | Transmission [^] | 2,53,212 | 3,51,702 | 0.98 |
| | | | | 31.05.2019 | Transmission [^] | 6,35,015 | 9,86,717 | 2.74 | |
| | | At the end of the year | 9,86,717 | 2.74 | | | | | |
| [^] Transmission of shares from J.K. Sarda and Premlata Sarda | | | | | | | | | |
| 18 | Anant Sarda | At the beginning of the year | 49,140 | 0.14 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 49,140 | 0.14 | | | | | |
| 19 | J.K. Sarda (HUF) | At the beginning of the year | 21,716 | 0.06 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 21,716 | 0.06 | | | | | |
| 20 | Shashi Rathi | At the beginning of the year | 19,467 | 0.05 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 19,467 | 0.05 | | | | | |
| 21 | Aditi Sarda | At the beginning of the year | 9,132 | 0.03 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NIL | | NIL | |
| | | At the end of the year | 9,132 | 0.03 | | | | | |

Annexure "I" to the Directors' Report

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No. | Name | | Shareholding (Beginning of the year) | | Transactions during the year | | | Cumulative shareholding during the year | |
|---------|--------------------------|--|--------------------------------------|-------------------|------------------------------|----------|---------------|---|-------------------|
| | | | No. of Shares | % of total shares | Date | Reason | No. of shares | Cumulative | % of total shares |
| 1 | Asia Minerals Limited | At the beginning of the year | 6,84,891 | 1.90 | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | NIL | | | NIL | |
| | | At the end of the year | 6,84,891 | 1.90 | | | | | |
| 2 | Fortune Couriers Limited | At the beginning of the year | 2,73,026 | 0.76 | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | 21.06.2019 | Purchase | 8,037 | 2,81,063 | 0.78 |
| | | | | | 28.06.2019 | Purchase | 1,013 | 2,82,076 | 0.78 |
| | | | | | 09.08.2019 | Sell | (5,000) | 2,77,076 | 0.77 |
| | | | | | 30.08.2019 | Sell | (4,000) | 2,73,076 | 0.76 |
| | | | | | 14.09.2019 | Sell | (5,000) | 2,68,076 | 0.74 |
| | | | | | 18.10.2019 | Sell | (5,000) | 2,63,076 | 0.73 |
| | | | | | 08.11.2019 | Sell | (5,000) | 2,58,076 | 0.72 |
| | | | | | 20.12.2019 | Sell | (10,660) | 2,47,416 | 0.69 |
| | | | | | 06.03.2020 | Purchase | 5,000 | 2,52,416 | 0.70 |
| | | | | | 13.03.2020 | Sell | (15,500) | 2,36,916 | 0.66 |
| | | | 20.03.2020 | Purchase | 2,400 | 2,39,316 | 0.66 | | |
| | | | 27.03.2020 | Purchase | 28,100 | 2,67,416 | 0.74 | | |
| | | At the end of the year | 2,67,416 | 0.74 | | | | | |
| 3 | Niraj Jalan | At the beginning of the year | 1,60,000 | 0.44 | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | 13.09.2019 | Purchase | 92,520 | 2,52,520 | 0.70 |
| | | At the end of the year | 2,52,520 | 0.70 | | | | | |
| 4 | Parwati Devi Jalan | At the beginning of the year | 1,81,613 | 0.50 | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | 13.09.2019 | Purchase | 65,000 | 2,46,613 | 0.68 |
| | | At the end of the year | 2,46,613 | 0.68 | | | | | |

Annexure "I" to the Directors' Report

| Sl. No. | Name | | Shareholding (Beginning of the year) | | Transactions during the year | | | Cumulative shareholding during the year | | |
|------------------------|---|--|--------------------------------------|-------------------|------------------------------|------------|---------------|---|-------------------|------|
| | | | No. of Shares | % of total shares | Date | Reason | No. of shares | Cumulative | % of total shares | |
| 5 | Pankaj Jalan | At the beginning of the year | 1,85,000 | 0.51 | | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | | 14.09.2019 | Purchase | 39,922 | 2,24,922 | 0.62 |
| | | | | | | 27.09.2019 | Purchase | 52 | 2,24,974 | 0.62 |
| | | | | | | 30.09.2019 | Purchase | 1,646 | 2,26,620 | 0.63 |
| | | | | | | 11.10.2019 | Sale | (82) | 2,26,538 | 0.63 |
| | | | | | | 18.10.2019 | Purchase | 473 | 2,27,011 | 0.63 |
| | | | | | 25.10.2019 | Purchase | 8,174 | 2,35,185 | 0.65 | |
| At the end of the year | 2,35,185 | 0.65 | | | | | | | | |
| 6 | Mahima Stocks Private Limited | At the beginning of the year | 2,00,000 | 0.55 | | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | | | | | | |
| | | At the end of the year | 2,00,000 | 0.55 | | | | | | |
| 7 | Sanatan Financial Advisory Services Private Limited | At the beginning of the year | - | - | | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | 24.05.2019 | Purchase | 1,92,500 | 1,92,500 | 0.53 | |
| | | | | | 26.07.2019 | Purchase | 7,500 | 2,00,000 | 0.55 | |
| | | | | | 02.08.2019 | Sale | (7,000) | 1,93,000 | 0.54 | |
| At the end of the year | 1,93,000 | 0.54 | | | | | | | | |
| 8 | Pratibha Endeavor Private Limited | At the beginning of the year | 1,73,861 | 0.48 | | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | | | | | | |
| | | At the end of the year | 1,73,861 | 0.48 | | | | | | |
| 9 | Ajay Natwarlal Vora | At the beginning of the year | 1,41,000 | 0.39 | | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | | | | | | |
| | | At the end of the year | 1,41,000 | 0.39 | | | | | | |

Annexure "I" to the Directors' Report

| Sl. No. | Name | | Shareholding (Beginning of the year) | | Transactions during the year | | | Cumulative shareholding during the year | |
|---------|--|--|--------------------------------------|-------------------|------------------------------|----------|---------------|---|-------------------|
| | | | No. of Shares | % of total shares | Date | Reason | No. of shares | Cumulative | % of total shares |
| 10 | Bhagwati Prasad Jalan | At the beginning of the year | 75,000 | 0.21 | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | 13.09.2019 | Purchase | 37,500 | 1,12,500 | 0.31 |
| | | At the end of the year | 1,12,500 | 0.31 | | | | | |
| 11 | Acadian Emerging Markets Small Cap Equity Fund LLC@ | At the beginning of the year | 2,16,895 | 0.60 | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | 19.07.2019 | Sell | (2,230) | 2,14,665 | 0.60 |
| | | | | | 26.07.2019 | Sell | (4,109) | 2,10,556 | 0.58 |
| | | | | | 02.08.2019 | Sell | (7,460) | 2,03,096 | 0.56 |
| | | | | | 23.08.2019 | Sell | (5,107) | 1,97,989 | 0.55 |
| | | | | | 30.08.2019 | Sell | (1,97,989) | - | 0.00 |
| | | | | | 17.01.2020 | Purchase | 1,033 | 1,033 | 0.00 |
| | | | | | 07.02.2020 | Purchase | 2,679 | 3,712 | 0.01 |
| | | | 14.02.2020 | Purchase | 8,984 | 12,696 | 0.04 | | |
| | | At the end of the year | 12,696 | 0.04 | | | | | |
| 12 | The Board of Regents of the University of Texas System Acadian Asset Management@ | At the beginning of the year | 1,74,203 | 0.48 | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | 13.09.2019 | Sale | (84,822) | 89,381 | 0.25 |
| | | | | | 20.09.2019 | Sale | (48,112) | 41,269 | 0.11 |
| | | | | | 27.09.2019 | Sale | (41,269) | - | 0.00 |
| | | | | | 07.02.2020 | Purchase | 7,561 | 7,561 | 0.02 |
| | | At the end of the year | 7,561 | 0.02 | | | | | |
| 13 | Pace Stock Broking Services Private Limited@ | At the beginning of the year | 2,00,310 | 0.56 | | | | | |
| | | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc): | | | 05.04.2019 | Sale | (50) | 2,00,260 | 0.56 |
| | | | | | 26.04.2019 | Purchase | 100 | 2,00,360 | 0.56 |
| | | | | | 03.05.2019 | Sale | (45) | 2,00,315 | 0.56 |
| | | | | | 10.05.2019 | Sale | (5) | 2,00,310 | 0.56 |
| | | | | | 17.05.2019 | Purchase | 40 | 2,00,350 | 0.56 |
| | | | | | 24.05.2019 | Sale | (1,92,590) | 7,760 | 0.02 |
| | | | | | 31.05.2019 | Sale | (60) | 7,700 | 0.02 |
| | | | | | 12.07.2019 | Purchase | 100 | 7,800 | 0.02 |
| | | | | | 26.07.2019 | Sale | (7,500) | 300 | 0.00 |
| | | | | | 02.08.2019 | Purchase | 7,000 | 7,300 | 0.02 |
| | | | | | 23.08.2019 | Purchase | 409 | 7,709 | 0.02 |
| | | | | | 30.08.2019 | Sale | (459) | 7,250 | 0.02 |
| | | | | | 20.09.2019 | Purchase | 567 | 7,817 | 0.02 |
| | | | | | 27.09.2019 | Sale | (567) | 7,250 | 0.02 |
| | | | | | 04.10.2019 | Purchase | 125 | 7,375 | 0.02 |
| | | | 11.10.2019 | Sale | (125) | 7,250 | 0.02 | | |
| | | | 18.10.2019 | Sale | (200) | 7,050 | 0.02 | | |
| | | | 31.01.2020 | Purchase | 25 | 7,075 | 0.02 | | |
| | | | 07.02.2020 | Sale | (25) | 7,050 | 0.02 | | |
| | | At the end of the year | 7,050 | 0.02 | | | | | |

@ Among Top 10 as on 31.03.2019

Annexure "I" to the Directors' Report

v) Shareholding of Directors and Key Managerial Personnel

| S. No. | Name | | Shareholding (Beginning of the year) | | Transactions during the year | | | Cumulative shareholding during the year | |
|--|-----------------------|---|--------------------------------------|-------------------|------------------------------|---------------|---------------|---|-------------------|
| | | | No. of Shares | % of total shares | Date | Reason | No. of shares | Cumulative | % of total shares |
| 1 | Kamal Kishore Sarda | At the beginning of the year | 13,09,149 | 3.63 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | 21.06.2019 | Transmission* | 10,14,518 | 23,23,667 | 6.45 |
| | | At the end of the year | 23,23,667 | 6.45 | | | | | |
| * Transmission of shares from Shakuntala Sarda | | | | | | | | | |
| 2 | Pankaj Sarda | At the beginning of the year | 6,91,107 | 1.92 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NA | | NA | |
| | | At the end of the year | 6,91,107 | 1.92 | | | | | |
| 3 | Uma Sarda | At the beginning of the year | 4,89,425 | 1.36 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NA | | NA | |
| | | At the end of the year | 4,89,425 | 1.36 | | | | | |
| 4 | C.K. Lakshminarayanan | At the beginning of the year | 8,000 | 0.02 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NA | | NA | |
| | | At the end of the year | 8,000 | 0.02 | | | | | |
| 5 | A.K. Basu | At the beginning of the year | 4,000 | 0.01 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NA | | NA | |
| | | At the end of the year | 4,000 | 0.01 | | | | | |

Annexure "I" to the Directors' Report

| S. No. | Name | | Shareholding (Beginning of the year) | | Transactions during the year | | | Cumulative shareholding during the year | |
|--------|--------------------------|---|--------------------------------------|-------------------|------------------------------|--------|---------------|---|-------------------|
| | | | No. of Shares | % of total shares | Date | Reason | No. of shares | Cumulative | % of total shares |
| 6 | G.S. Sahni | At the beginning of the year | 3,500 | 0.01 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NA | | NA | |
| | | At the end of the year | 3,500 | 0.01 | | | | | |
| 7 | J. Balakrishnan | At the beginning of the year | 1,667 | 0.00 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NA | | NA | |
| | | At the end of the year | 1,667 | 0.00 | | | | | |
| 8 | Rakesh Mehra | At the beginning of the year | 10,537 | 0.03 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NA | | NA | |
| | | At the end of the year | 10,537 | 0.03 | | | | | |
| 9 | P.K. Jain (WTD & CFO) | At the beginning of the year | 10,073 | 0.03 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NA | | NA | |
| | | At the end of the year | 10,073 | 0.03 | | | | | |
| 10 | Manish Sethi (CS) | At the beginning of the year | 1,680 | 0.00 | | | | | |
| | | Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc): | | | | NA | | NA | |
| | | At the end of the year | 1,680 | 0.00 | | | | | |

Annexure "I" to the Directors' Report

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in crore)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|--|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 241.90 | 53.00 | - | 294.90 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 0.33 | - | - | 0.33 |
| Total (i+ii+iii) | 242.23 | 53.00 | - | 295.23 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 202.59 | - | - | 202.59 |
| Reduction | (53.89) | (53.00) | - | (106.89) |
| Net Change | 148.70 | (53.00) | - | 95.70 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 390.73 | - | - | 390.73 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 0.20 | - | - | 0.20 |
| Total (i+ii+iii) | 390.93 | - | - | 390.93 |

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakh)

| Sl. No. | Particulars of Remuneration | Name of MD/ WTD/ Manager | | | Total Amount |
|---------|---|--|------------------|----------------------------|---------------|
| | | Mr. K. K. Sarda | Mr. Pankaj Sarda | Mr. P. K. Jain (WTD & CFO) | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 152.64 | 70.94 | 54.76 | 278.34 |
| | (b) Value of perquisites under Section 17(2) Income Tax Act, 1961 | 11.90 | 0.29 | 0.29 | 12.48 |
| | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | - | - | - | - |
| 2 | Stock Options | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | | | | |
| | a) as % of profit | 225.00 | 125.00 | - | 350.00 |
| | b) others, specify | - | - | - | - |
| 5 | Others, please specify (PF/Superannuation) | 18.78 | 5.46 | 4.24 | 28.48 |
| | Total (A) | 408.32 | 201.69 | 59.29 | 669.30 |
| | Ceiling as per the Act | 10% of the net profits of the Company. | | | |

Annexure "I" to the Directors' Report

B. Remuneration to other Directors :

(₹ in lakh)

| Sl. No. | Particulars of Remuneration | Name of Director | | | | | | Total |
|---------|--|---------------------------------------|---------------|---------------------------|----------------|---------------------|------------------|--------------|
| | | Mrs. Uma Sarda | Mr. A.K. Basu | Mr. C.K. Lakshminarayanan | Mr. G.S. Sahni | Mr. J. Balakrishnan | Mr. Rakesh Mehra | |
| 1. | Independent Directors: | | | | | | | |
| a) | Fee for attending board / committee meetings | - | 2.10 | 1.70 | 1.50 | 2.20 | 1.20 | 8.70 |
| b) | Commission | - | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 15.00 |
| c) | Others, please specify (Stock option) | - | - | - | - | - | - | - |
| | Total (1) | - | 5.10 | 4.70 | 4.50 | 5.20 | 4.20 | 23.70 |
| 2. | Other Non Executive Directors | | | | | | | |
| a) | Fee for attending board committee meetings | 1.20 | - | - | - | - | - | 1.20 |
| b) | Commission | - | - | - | - | - | - | - |
| c) | Others, please specify | - | - | - | - | - | - | - |
| | Total (2) | 1.20 | - | - | - | - | - | 1.20 |
| | Total (B) = (1+2) | 1.20 | 5.10 | 4.70 | 4.50 | 5.20 | 4.20 | 24.90 |
| | Total Managerial Remuneration [^] | | | | | | | 694.20 |
| | Overall Ceiling as per the Act | 11% of the net profits of the Company | | | | | | |

[^] Total remuneration to Managing Director, Whole-Time Directors and other Directors (being the total of A and B).

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD :

(₹ in lakh)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel [§] | Total |
|---------|---|---------------------------------------|--------------|
| | | Company Secretary | |
| 1 | Gross Salary | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 13.47 | 13.47 |
| | (b) Value of perquisites under Section 17(2) Income Tax Act, 1961 | 0.00 | 0.00 |
| | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | 0.00 | 0.00 |
| 2 | Stock Options | 0.00 | 0.00 |
| 3 | Sweat Equity | 0.00 | 0.00 |
| 4 | Commission | | |
| | a) as % of profit | 0.00 | 0.00 |
| | b) others, specify.... | 0.00 | 0.00 |
| 5 | Others, please specify (PF/Superannuation) | 0.52 | 0.52 |
| | Total | 13.99 | 13.99 |

[§] Details of remuneration of CFO - Mr. P.K. Jain appears along with the details of remuneration of Wholetime Directors as he also is a Whole time Director

Annexure "I" to the Directors' Report

VII. Penalties / Punishment / Compounding of Offences :

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |

Annexure "J" to the Directors' Report

STATEMENT SHOWING THE NAMES AND OTHER PARTICULARS OF THE EMPLOYEES DRAWING REMUNERATION IN EXCESS OF THE LIMITS SET OUT IN SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Information under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details about top ten employees in terms of remuneration drawn :

| Name | Designation | Remuneration received (₹ in Lakh) | Nature of employment, whether contractual or otherwise | Qualification | Total Experience | Date of commencement of employment | Age | Last employment held | Names of other directors related to the employee |
|---------------------------|------------------------------|-----------------------------------|--|------------------------|------------------|------------------------------------|----------|------------------------------|--|
| Mr. K.K. Sarda | Chairman & Managing Director | 408.32 | Contractual | B.E. (Mech.) | 44 Years | 16.12.1978 | 68 years | - | Mr. Pankaj Sarda Mrs. Uma Sarda |
| Mr. P. Sarda | Joint Managing Director | 201.69 | Contractual | BE(Ind. Engg.), MS(IA) | 17 Years | 01.04.2003 | 41 Years | - | Mr. K. K. Sarda Mrs. Uma Sarda |
| Mr. P.K. Jain | WTD & CFO | 59.29 | Permanent | CA, CS, B. Com | 34 Years | 12.04.1997 | 57 Years | Somaiya Organo Chem. Limited | - |
| Mr. A.K. Nanda | Head (Works) | 43.40 | Permanent | BSC-Engg | 44 Years | 03.08.2011 | 67 Years | Tata Sponge Iron Limited | - |
| Mr. M.K. Maheshwari | Sr. VP-Corp. | 41.48 | Permanent | M.Tech., MBA | 35 Years | 18.06.2008 | 59 Years | IDBI Bank | - |
| Mr. Sanjeev Agrawal | Head Commercial | 36.77 | Permanent | B.E. (Mech.) | 31 Years | 27.08.2007 | 56 Years | Torrent Power | - |
| Mr. Nilay Joshi | Head - (Corporate Fin) | 34.16 | Permanent | MBA Finance | 15 Years | 11.03.2019 | 40 Years | RBI Bank Limited | - |
| Mr. Girish Kumar Lakhotia | Head - Project | 31.15 | Permanent | BE(Mechanical) | 19 Years | 01.10.2001 | 58 Years | - | - |
| Mr. Ajay Singhal | Head - (Finance & Accounts) | 30.80 | Permanent | CA, B.Com | 24 Years | 15.10.2004 | 51 Years | GCMF Limited (Amul) | - |
| Mr. Pradeep Kumar Sarad | Head - Pellet | 27.61 | Permanent | BE(Electronics) | 30 Years | 04.01.2007 | 55 Years | Nixon Steel & Power Limited | - |

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. Other terms and conditions are as per Company's rules/scheme.

Information under Rules 5(2)(i) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| | |
|--|---|
| Name | Mr. Kamal Kishore Sarda |
| Designation | Chairman & Managing Director |
| Remuneration received | ₹ 408.32 lakh |
| Nature of employment, whether contractual or otherwise | Contractual |
| Qualification and experience | B.E. (Mech.) Nearly 44 years of Industrial experience |
| Date of commencement of employment | 16.12.1978 |
| Age | 68 years |
| Last employment held | - |
| Names of other directors related to the employee | Mrs. Uma Sarda (Spouse), Mr. Pankaj Sarda (Son) |

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. Other terms and conditions are as per Company's rules/scheme.

On behalf of the Board of Directors
(K. K. Sarda)

Chairman & Managing Director
DIN: 00008170

Rajpur
8th August, 2020

Annexure "K" to the Directors' Report

Particulars of employees - Information as per Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20:

| Sl. No. | Name of Director / KMP | Remuneration of Director/ KMP for F.Y. 2019-20 (₹ in lakh) | % increase in Remuneration in the F.Y. 2019-20 | Ratio of remuneration of each Director to median remuneration of employees |
|---------|---------------------------|--|--|--|
| 1 | Mr. K.K. Sarda | 408.32 | (19.79) | 116.54 |
| 2 | Mr. Pankaj Sarda | 201.69 | 17.79 | 57.56 |
| 3 | Mr. P.K. Jain – CFO & WTD | 59.29 | 7.06 | 16.92 |
| 4 | Mrs. Uma Sarda | 1.20 | - | 0.34 |
| 5 | Mr. A.K. Basu | 5.10 | (13.56) | 1.46 |
| 6 | Mr. C.K. Lakshminarayanan | 4.70 | 6.82 | 1.34 |
| 7 | Mr. G. S. Sahni | 4.50 | (2.17) | 1.28 |
| 8 | Mr. J. Balakrishnan | 5.20 | (18.75) | 1.48 |
| 9 | Mr. Rakesh Mehra | 4.20 | - | 1.20 |
| 10 | Mr. Manish Sethi (CS) | 13.99 | 1.45 | N.A. |

- ii) The median remuneration of employees of the Company during 2019-20 was ₹ 3.50 lakh.
- iii) In 2019-20, there was an increase of 6.38% in the median remuneration of employees.
- iv) There were 1,217 permanent employees on the rolls of Company as on 31st March, 2020.
- v) Average % increase in the salaries of employees other than the managerial personnel in the last financial year, i.e. 2019-20 was 6.21% as against 9.35% in the previous year. There was a reduction of 8.83% in the managerial remuneration for the same period.
- vi) Commission to Chairman & Managing Director and Jt. Managing director is recommended by the Nomination & Remuneration Committee and approved by the Board of Directors keeping in view the performance of the Company. Commission to Non-executive Directors is based on the involvement and contribution towards governance practices and discharging fiduciary duties.
- vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

On behalf of the Board of Directors

Raipur
8th August, 2020

(K. K. Sarda)
Chairman & Managing Director
DIN: 00008170

Management Discussion and Analysis

The operating and financial review is intended to convey the Management's perspective on the financial and operating performance of the Company for the Financial Year 2019-20, and outlook for the current financial year. This Report should be read in conjunction with the Company's financial statements, the schedules and notes thereto and other information included elsewhere in the Annual Report. This report is an integral part of the Directors' Report.

Industry Structure and Development

Global Economy

The year started off on a weak note, with US-China trade tensions, Brexit-related uncertainty and other geopolitical issues continuing to be an overhang on economic growth. Overall, global trade was sluggish due to tepid investments and softening demand across advanced and emerging economies. Spread of Corona Virus, initially in China and gradually across the world severely hit the world economy. IMF has projected the global economy to contract by 4.9% in CY2020. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and in view of re-emergence of infection the recovery is projected to be more gradual than previously forecast. The future growth will depend on effective containment and development of vaccine of Corona Virus. China has recovered quickly and recorded positive growth of 3.2% in Q2CY20. But rest of the world is still grappling with impact of lockdown. US has recorded contraction of 32.9% in Q2CY20.

Globally, governments and central banks, especially the G20, have synchronized their fiscal and monetary policy response to cope with the crisis. Emergency lifelines provided include higher spending and foregone revenues, public sector loans, equity injections and guarantees.

Indian Economy

The Economic growth of the country has slowed down from 8.2% in FY2016 to 4.2% in FY2020. In addition, continued stress in the banking sector, especially non-banking financial companies (NBFCs), weighed heavily on system credit growth. As per IMF projections the Indian economy is expected to de-grow by 4.5% in FY2021 and then bounce back with a growth of 6% in FY2022. The central government announced a slew of stimulus measures to the extent of ₹20 Trillion to boost the economy suffering from the adverse impact of COVID-19. Reserve Bank of India (RBI) is staying largely accommodative in its monetary policy stance.

Reiterating to its commitment to continue structural reforms, the Government announced steep cut in corporate tax rates; continued rationalization of the GST structure; speeding up of insolvency proceedings; financial restructuring of public sector banks (PSBs); boost to real estate, auto, housing and export industries and easing funding pressure for NBFCs.

With the target of making India a US\$ 5 trillion economy by FY2024-25, the National Infrastructure Pipeline (NIP) was announced in the Union Budget 2020-21 with a spending commitment of US\$ 1.4 trillion. The NIP will create jobs, enhance ease of living, and provide equitable access to infrastructure. Of the total outlay, 42% projects by value are under implementation, 32% are at the conceptualisation stage and the rest are under development. The core sectors to benefit from the NIP are Energy (24% of total spending), Roads (19%), Urban (16%), and Railways (13%), while irrigation, rural infrastructure and others are to receive single-digit allocation.

Iron and Steel

Global demand for finished steel products grew by 2.2% YOY in 2019 to 1,766.5 MnT. The global steel industry faced pricing pressure for most parts of 2019, in the wake of a protective market environment in key economies. This was further aggravated by slowdown in automobile industry that fuelled market imbalances. In line with a conservative trade sentiment, consumer industries of steel undertook active destocking, resulting in net excess capacity globally. This was further complemented by addition of new capacities and resulted in downward pressure on steel prices. China continued to be the world's largest steel producer with increase in production by 7% to reach 993 MnT. China contributed to 54% of the global crude steel production in 2019. With spread of Corona Virus globally and imposition of lockdown steel production across the globe ex-China has fallen drastically in Q2CY20. However, China has recorded positive growth during this quarter too.

Management Discussion and Analysis

| Period | Global crude steel Production | China | Rest of the world | China Production as % |
|------------|-------------------------------|--------|-------------------|-----------------------|
| CY2019 | 1,841 | 993 | 848 | 54% |
| CY2018 | 1,808 | 928 | 880 | 53% |
| Growth YoY | 2% | 7% | (4%) | – |
| Q2CY2020 | 434 | 269 | 165 | 62% |
| Q1CY2020 | 442 | 234 | 209 | 53% |
| Growth QoQ | (1.81%) | 14.96% | (21.05%) | – |
| Q2CY19 | 480 | 261 | 219 | 54% |
| Growth YoY | (10%) | 3% | (25%) | – |

Overall demand for steel is expected to contract, on account of a weak global macroeconomic environment.

India is the 2nd largest manufacturer of crude steel and also the 2nd largest consumer of finished steel. India's annual consumption of steel is now 100 MnT. The steel industry has been one of the primary beneficiaries of India's rapid economic growth over the past couple of decades. However, steel production and demand is hit by lockdown imposed to contain Corona Virus and India has reached from 2nd position to 4th position below Japan and Russia. Migration of labour, lockdown restrictions and effect on the earning capacity has adversely affected real estate sector, an important consumer of steel. Work on infrastructure projects have also not picked-up.

| Period | Crude Steel Production | Consumption | Import | Export |
|------------|------------------------|-------------|----------|---------|
| FY20 | 109.22 | 100.07 | 7.17 | 11.18 |
| FY19 | 110.92 | 98.71 | 8.79 | 8.54 |
| Growth YoY | (1.53%) | 1.38% | (18.43%) | 30.91% |
| Q1FY21 | 16.29 | 11.14 | 1.26 | 5.54 |
| Q1FY20 | 27.88 | 24.77 | 1.94 | 1.83 |
| Growth YoY | (41.57%) | (55.03%) | (35.05%) | 202.73% |
| Q4FY20 | 27.01 | 25.07 | 1.35 | 2.46 |
| Growth QoQ | (39.69%) | (55.56%) | (6.67%) | 125.20% |

Sponge iron sector is linked to the nation's steel sector in such a way that a rise in demand for steel would increase the demand for sponge iron. The National Steel Policy 2017 lays out an ambitious growth path for the sponge iron sector. The production capacity of sponge Iron is expected to reach 80 MnT by 2030-31.

At present, India is largest producer of sponge iron with largest number of coal based sponge iron plant of total capacity around 12.8 MnT. In 2019 India produced 37 MnT Sponge Iron as against 34 MnT in 2018 registering a growth of 8%. Poor availability and higher price of scrap has resulted in demand of sponge iron.

Govt initiative to help Indian steel producers

Due to large market size, India attracts imports of steel from various countries notably FTA nations where the import duty is nil. This poses a threat to the health of domestic steel industry necessitating close monitoring and effective remedial measures. In this direction, the Government has taken the following initiatives:

- Implemented Steel Import Monitoring System (SIMS), which aids in monitoring real-time import data on quantity, quality and value; the system helps detect misclassification and mis-declaration regarding over/ under-invoicing, preventing import of defective steel.
- Imposed anti-dumping duty on galvalume products, ranging from US\$ 28-200/tonne; imports from China, South Korea and Vietnam are subject to duties.
- To ensure iron ore availability for domestic manufacturing, it introduced a 30% export duty on export of high grade iron ore (lumps and fines).
- Other measures are underway like the proposed steel scrap policy, safety codes, proposal to reduce royalty to 5% on low grade iron ore fines; Remission of Duties or Taxes on Export Products (RoDTEP) to replace existing Merchandise Export from India Scheme (MEIS); and engagement with international agencies to promote steel intensive design for roads, bridges and commercial and residential housing.

India's low per capita steel consumption of 74 kg as compared with the global average of 208 kg give significant scope

Management Discussion and Analysis

of growth. The Government has also announced a policy for providing preference to domestically manufactured Iron & Steel products in Government procurement.

India's growing urban infrastructure and manufacturing sectors indicate that demand for steel is likely to remain robust in the coming years. Several government initiatives, such as providing affordable housing, expanding road and railway networks, developing the domestic shipbuilding industry, opening up the defence sector to private participation, and growth in the automobile sector are expected to create significant demand for steel in the country. The double-digit drop in India's FY20 steel imports has augured well for the domestic sponge iron industry, which saw 8 % rise in its production.

Iron ore

The mining industry is deeply impacted by the COVID-19 pandemic, and the situation continues to evolve as the virus spreads throughout the globe.

India is the 5th largest producers of iron ore globally, with total production growing to around 220 million tonnes in FY19, growth of 9.5% YoY. In the last 2 years exports of iron ore are on a decline. In FY19, it de-grew 33% to 16.2 MnT, after witnessing a fall of 21% in FY18. China was the principal iron ore importer from India with 75% share, followed by Japan, South Korea, UK, Malaysia and Nepal.

While the availability of iron ore remained a concern due to closure of Donimalai mines, during 2019, there were a few hiccups at a global level also such as the Vale dam disruption in Brazil which led to a sudden spike in global iron ore prices. 2019 witnessed the successful auction of iron ore blocks in India. Odisha government auctioned 22 iron ore merchant mines. Most of the mines were auctioned at high premiums in the range of 91-154%.

Analysts have made downward revisions in iron ore production across multiple countries. As per research from Fitch, iron ore production is expected to grow by 0.8% YOY in 2020 compared with 4.7% YOY in 2019, as a result of government lockdowns around the world causing operational disruptions. This should create demand for Iron pellets in short to medium term.

India exported 8.4 MnT of iron ore pellets in the first 11 months of FY19 which is a marginal decline of 1.2% on a YoY basis. Though China was the largest importer of Indian iron ore pellets with 74% share, it declined by 9.8% during this period. Other countries like Japan, Oman, Singapore, UAE and Vietnam also witnessed a fall in demand for Indian iron ore pellets. During the year, Indian pellet exports also saw some new markets such as Turkey, South Africa, Poland, Netherland, Mexico, Chile and Indonesia.

Recent iron ore supply disruptions due to Vale's dam collapse in Brazil and a tropical cyclone in Australia have created a shortage of 60-70 MnT globally. With elevated global prices, demand for domestically produced iron ore/ Iron pellet is expected to rise. This shall keep domestic prices elevated during the year. We expect this rally to continue in FY20, keeping prices on an upside.

The Company has ensured uninterrupted supply of this key raw material through its fully operational captive iron ore mine in Chhattisgarh which operated smoothly during the year under review. During the year the Company received 4.25 lakh Mts of iron ore from its own mines. The Company also procures iron ore from Odisha / Katni to meet balance requirements of ore. The Company is also pursuing to get the permission for manufacturing additional 2 lakh Mts of pellet from its existing infrastructure without incurring any significant additional capex.

Coal / Power

After increasing significantly for three consecutive years, global coal production is expected to grow marginally in 2020, due to the disruptions caused by the outbreak of COVID-19. Over the next four years, production of thermal coal is expected to grow by 2.5% CAGR to reach 7.60 BnT by 2023, due principally to increasing demand from India and China. However, while demand is growing, coal is declining as proportion of power generated. At present 67% and 75% of the electricity in China and India is generated from coal. However, they both have environmental commitments to reduce carbon emissions, for which they have targeted to reduce these shares to 58.5% and 50% by 2030 respectively.

Demand from other parts of the world is already declining as countries shift away from coal-fired power to renewables and cleaner forms of energy. While globally 38% of electricity was generated from coal in 2019, this is expected to fall to 25% by 2040 as countries pursue targets to reduce greenhouse gas emissions, with the share of electricity generated from renewables expected to increase to 44% in 2040 from 23.4% in 2018.

A decline in construction activity and automotive production in 2020 will significantly impact demand for steel in China, leading to decline in metallurgical coal demand in the country. However, robust demand from India is expected to offset

Management Discussion and Analysis

the decline from China. Looking ahead, as activity picks up once the crisis has abated, demand growth will strengthen and consumption of coking coal is forecasted to reach 1,093 MnT by 2023, a 1.2% compound annual growth rate.

India is world's 2nd largest coal consumer and also the 3rd largest consumer of energy. Steel industry depends on coking coal for iron making and thermal coal for captive power generation. While thermal coal is produced in India, coking coal is mostly imported, as the domestically available coal has high ash content with low calorific value. As per Steel Mint, India imported 57.1 MnT of coking coal till March 2020. The total coal consumption in India stood at 972 MnT in FY2019-20, with a growth rate of 0.3% on a YOY basis. Of the total coal consumption, 729 MnT came through indigenous production and the balance being imported. By FY2022-23, coal consumption is expected to reach 1,076 MnT due to rising power needs of India, with domestic production touching 931 MnT, driven largely by an increase in production and commissioning of captive coal blocks.

The installed power generation capacity in India as on FY2019-20 stood at 370.1 GW, marking an increase of 14 GW YoY basis. The capacity addition was led by Renewable Energy Segment (RES), which added 9.4 GW capacity. The net capacity addition in the Thermal segment witnessed a marginal pickup for FY2019-20 at 4.3 GW compared to 3.4 GW in FY2018-19. Within the RES segment, solar energy contributed 6.5 GW of the capacity addition, wind contributed 2.1 GW with others filling the rest. Over the past few years, India has made substantial progress in the renewable energy sector on the back of conducive policy environment, government support, steady inflow of capital, introduction of latest technologies and several fiscal policy incentives. Technological advances and reducing capital costs have progressively made Renewable Energy commercially attractive and more affordable than Thermal power. Henceforth, power capacity addition in India is expected to be primarily driven by the Renewable Energy segment.

Power generation for FY2019-20 stood at 1,389 billion units (BUs), up 1.0% from 1,376 BUs in FY2018-19. Thermal power generation stood lower by 2.8% YoY at 1,043 BUs compared to 1,072 BUs in FY2018-19. Hydropower generation increased significantly by 15.7% YoY to 156 BUs from 135 BUs in previous fiscal due to better water availability, especially in the Northern region. RES power generation increased 9.1% YoY to 138 BUs from 127 BUs in FY2018-19, led by robust capacity additions. FY2020 witnessed subdued power demand growth of 1.3% led by twin headwinds of overall weakness in economic activity and COVID-19 related impact towards the end of the year.

At SEML, we have been largely resilient to the overall economic weakness during the year, as well as to the disruptions caused by COVID-19. This has come about through significant de-risking of our business over the past few years by venturing into Hydro power sector through subsidiaries/controlled entities.

While India has been rightly focusing on renewable energy to reduce the reliance on traditional fossil fuel sources, it has also faced multiple headwinds such as fuel availability, lack of PPAs, delays in policy implementation, insufficient/inefficient Transmission and distribution system, reliable power supply and poor financial health of DISCOMs. An efficient and robust transmission and gridline network are essential to support the scale-up in the renewable energy capacity from an accessibility and reliability point of view.

Indian Power sector has witnessed an eventful decade with a significant ramp-up in the power generation capacity leading to near-universal household electrification in India. Over the years, India's electricity security has made significant progress by creating a single national power system, and considerable investments have been made in new capacities. Additionally, India has taken positive strides towards meeting the United Nations (UN) Sustainable Development Goal of ensuring that everyone has access to affordable and clean energy. Towards this goal, the Government of India has taken significant steps in increasing access to electricity across the nation and has also successfully implemented a range of energy market reforms to support renewable electricity generation, both in solar and wind energy. To expand the transmission grid infrastructure, various policies have been announced, and initiatives are undertaken. To overcome land acquisition and connectivity issues, solar parks have been designed as a crucial tool for ensuring continued solar PV deployment.

Ferro Alloys

The initial response of the ferro alloys industry to the COVID-19 outbreak was marked by rising prices primarily in response to supply-side concerns but the focus now has somewhat shifted. As Chinese activity slowly returns to normal levels, for alloys with a strong Chinese production presence, we are seeing prices retreating as supply concerns fade.

Industrial activity is resuming in China, with positive implications for ferro-alloys demand. Elsewhere, however, the industrial outlook is significantly worse, with Europe and the US both struggling to contain the spread of COVID-19. Automakers and steelmakers are both imposing temporary production cuts, with negative implications for ferro-alloys demand.

Management Discussion and Analysis

No doubt, the rising cost of power in South Africa and China has improved the competitiveness of Indian producers.

Ferro alloy is a power intensive industry. Owing to high cost of power, Ferro-alloys Industry has not been operating to its full capacity in India. Ferro-alloys Industry spends 40 to 70% production cost on power. Since the demand for ferro-alloys is likely to grow along with steel production in the country, the industry may be encouraged to set up larger units to achieve economies of scale.

India's total potential output today is 3.16 million tpy of manganese alloys, 2,50,000 tpy of ferro-silicon, 1.69 million tpy of chrome alloys, and 5,000 tpy of noble ferro-alloys.

At present, major portion of the Ferro-alloys produced is exported. The major Ferro-alloys producing countries are China, South Africa, India, Russia and Kazakhstan. Indian Ferro-alloys Industry has immense potential and capability to compete in the international market.

On the positive side, India produces some of the finest Ferro alloys in the world. Therefore, Indian Ferro alloys are preferred in Europe. Thus, India has very good opportunity for exports. Your Company with its ferro alloys manufacturing facilities at Raipur and Vizag, is all set to encash the opportunity.

Opportunities and Threats

Opportunities

With the Global economies opening up gradually, India also needs to get back to its full capacity at the earliest to be the successful economy that it aims to be. The pandemic presents a unique opportunity for India and its industries to increase influence in the global supply chain. With a likely realignment of global supply chains, India has the skill, resources and expertise to emerge as a location of choice. The ₹20 trillion fiscal and monetary stimulus package for making India self-reliant is a step in the right direction. The increased focus on strengthening the micro, small and medium enterprises (MSMEs), considered to be backbone of the economy, assumes paramount importance.

The Metals and Mining sector in India is expected to witness a major reform in the next few years, owing to reforms such as Atmanirbhar Bharat, Make in India Campaign, Smart Cities, Rural Electrification and a focus on building renewable energy projects under the National Electricity Policy as well as the rise in infrastructure development.

According to the IEA report, demand for power has seen an upward trend in recent years. Moreover, it is expected that it will continue on the same trajectory due to economic development, rapid urbanization, growing appliance ownership, and thrust towards rural electrification. The Government continues to focus on increasing the share from sustainable renewable energy sources to reduce the dependency on traditional fossil-fuel based energy sources. India's power sector is forecasted to attract investments worth ₹ 9-9.5 tn between FY 2019-23.

The Cabinet Committee on Economic Affairs (CCEA) has approved commercial coal mining for private sector and the methodology of allocating coal mines via auction and allotment, thereby prioritizing transparency, ease of doing business and ensuring the use of natural resources for national development. The Company is exploring the avenues available to it.

The Company is positive on the commissioning of the 96 MW hydro power project coming up under its subsidiary during the current year 2020-21. The Company is also eyeing opportunities in the form of stressed power assets with locational advantage available at attractive valuations, providing an opportunity to expand capacity while avoiding execution risk, anticipated demand growth spurred by economic growth as well as government reforms.

Threats

The outbreak of COVID-19 pandemic globally and in India is causing a significant disruption and slowdown of economic activity. The lockdowns and the various restrictive measures taken to curb the spread of COVID-19 have adversely affected both the demand and supply leading to slowdown in the economy. As a result, the IMF expects the global economy to contract sharply by 3% in 2020, in a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound.

Apart from the disruptions caused/to be caused by the COVID-19 pandemic, in the near future, we do not foresee any major threat to the industry segments in which the Company operates. We have taken a number of initiatives across the organization to improve quality and reduce cost which will aid in preserving and enhancing our margins. As we march forward with the hope of stepping into a better world post COVID-19, with the available infrastructure and strong team, the Company is all set to make its contribution in the growth of the nation.

Management Discussion and Analysis

Outlook

The World Steel Association forecasts steel demand to decline by 6.4% YOY to 1,654 MnT in 2020, due to the COVID-19 impact. However, it has asserted that the global steel demand could rebound to 1,717 MnT in 2021 and witness a 3.8% rise on a YOY basis. Chinese demand is likely to recover faster than in the rest of the world. However, risks to the forecast remain on the downside as economies make a graded exit from the lockdowns, without any particular cure or vaccine for COVID-19.

The World Steel Association expects Indian steel demand to contract by 18% in CY2020 on the back of pandemic induced abrupt halt of economic activities. In 2021 demand is expected to sharply recover and expand by 15%. Steel consumption growth is expected to recover gradually, especially from the second half of FY2020-2021 on account of government expenditures on infrastructure projects and fiscal stimulus to manufacturing industries.

Steel industry and its associated mining and metallurgy sectors have seen major investments and developments in the recent past from the private as well as government sector. In the Union Budget 2020-21, the government announced its plan to invest ₹ 100 trillion in infrastructure over the next five years. The government is also targeting to attract ₹ 50 trillion investments in the railways sector via public-private partnerships by FY2029-30. Blueprints are also being prepared for the development of gas-grids, water-grids, i-ways (communication networks) and regional airports, on the lines of 'One Nation-One Grid' for power. The infrastructure sector will serve as a critical pillar of economic growth for India to become a US\$ 5 trillion economy.

As per the IMF forecast, with overall socioeconomic development and ambitious plan of electrification of every household, demand for energy in India is expected to rise considerably. While India's population comprises of 20% of the global population, the energy consumption is mere 6% of the world's primary energy consumption, paving way for significant growth in the consumption of energy. Over the medium term, power sector outlook is optimistic, as rapid urbanization and stabilization of various schemes undertaken by the Central Government is expected to spur the power demand.

India's economy remains resilient with robust long-term fundamentals, providing large external buffers and reserves, which bolster the country's potential to increase fiscal expenditure once the pandemic recedes. Moreover, India has the capacity and scale to expand its share in the global supply chain, which has been disrupted by the COVID-19 outbreak. Accordingly, demand for steel is projected to remain robust in the coming years. The Company is all set to participate in the strong India growth story.

Risks and Concerns

Risk, which is the manifestation of business uncertainty affecting corporate performance and prospects, is an integral part of business. The Company follows a well-defined and exhaustive risk management process, which is integrated with its operations. This enables the Company to identify, categorize and prioritize operational, financial and strategic business risks. The Company has formed a Risk Management Committee which has the mandate of identifying the risks and suggesting the ways to mitigate them. The Company spends significant time, effort and human resources to manage and mitigate identified risks. The Company has identified its risk parameters and planned out mitigation measures to sustain its operations. Some of these include:

| Risk | Risk-mitigating factors |
|---|---|
| Economic/Industrial risk -Cyclical nature of business -Unforeseen demand upsurge | -Captive mineral resource -Captive power -Fully integrated process - Proximity to market -Diversification in hydro power providing consistent cash flows -Low leveraging -Customer loyalty |
| Environmental risk - Discharge of pollutants - Compliances | -Adequately equipped with pollution-control devices to observe norms -Regular upgradation and maintenance of the equipment to avoid discharge of pollutants in the environment -Focus on full waste utilisation through waste to wealth programme |
| Financial risk -Availability of funds for capex and business operations | -Low debt gearing ratio and efficient financial management. Creating cushion for contingencies |

Management Discussion and Analysis

| Risk | Risk-mitigating factors |
|--|---|
| Currency fluctuation -Unfavourable rupee/foreign currency movement | - Substantial amount of import and export providing natural hedge - Regular review of exposure at highest level - Forward contracts and bookings |
| Input risk -Procurement of raw materials at the right cost and in the right time. | -Captive mineral resource -Integrated business model makes it possible for the end product of one business to be positioned as the raw material of another -Creation of a self-feeding ecosystem with minimal inventory, costing and logistic issues |
| Regulatory risk -Compliance with the ever-changing applicable statutes and guidelines, rules and regulations | -Complies with all applicable statutory requirements and has systems in place to ensure compliance with the regulatory changes, if any |
| Safety risk -Healthy and safe working of workmen | -Regular health check-ups -Regular safety audit by independent team and compliance review, preventive maintenance of Machines and equipment to avoid any unforeseen accidents -Adequate arrangements of fire station and dispensaries to address emergency situations |
| Human resources -Retaining talent at various levels is a challenge | -Ample opportunity of growth and development of individual -Safety and security, motivation, performance linked remuneration in line with market - Sharing growth through ESOP |

Internal Control System and Their Adequacy

Your Company has in place an adequate system of internal control commensurate with its size and nature of business. The system provides a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

Your Company has a business planning system to set targets and parameters for operations which are reviewed with actual performance to ensure timely initiation of corrective action, if required.

Your Company has availed the services of independent professional firm for Internal Audit, which checks the effectiveness of the internal controls with an objective to provide an independent, objective and reasonable assurance of the adequacy and effectiveness of your Company's risk management, control and governance processes. The scope and authority of the Internal Audit activity are approved by the Audit Committee. Internal Auditor reports directly to the Audit Committee of Board. Audit Committee periodically reviews the Internal Audit Reports and issues guidance and advice. The Audit Committee also seeks the views/opinions of statutory auditors on the adequacy of the internal control systems in your Company. Minutes of the Audit Committee are put up to the Board of Directors.

The Company's Audit Committee reviews adherence to internal control systems, internal audit reports and legal compliances. This committee reviews all quarterly and yearly results of your Company and recommends the same to Board for its approval. The Committee also reviews the performance of the subsidiaries/controlled entities.

Product-wise Performance

Corona Virus 2019 (COVID-19), an infectious disease was first identified in December 2019. Since then the health hazard spread to most parts of the world, with the World Health Organization declaring it pandemic. The growing influence of the disease led to lockdowns across the globe, which in turn severely impacted economic activity. Following the COVID-19 outbreak in India, the government announced the first phase of the nationwide lockdown from 25th March, 2020 to contain the spread of the infection. Under the circumstances, the Company forthwith decided to temporarily suspend operations at various locations to support government efforts.

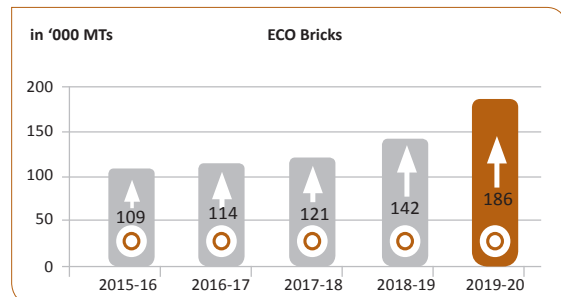
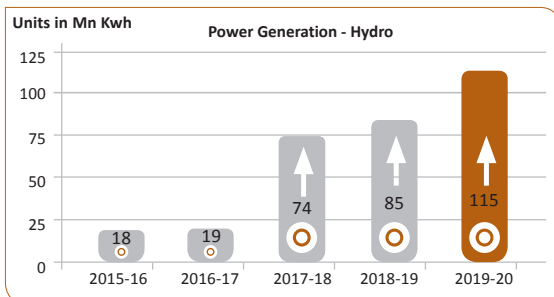
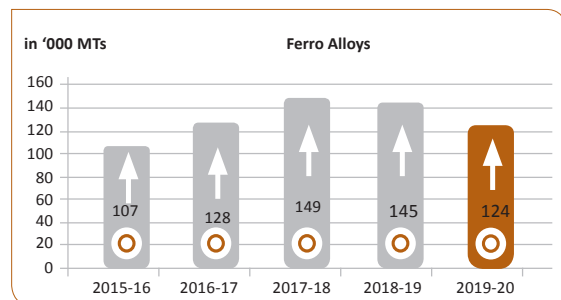
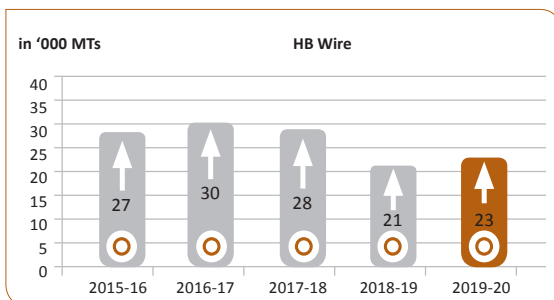
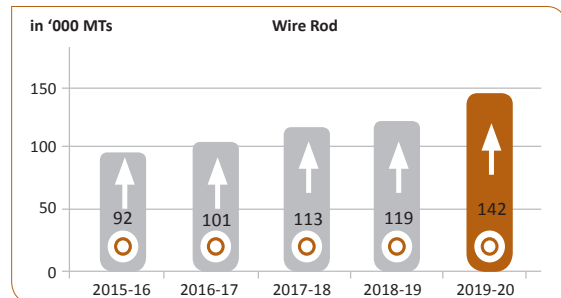
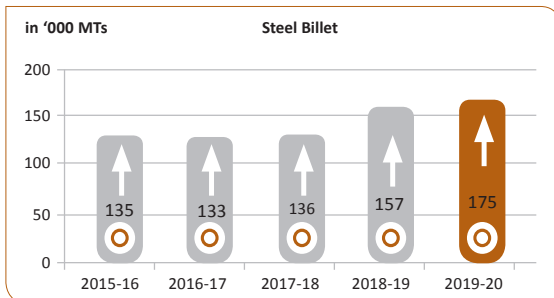
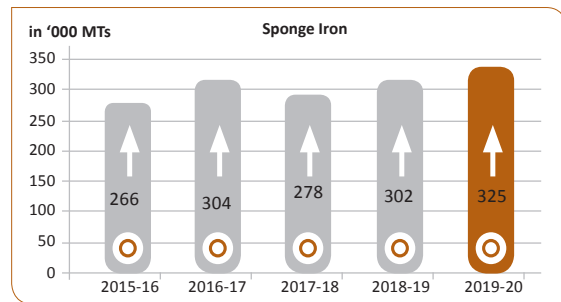
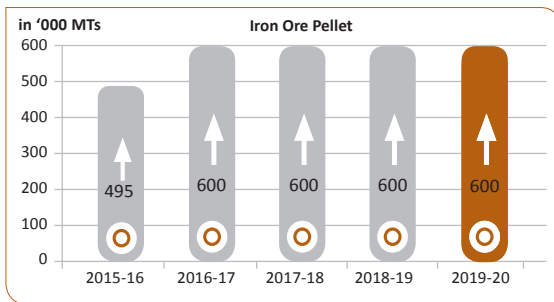
Since steel is a continuous process industry and steel is classified as an essential service under the Essential Services and Management Act (ESMA), the guidelines issued by Ministry of Home Affairs (MHA) permitted continuous process steel plants to continue their operation during lockdown. However, given the restrictions placed by the state governments on movement of man, and material, and also effect on supply and customer chain, the operations were temporarily shut down by the Company.

Management Discussion and Analysis

In the back drop of COVID-19 pandemic, the Company still achieved the highest ever production numbers in most of the products. The consolidated product wise performance matrix for the year 2019-20 is summarized hereunder:

| Product | Production (MTs) | | Sales (MTs) | | Captive consumption (MTs) | |
|----------------|------------------|----------|-------------|----------|---------------------------|----------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Pellet | 5,99,990 | 5,99,972 | 3,12,784 | 4,38,067 | 2,78,407 | 1,61,668 |
| Sponge Iron | 3,24,511 | 3,02,243 | 1,60,977 | 1,48,130 | 1,62,866 | 1,50,642 |
| Steel Billet | 1,75,466 | 1,56,691 | 30,202 | 33,356 | 1,46,479 | 1,22,319 |
| Wire Rod | 1,41,945 | 1,18,578 | 1,18,190 | 97,077 | 23,585 | 20,892 |
| HB Wire | 22,942 | 20,572 | 22,250 | 20,473 | - | - |
| Ferro Alloys | 1,24,191 | 1,45,064 | 1,22,505 | 1,39,048 | 2,603 | 2,012 |
| Power (Mn Kwh) | 1,113 | 1,161 | 257 | 258 | 782 | 807 |
| Iron Ore | 3,48,231 | 4,22,700 | - | - | 4,24,606 | 4,61,480 |

Consolidated Production Performance



Management Discussion and Analysis

Financial Performance vis a vis Operational Performance

| Ratio | 2019-20 | 2018-19 | % change | Reason |
|----------------------------------|---------|---------|----------|---|
| Debtors turnover (no. of days) | 13 | 11 | (18.18) | - |
| Inventory turnover (no. of days) | 67 | 86 | 22.09 | - |
| Interest coverage ratio | 9.27 | 13.17 | (29.61) | Reduction in profit |
| Current ratio | 2.84 | 2.23 | 27.35 | Raising of long term resources resulting into reduced short term borrowings |
| Debt equity ratio | 0.16 | 0.08 | 100.00 | |
| Operating profit margin (%) | 11.80% | 18.41% | (35.94) | Squeeze in margins due to reduction in sales realizations |
| Net profit margin (%) | 15.07% | 19.47% | (22.59) | |
| Return on networth (%) | 10.53% | 13.73% | (23.30) | |

Turnover

During 2019-20, your Company achieved a turnover of ₹ 1,423.91 crore on standalone basis as against ₹ 1,653.39 crore in the previous year. At the consolidated levels, the turnover in 2019-20 stood at ₹ 2,000.15 crore as against ₹ 2,323.89 crore in 2018-19. The sales were down due to fall in selling prices, fall in production volume of Ferro alloys and spread of COVID-19 pandemic in the last quarter of the fiscal, resulting in lower domestic and export demand.

Breakup of revenue (% Product wise)

| Product | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
|---|---------------|---------------|---------------|---------------|
| | Standalone | | Consolidated | |
| Ferro Alloys | 25.47 | 26.74 | 40.16 | 40.58 |
| Steel – billets, wire rods and HB wire | 38.49 | 34.09 | 27.40 | 24.26 |
| Sponge Iron | 18.75 | 17.22 | 13.35 | 12.25 |
| Pellet | 14.11 | 17.41 | 10.05 | 12.36 |
| Power | 0.17 | 0.18 | 4.57 | 5.05 |
| Others (including eco bricks and trading) | 3.01 | 4.36 | 4.47 | 5.50 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 |

Breakup of consolidated revenue (Entity wise)

(₹ in crore)

| Company | 2019-20 | 2018-19 | Product |
|---------------------------------|-----------------|-----------------|-------------------------------------|
| Sarda Energy & Minerals Limited | 1,409.53 | 1,570.01 | Steel, Ferro alloys & Thermal Power |
| Sarda Metals & Alloys Limited | 531.00 | 710.09 | Ferro Alloys & Thermal Power |
| Parvatiya Power Limited | 8.91 | 7.51 | Hydro Power |
| Chhattisgarh Hydro Power LLP | 46.12 | 35.63 | Hydro Power |
| Sarda Energy Limited | 4.59 | 0.65 | Share of profit from LLP |
| Total | 2,000.15 | 2,323.89 | |

Exports

During 2019-20, ferro alloys exports stood at 48,796 MTs as against 80,285 MTs in the previous year. Last year the Company had exported 53,790 MTs of Iron Pellets also. The drop in exports is mainly because of subdued market conditions coupled with COVID-19 pandemic in the last quarter of the fiscal. Export markets for ferro alloys are catered mainly from Sarda Metals' plant located near the port. Standalone ferro alloys exports of your Company stood at 7,023 MT (PY 10,441 MT).

(₹ in crore)

| | 2019-20 | 2018-19 | Reason(s) for change |
|---------------------|---------|---------|--|
| Finance cost | | | |
| Standalone | 36 | 35 | Increased due to increased investment in MBPCL during the year |
| Consolidated | 82 | 99 | Reduction in interest rate and repayment of loans |

Management Discussion and Analysis

(₹ in crore)

| | 2019-20 | 2018-19 | Reason(s) for change |
|-----------------------|---------|---------|--|
| Depreciation | | | |
| Standalone | 51 | 50 | No material change |
| Consolidated | 78 | 76 | No material change |
| Other Expenses | | | |
| Standalone | 195 | 183 | Purchase of power from Subsidiary during shutdown of one Captive power plant |
| Consolidated | 263 | 261 | |
| Profitability | | | |
| EBIDTA - Standalone | 301 | 406 | Reduction in sales volume and lower realizations. |
| Consolidated | 339 | 499 | |
| PBT – Standalone | 214 | 321 | Standalone profit includes dividend from subsidiary ₹ 17.34 crore, and profit from LLP ₹ 12.57 crore, which gets nullified in the consolidated results |
| Consolidated | 179 | 324 | |
| PAT – Standalone | 182 | 215 | |
| Consolidated | 128 | 207 | |

Non-Current Assets

| | 2019-20 | 2018-19 | Reason(s) for change |
|---------------------------------------|---------------|---------------|---|
| Property Plant & Equipment | | | |
| Standalone | Gross - 785 | Gross – 762 | Normal capex |
| | Net – 543 | Net – 570 | |
| Consolidated | Gross – 1,684 | Gross – 1,635 | |
| | Net –1,320 | Net – 1,349 | |
| Capital work-in-progress | | | |
| Standalone | 35 | 27 | The increase is mainly due to Secondary Ball Mill Shell and Pressure Filter |
| Consolidated | 1,374 | 1,063 | Increase mainly on account of increase in on-going hydropower project of Madhya Bharat Power Corporation Limited |
| Investments | | | |
| Standalone | 807 | 668 | Increase due to fresh investments in Madhya Bharat Power Corporation Limited, Chhattisgarh Hydro Power LLP, Sarda Global Venture Pte. Limited and Sarda Global Trading DMCC |
| Consolidated | 52 | 47 | Increase in investments by subsidiary |
| Other financial assets | | | |
| Standalone | 2 | 19 | Reduction on account of amount received against loans |
| Consolidated | 3 | 21 | |
| Other non-current assets | | | |
| Standalone | 18 | 16 | Increase in capital advances as reduced by tax refunds |
| Consolidated | 47 | 60 | Reduction of capital advances in Madhya Bharat Power Corporation Limited |

Current assets

| | 2019-20 | 2018-19 | Reason(s) for change |
|--------------------------|---------|---------|---|
| Inventories | | | |
| Standalone | 370 | 300 | Increase in stock of raw materials |
| Consolidated | 501 | 439 | |
| Investments | | | |
| Standalone | 42 | 52 | Reduction due to Mark-to-Market Loss on equity shares |
| Consolidated | 139 | 166 | Reduction in investment made by wholly owned subsidiary |
| Trade receivables | | | |
| Standalone | 62 | 39 | Increase due to extended credit against LCs |
| Consolidated | 124 | 93 | |

Management Discussion and Analysis

(₹ in crore)

| | 2019-20 | 2018-19 | Reason(s) for change |
|-------------------------------|---------|---------|--|
| Bank and Cash Balances | | | |
| Standalone | 4 | 3 | Increase due to FDR of ₹ 1.90 Crore given to IDFC First Bank as DSRA against term loan |
| Consolidated | 165 | 45 | Apart from standalone, increase is due to investment made by Madhya Bharat Power Corporation Limited in liquid funds pending utilization of loan proceeds in the project |
| Loans and advances | | | |
| Standalone | 409 | 326 | Increase due to increase in loan to subsidiaries and others |
| Consolidated | 260 | 313 | Reduction in loan given to others by parent entity and also due to reduction in loan in Sarda Energy & Minerals Hongkong Limited |
| Other current assets | | | |
| Standalone | 90 | 59 | Increase in advances to vendors |
| Consolidated | 115 | 87 | |

Share Capital

There was no change in the equity share capital in the year 2019-20.

Non-current Liabilities

| | 2019-20 | 2018-19 | Reason(s) for change |
|-------------------|---------|---------|---|
| Borrowings | | | |
| Standalone | 259 | 98 | The Company has raised long term funds partly to meet fund infusion in MBPCL and partly to have long term liquidity in hand in view of uncertain economic scenario which has been used to reduce short term borrowing |
| Consolidated | 1,408 | 1,064 | Apart from standalone, increased due to fresh borrowings in Madhya Bharat Power Corporation Limited |

All the loans and the interest payment commitments were met on time.

CRISIL has retained the long term rating of the Company at CRISIL A+ for long term credit facilities and CRISIL A1 for short term credit facilities.

| | 2019-20 | 2018-19 | Reason(s) for change |
|------------------------------------|---------|---------|--|
| Other long term liabilities | | | |
| Standalone | 2 | 3 | No material change. |
| Consolidated | 28 | 14 | on account of security deposits from vendors |
| Provisions | | | |
| Standalone | 3 | 3 | Same as previous year |
| Consolidated | 9 | 9 | |

Current liabilities

| | 2019-20 | 2018-19 | Reason(s) for change |
|------------------------------------|---------|---------|--|
| Short term borrowings | | | |
| Standalone | 106 | 175 | Long term funds raised have been utilized to reduce short term borrowings to create liquidity cushion |
| Consolidated | 223 | 268 | |
| Trade payables | | | |
| Standalone | 137 | 90 | Higher credit period availed against imports due to cheaper funding |
| Consolidated | 214 | 181 | |
| Other financial liabilities | | | |
| Standalone | 83 | 48 | Increased due to Bill discounting against LC – ₹ 33.84 crore and increase in current maturities of long term debt – ₹ 3.74 crore |

Management Discussion and Analysis

(₹ in crore)

| | 2019-20 | 2018-19 | Reason(s) for change |
|----------------------------------|---------|---------|---|
| Consolidated | 162 | 157 | Inter-company transactions related to subsidiaries have been eliminated |
| Other current liabilities | | | |
| Standalone | 11 | 19 | Reduction in advance from customers and indirect taxes payable |
| Consolidated | 19 | 23 | |
| Provisions | | | |
| Standalone | 7 | 7 | Relates to gratuity, leave encashment and expenses |
| Consolidated | 7 | 8 | |

Material Developments in Human Resource/Industrial Relations

Your Company's HR Vision is to build a high performing organization, where everyone is motivated to perform to the fullest capacity to contribute to developing and achieving individual excellence with organizational objectives. Your Company continues to maintain positive work environment and constructive relationship with its employees with a continuing focus on productivity and efficiency.

We believe that our success is driven by the success of our people, who are at the core of everything we do. Keeping this in mind, we have invested significantly in the professional development of employees through Training, and Leadership development programs. We believe in nurturing and creating a workforce for tomorrow while being responsible towards society. We are supporting the next generation in their journey of finding solutions to unanswered questions and contributing towards making the world a better place.

Corporate and Social Responsibility (CSR) has always been important to us and as we grow we will continue to act as a responsible global citizen. With this in mind we have made, sustainability and reducing the impact we have on the environment, a key focus for our business operations. We have aligned our initiatives with the blueprint of the Sustainable Development Goals (SDGs), giving us a holistic sustainability framework to work towards.

COVID-19 has accelerated the focus on mental and physical wellness of people. This has also forced the organizations and employees, to pivot and re-skill and hence this continues to be a top focus area for HR in the long term. Wellness, emotional health and psychological safety becomes core to engaging employees and makes it to the top priority area of focus fuelled by the pandemic. This would take many forms and with increased remote working, emotional and mental health could take centre stage.

Our 7 Quality Circle teams had participated in CCQC -2019 (Chapter Convention on Quality Concepts) at Bhilai (Chhattisgarh) and all have won "Gold Award". In NCQC-2019, 5 QC Teams have been awarded "Par Excellence" and 2 Teams have bagged "Excellence award". Around 10,036 participants from 505 companies had represented the 1,656 QC team across India at IIT-BHU, Varanasi (UP).

Health & Safety is our first & foremost priority for the employees. The BBS Scheme (Bhai Bandhu Suraksha) is continued to make employees & contractual workers aware about organizational safety. During the year, your Company has:

- Organized Women's Empowerment Training with Central Board of Workers Education, for the 82 no. community women in 2 villages.
- Organized blood donation camp within its plant premises in association with the Red Cross Society of India and had collected 232 units of blood.
- Continued to operate and maintain, Mobile Medical Van for providing community health services to around 20 villages near-by iron ore mines, covering 7,210 patients.
- Watershed development through pond deepening in villages and also created rain water harvesting structures within campus.

As of 31st March, 2020, the total number of employees stood at 1,217 as compared to 1,243 in the previous year.

Cautionary Statement

The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include external economic conditions affecting demand/supply influencing price conditions in the market in which the Company operates, changes in Government regulations, tax laws, 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:

- **Transparency:** We believe in dissemination of information on time and in transparent manner.
- **Protecting Stakeholders' interest:** As a trustee for various stakeholders, we believe in safeguarding and balancing the interest of all stake holders.
- **Integrity and ethics:** We believe in our commitments and strive to set high ethical standards.
- **Corporate and social responsibility:** We believe in caring for environment and surrounding communities.

Your Company would constantly endeavor to improve these aspects.

2. Board of Directors

2.1 Composition

The Board of Directors comprises of nine directors, including two whole time promoter directors, one whole time professional director, one non-executive women promoter director and five non-executive independent directors. The non-executive 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, as on 31st March, 2020, are as under:

| Names of the Directors | Category | No. of other Directorships held* | Member/ Chairman of other Board committees [@] | No. of shares held in the Company |
|---------------------------------------|---------------------------|----------------------------------|---|-----------------------------------|
| Mr. Kamal Kishore Sarda [^] | Promoter Executive | 5 | - | 23,23,667 |
| Mr. Pankaj Sarda [^] | Promoter/ Wholetime | 11 | 4 | 6,91,107 |
| Mr. Padam Kumar Jain | Professional/Wholetime | 4 | - | 10,073 |
| Mrs. Uma Sarda [^] | Promoter/Non-Executive | 1 | - | 4,89,425 |
| Mr. Rakesh Mehra | Independent Non-Executive | 1 | 1 | 10,537 |
| Mr. Asit Kumar Basu | Independent Non-Executive | 3 | 5 | 4,000 |
| Mr. Gajinder Singh Sahni | Independent Non-Executive | #7 | 2 | 3,500 |
| Mr. Chittur Krishnan Lakshminarayanan | Independent Non-Executive | 3 | 3 | 8,000 |
| Mr. Jitender Balakrishnan | Independent Non-Executive | 8 | 7 | 1,667 |

* Including private limited companies / excluding directorships in foreign companies and the Company.

@ Committee positions only of the Audit Committee and Stakeholders Relationship Committee in Public Companies (including the Company) have been considered.

Including one under process of strike-off.

[^] Except Mr. K.K. Sarda, Mr. Pankaj Sarda and Mrs. Uma Sarda, who are related to each other, no other director is related to any one in any manner. Mr. K.K. Sarda is father of Mr. Pankaj Sarda and spouse of Mrs. Uma Sarda.

2.2 Board Meetings

The members of the Board are provided with the requisite information mentioned in the Listing Regulations well before the Board Meetings. Seven meetings of the Board of Directors were held during the year ended 31st March, 2020 as given hereunder:

| | | | | | |
|------|--------------------|-----|---------------------|------|----------------------|
| i) | 25th May, 2019 | ii) | 3rd August, 2019 | iii) | 21st September, 2019 |
| iv) | 9th November, 2019 | v) | 20th November, 2019 | vi) | 1st February, 2020 |
| vii) | 12th March, 2020 | | | | |

Corporate Governance Report

The attendance record of the Directors at the Board Meetings during the year ended on 31st March, 2020 and at the last Annual General Meeting is as under:

| Names of the Directors | No. of Board Meetings attended | Last AGM attended |
|---------------------------------------|--------------------------------|-------------------|
| Mr. Kamal Kishore Sarada | 7 | Yes |
| Mr. Pankaj Sarada | 4 | Yes |
| Mr. Padam Kumar Jain | 5 | Yes |
| Mrs. Uma Sarada | 6 | No |
| Mr. Rakesh Mehra | 4 | No |
| Mr. Asit Kumar Basu | 6 | Yes |
| Mr. Gajinder Singh Sahni | 5 | Yes |
| Mr. Chittur Krishnan Lakshminarayanan | 5 | Yes |
| Mr. Jitender Balakrishnan | 7 | Yes |

2.3 Details of directorships in other listed companies with category of Company's directors is as under (as on 31st March, 2020):

| S. No. | Name | Name of the Company | Designation |
|--------|---------------------------------------|---|----------------------|
| 1. | Mr. Kamal Kishore Sarada | Chhatisgarh Investments Limited | Director |
| 2. | Mrs. Uma Sarada | NIL | NA |
| 3. | Mr. Pankaj Sarada | NIL | NA |
| 4. | Mr. Padam Kumar Jain | NIL | NA |
| 5. | Mr. Asit Kumar Basu | Chhatisgarh Investments Limited | Independent Director |
| 6. | Mr. Chittur Krishnan Lakshminarayanan | NIL | NA |
| 7. | Mr. Gajinder Singh Sahni | NIL | NA |
| 8. | Mr. Jitender Balakrishnan | India Glycols Limited | Independent Director |
| | | Polyplex Corporation Limited | Independent Director |
| | | Bharti Infratel Limited | Independent Director |
| | | CG Power and Industrial Solutions Limited | Independent Director |
| 9. | Mr. Rakesh Mehra | NIL | NA |

2.4 List of Core Skills / Expertise / Competencies of directors

The Company is engaged in Iron and Steel Industry, Power Sector and Mining Sector. It is having an integrated steel manufacturing unit with facilities ranging right from captive iron ore mining to production of iron ore pellets, sponge iron, steel billets, wire rod, HB wire, ferro alloys and captive power plant.

A chart setting out the list of core skills / expertise / competencies as identified by the Board of Directors as required in the context of its business and sector(s) for it to function effectively and those actually available with the Board are as follows:

| S. No. | Name of Director | Qualification & Experience | Expertise |
|--------|--------------------------|--|---|
| 1 | Mr. Kamal Kishore Sarada | B.E. (Mech.) Nearly 44 years of experience | Iron & Steel, Mining, Strategic Planning |
| 2 | Mr. Pankaj Sarada | MS in Industrial Administration Nearly 17 years of experience | Strategic Planning, Production, Operations, General Management |
| 3 | Mrs. Uma Sarada | Graduation in Home Science Nearly 15 years | General Management, Human Resources |
| 4 | Mr. Padam Kumar Jain | Chartered Accountant / Company Secretary Nearly 34 years of experience | Accounting, Finance, Taxation, Budgeting, Costing, Corporate Laws |
| 5 | Mr. Asit Kumar Basu | BME Nearly 42 years of experience | Finance, Risk Assessment |

Corporate Governance Report

| S. No. | Name of Director | Qualification & Experience | Expertise |
|--------|---------------------------------------|--|--|
| 6 | Mr. Chittur Krishnan Lakshminarayanan | B. Tech Nearly 45 years of experience | Finance, Power Sector |
| 7 | Mr. Gajinder Singh Sahni | PG in Public Administration. Retired IAS Nearly 45 years of Experience | Administration, Planning, Project Execution, Human Resource Management |
| 8 | Mr. Jitender Balakrishnan | B.E. (Mech.), PGDM in Industrial Management Nearly 42 years of experience | Power, Steel, Oil & Gas, Corporate Governance, Risk Assessment |
| 9 | Mr. Rakesh Mehra | FCWA Nearly 36 years of experience | Finance, Costing & Management Accounting |

2.5 Independent Directors

Your Company's Independent Directors met once during the year without the presence of the management. Independent Directors discussed matters pertaining to the Company's affairs and shared their views/suggestions with Chairman & Managing Director and also with the Board of Directors.

During the year, various familiarization programmes were conducted for the Independent Directors. The details of the same are available at <https://www.seml.co.in/Corporate%20Governance/Familiarisation%20Programmes.pdf>

The Board of Directors confirm that in the opinion of the Board, all Independent Directors are independent of the management of the Company and have given declarations as required under the provisions of Section 149 (7) of the Companies Act, 2013 stating that they meet the eligibility criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

2.6 Code of Conduct

Your Company has in place a comprehensive Code of Conduct (the Code) applicable to the Senior Executives and the Directors. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law.

A copy of the Code has been put on the Company's website (www.seml.co.in). The Code has been circulated to Directors and Senior Executives and its compliance is affirmed by them annually. A declaration signed by the Chairman & Managing Director 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 2019-20.

K. K. Sarda

Chairman & Managing Director

2.7 Particulars of Directors seeking appointment/reappointment

Details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) in respect of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting to be held on 24th September, 2020 are given as under:

| | | Mr. Kamal Kishore Sarda | Mr. Pankaj Sarda |
|------|---------------------|--|--|
| 1 | Name | | |
| 2 i) | Age | 68 years | 40 years |
| ii) | Qualification | B.E. (Mech.) | B.E. Industrial Engineering from Nagpur University and Masters from Purdue University, USA |
| iii) | Date of appointment | 16.12.1978 | 31.10.2007 |
| 3 | Experience | Nearly 44 years of Industrial experience in Iron & Steel, Mining, Strategic Planning | Nearly 17 years of Industrial experience |

Corporate Governance Report

| | | | |
|----|---|---|--|
| 4 | Terms & Conditions of re-appointment | Mr. Kamal Kishore Sarma is Chairman & Managing Director of the Company, not liable to retire by rotation. Other terms and conditions as set out in the explanatory statement. | Mr. Pankaj Sarma is a Whole-time Director (designated as Jt. Managing Director) of the Company, liable to retire by rotation. |
| 5 | Remuneration last drawn (including sitting fees, if, any) (per annum) | ₹ 408.32 lakh (F.Y. 2019-20) | ₹ 201.69 lakh (F.Y. – 2019-20) |
| 6 | Remuneration / Sitting Fees proposed to be paid per month | As set out in the explanatory statement. | As per the terms of remuneration approved by the members at the 44 th AGM. |
| 7 | Other Directorships | <p>Madhya Bharat Power Corporation Limited</p> <p>Sarda Energy Limited</p> <p>Sarda Metals & Alloys Limited</p> <p>Chhatisgarh Investments Limited</p> <p>Parvatiya Power Limited</p> | <p>Madhya Bharat Power Corporation Limited</p> <p>Sarda Energy Limited</p> <p>Madanpur South Coal Company Limited</p> <p>Sarda Dairy & Food Products Limited</p> <p>Comienzo Agri Science Limited</p> <p>Natural Resources Energy Private Limited</p> <p>Rishabh Mining & Transport Company Private Limited</p> <p>Sarda Agriculture & Properties Private Limited</p> <p>Prachi Agriculture & Properties Private Limited</p> <p>Raipur Mega Food Park Private Limited</p> <p>ABS Engineers Private Limited</p> |
| 8 | Chairman/ Member of Committees | <p>Sarda Energy & Minerals Limited CSR Committee – Member</p> <p>Risk Management Committee – Chairman</p> <p>Nomination & Remuneration Committee – Member</p> <p>Chhatisgarh Investments Limited CSR Committee – Member</p> <p>Risk Management Committee – Chairman</p> <p>Nomination & Remuneration Committee – Member</p> <p>Sarda Metals & Alloys Limited Nomination & Remuneration Committee – Member</p> | <p>Sarda Energy & Minerals Limited Audit Committee – Member</p> <p>CSR Committee – Member</p> <p>Risk Management Committee – Member</p> <p>Stakeholders' Relationship Committee – Member</p> <p>Sarda Dairy & Food Products Limited Audit Committee – Member</p> <p>Nomination & Remuneration Committee – Member</p> <p>Madhya Bharat Power Corporation Limited Audit Committee – Member</p> <p>Nomination & Remuneration Committee – Member</p> |
| 9 | Shareholding in the Company | 23,23,667 Equity shares | 6,91,107 Equity Shares |
| 10 | No. of Board Meetings attended/held during Financial Year 2019-20 | 7/7 | 4/7 |
| 11 | Relationship with Directors | Father of Mr. Pankaj Sarma and spouse of Mrs. Uma Sarma | Son of Mr. K.K. Sarma and Mrs. Uma Sarma |

Corporate Governance Report

3. Committees of the Board

3.1 The details of the Board Committees and other related information are provided hereunder:

| | |
|---|--|
| Audit Committee | Nomination & Remuneration Committee |
| Mr. A.K. Basu (Chairman) | Mr. G.S. Sahni (Chairman) |
| Mr. C.K. Lakshminarayanan | Mr. C.K. Lakshminarayanan |
| Mr. Rakesh Mehra | Mr. J. Balakrishnan |
| Mr. Pankaj Sarda | Mr. K.K. Sarda |
| Stakeholders' Relationship Committee | Corporate Social Responsibility Committee |
| Mr. J. Balakrishnan (Chairman) | Mr. G.S. Sahni (Chairman) |
| Mr. A.K. Basu | Mr. K.K. Sarda |
| Mr. Pankaj Sarda | Mr. Pankaj Sarda |
| Risk Management Committee | |
| Mr. K.K. Sarda (Chairman) | |
| Mr. Pankaj Sarda | |
| Mr. P.K. Jain, WTD & CFO | |
| Mr. A.K. Nanda (President) | |

Mr. Manish Sethi, Company Secretary, acts as the Secretary to all the Board Committees.

3.2 Meetings of the Board Committees and attendance particulars of Directors at the meetings:

| Board Committees | Audit Committee | Nomination & Remuneration Committee | Stakeholders' Relationship Committee | Corporate Social Responsibility Committee | Risk Management Committee |
|----------------------------|-----------------|-------------------------------------|--------------------------------------|---|---------------------------|
| Meetings held | 4 | 3 | 5 | 2 | 1 |
| Attendance: | | | | | |
| Mr. K. K. Sarda | NA | 1 | NA | 2 | 1 |
| Mr. Pankaj Sarda | 3 | NA | 1 | 2 | 1 |
| Mrs. Uma Sarda | NA | NA | NA | NA | NA |
| Mr. P. K. Jain | NA | NA | NA | NA | 1 |
| Mr. A.K. Basu | 4 | NA | 5 | NA | NA |
| Mr. C. K. Lakshminarayanan | 4 | 3 | NA | NA | NA |
| Mr. G. S. Sahni | NA | 3 | NA | 2 | NA |
| Mr. J. Balakrishnan | NA | 3 | 5 | NA | NA |
| Mr. Rakesh Mehra | 4 | NA | NA | NA | NA |

3.3 Procedure at Committee Meetings

The Company's procedure relating to Board meetings are applicable to Committee meetings as far as practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist it in discharge of its duties/function(s). Minutes of the Committee meetings are circulated to the directors and placed at the Board meetings for noting.

3.4 Terms of Reference of Board Committees

Audit Committee

The terms of reference of the committee are as per the provisions of Section 177 of the Companies Act, 2013, read with the Listing Regulations.

As per the requirement/instructions of the Committee, representatives from various business units of the Company, Internal Auditors, Cost Auditors, Statutory Auditors, President and such other persons as the Committee may feel necessary, also attend the Audit Committee meeting(s) to respond to queries raised at the Committee meeting(s).

Nomination & Remuneration Committee

The Nomination & Remuneration Committee is responsible for:

- formulation of the criteria for determining qualifications, positive attributes and independence of a

Corporate Governance Report

- director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
 - specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
 - devising a policy on diversity of board of directors;
 - whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
 - recommend to the board, all remuneration, in whatever form, payable to senior management;
 - carrying out any other function as is mentioned in the terms of reference of the committee.

Performance Evaluation: The Company has laid down criteria for performance evaluation of the Board, Committees, Independent Directors and other Directors. The said criteria are given as Annexure B to the Director's Report.

Remuneration policy: The Company's Remuneration Policy is directed towards rewarding performance based on review of achievements at periodical intervals. The remuneration policy is in consonance with the existing industry practice. The Company's remuneration policy for Directors, Key Managerial Personnel and other employees is annexed as Annexure C to the Directors' Report.

The Executive Directors have been paid remuneration as per terms of their appointment. The Non-Executive Directors 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 2019-20.

Details of remuneration to Chairman & Managing Director and Whole time Directors are as under:

(₹ in lakh)

| Name of the Director | Salary | Perquisites & Allowances | Retiral Benefits | Commission | Total | Stock Options granted* |
|-----------------------------|--------|--------------------------|------------------|------------|--------|------------------------|
| Mr. K. K. Sarda | 152.64 | 11.90 | 18.78 | 225.00 | 408.32 | NIL |
| Mr. Pankaj Sarda | 70.94 | 0.29 | 5.46 | 125.00 | 201.69 | NIL |
| Mr. P. K. Jain [#] | 54.76 | 0.29 | 4.24 | 0.00 | 59.29 | NIL |

[#]Also holds the office of CFO.

* No stock options were granted during the year.

Contract period: Mr. K.K. Sarda, Chairman & Managing Director – Five years from 1st April, 2020. Required shareholders approval is being sought in the ensuing AGM

Mr. Pankaj sarda, Jt. Managing Director – Five years from 1st November, 2017

Severance Fees: Compensation as per the provisions of the Companies Act, 2013

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

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

(₹ in lakh)

| Name of the Director | Sitting fees | Commission | Total |
|---------------------------|--------------|------------|-------|
| Mr. A.K. Basu | 2.10 | 3.00 | 5.10 |
| Mr. C.K. Lakshminarayanan | 1.70 | 3.00 | 4.70 |
| Mr. G.S. Sahni | 1.50 | 3.00 | 4.50 |
| Mr. J. Balakrishnan | 2.20 | 3.00 | 5.20 |
| Mr. Rakesh Mehra | 1.20 | 3.00 | 4.20 |
| Mrs. Uma Sarda | 1.20 | 0.00 | 1.20 |

Corporate Governance Report

None of the Non-Executive Directors has any material financial interest in the Company apart from the remuneration by way of fees and commission received by them from the Company and /or its subsidiaries during the year.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee considers and resolves the grievances of security holders of the Company and also reviews and monitors/approves share transfers/duplicate share issues/share transmissions/dematerialization process.

Company Secretary – Mr. Manish Sethi is the Compliance Officer.

| | |
|---|---|
| The number of complaints received during the year | : 14 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 solved to the satisfaction of shareholders | : NIL |
| Number of pending complaints | : No complaint was pending for redressal as on 31 st March, 2020. |

Corporate Social Responsibility Committee

The role of the Committee is to:

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Companies Act, 2013;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above; and
- monitor the Corporate Social Responsibility Policy of the company from time to time.

Risk Management Committee

The Committee is non-mandatory for the Company. The role of the Committee is to frame suitable risk management policy, subject to the approval of the Board of Directors and ensure its implementation.

4. General Body Meetings

The venue, date and time of the last three Annual General Meetings and the details of Special Resolutions passed thereat are as under:

| Date | Time | Location | Special Resolution Passed |
|----------------------------------|------------|---|--|
| 21 st September, 2019 | 11.00 a.m. | Radisson Blu Hotel, 7 Wardha Road, Nagpur - 440015 | Special Resolutions to issue - NCDs upto and aggregate amount not exceeding ₹ 500 crore; - equity shares on qualified institutional placement basis upto an aggregate amount not exceeding ₹ 1,000 crore, were passed. |
| 21 st September, 2018 | 11.00 a.m. | Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025 | Special Resolutions to issue - NCDs upto and aggregate amount not exceeding ₹ 500 crore; - equity shares on qualified institutional placement basis upto an aggregate amount not exceeding ₹ 1,000 crore, were passed. |
| 28 th September, 2017 | 11.00 a.m. | Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025 | Special Resolution to issue NCDs upto and aggregate amount not exceeding ₹ 500 crores was passed. |

Special Resolution(s) passed through Postal Ballot:

During 2019-20, no Special Resolution was passed through Postal Ballot. No Special Resolution is proposed to be passed through Postal Ballot as on the date of this report.

Corporate Governance Report

5. Means of communication

Quarterly, half-yearly and annual results are submitted to the stock exchange in accordance with the Listing Regulations and published in Indian Express (English) and Loksatta (vernacular) newspapers. The financial results and other relevant information are placed simultaneously on your Company's website - www.seml.co.in. No official news releases were made to the institutional investors or to the analysts during the year. During the year, presentations have been made to the institutional investors/analysts which have been submitted with the Stock Exchanges and have also been uploaded on the Company's website.

6. General shareholder information

Annual General Meeting

Date: 24th September, 2020

Time: 11.30 a.m.

Venue: The Company is conducting meeting through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 and SEBI Circular dated May 12, 2020. The registered office shall be deemed to be the venue of the AGM. For details please refer to the Notice of this AGM.

Financial calendar for 2020-21 (tentative)

Financial results for the quarters ended:

30th June, 2020

1st week of August, 2020

30th September, 2020

1st week of November, 2020

31st December, 2020

1st week of February, 2021

31st March, 2021

4th week of May, 2021 (audited)

Annual General Meeting (for F.Y. 2020-2021)

September, 2021

Dividend payment date (for F.Y. 2019-20)

On or after 25th September, 2020

Listing on stock exchanges

Equity shares

The shares of the Company are listed on the following exchanges:

- i. BSE Limited, Mumbai (504614)
- ii. The National Stock Exchange of India Limited, Mumbai (SARDAEN)
ISIN no. NSDL & CDSL - INE385C01013

No Security of the Company has been suspended from trading on any of the stock exchanges where they are listed. Your company has paid annual listing fees to the BSE Limited and to The National Stock Exchange of India Limited, Mumbai, for the equity shares for the financial year 2020-21.

Registrar and share transfer agents

(for physical and electronic)

Bigshare Services Private Limited
1st Floor, Bharat Tin Works Building
Opp. Vasant Oasis, Makwana Road
Marol, Andheri East
Mumbai - 400059 (M.H.)

Share transfer system

In view of the SEBI circular, share transfers in physical have been stopped from 1st April, 2019. However, share transmission, name deletion and duplicate share issue activities are continuing for physical shares.

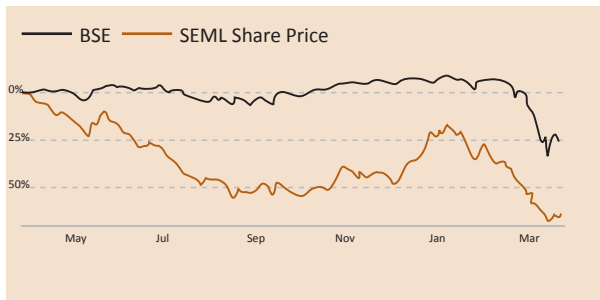
Since physical share transfers have been stopped, the member, in their own interest, are requested to get their shareholding dematerialized at an early date.

Corporate Governance Report

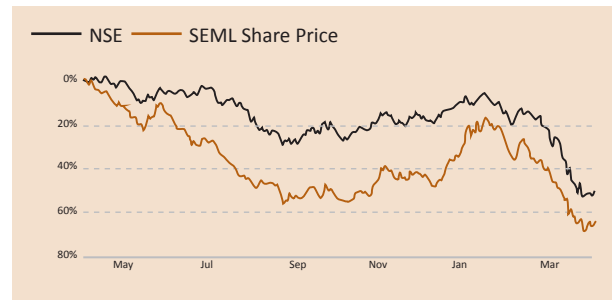
Market price data: High/low during the year 2019-20

| Month | SEML on the BSE (in ₹) | | SEML on the NSE (in ₹) | |
|-----------|------------------------|--------|------------------------|--------|
| | High | Low | High | Low |
| Apr, 2019 | 325.00 | 276.25 | 324.70 | 273.10 |
| May, 2019 | 296.90 | 243.15 | 291.95 | 242.25 |
| Jun, 2019 | 271.00 | 221.65 | 275.25 | 220.00 |
| Jul, 2019 | 239.70 | 164.00 | 234.00 | 163.35 |
| Aug, 2019 | 181.45 | 139.80 | 180.25 | 138.30 |
| Sep, 2019 | 176.10 | 146.40 | 176.55 | 146.60 |
| Oct, 2019 | 183.90 | 140.25 | 184.35 | 143.10 |
| Nov, 2019 | 200.25 | 173.50 | 200.00 | 173.00 |
| Dec, 2019 | 226.00 | 164.05 | 226.45 | 163.55 |
| Jan, 2020 | 268.50 | 211.65 | 267.00 | 212.00 |
| Feb, 2020 | 238.80 | 171.00 | 238.70 | 170.10 |
| Mar, 2020 | 178.30 | 97.50 | 184.70 | 98.05 |

Comparison of SEML share price movements on BSE and NSE with CNX Metal Index



SEML on BSE vs CNX Metal Index



SEML on NSE vs CNX Metal Index

Shareholding pattern as on 31st March, 2020

| Sl. No. | Category | No. of shares | Percentage |
|---------|---------------------------------|---------------|------------|
| 1. | Promoter and Promoter Group | 2,61,34,360 | 72.50 |
| 2. | Banks/MFs /FIs/Ins. Cos. /NBFCs | 53,873 | 0.15 |
| 3. | Foreign Portfolio Investors | 67,719 | 0.19 |
| 4. | Overseas Corporate Bodies | 6,84,891 | 1.90 |
| 5. | Bodies Corporate | 14,79,421 | 4.10 |
| 6. | Individuals NRIs | 2,81,628 | 0.78 |
| 7. | Resident Individuals | 69,55,173 | 19.29 |
| 8. | IEPF Authority | 1,61,906 | 0.45 |
| 9. | Others | 2,30,264 | 0.64 |
| | TOTAL* | 3,60,49,235 | 100.00 |

*There are no outstanding GDRs/ADRs/Warrants/Convertible instruments of the Company.

Corporate Governance Report

Distribution of shareholding as on 31st March, 2020

| Shareholding of nominal value (₹) | Shareholders | | Shares | |
|--------------------------------------|---------------|---------------|--------------------|---------------|
| | Number | % to total | Number | % to total |
| Up to 5,000 | 18,508 | 90.38 | 19,63,165 | 5.44 |
| 5,001 – 10,000 | 899 | 4.39 | 7,13,334 | 1.98 |
| 10,001 – 20,000 | 522 | 2.55 | 7,84,214 | 2.18 |
| 20,001 – 30,000 | 170 | 0.83 | 4,27,651 | 1.19 |
| 30,001 – 40,000 | 87 | 0.42 | 3,11,740 | 0.86 |
| 40,001 – 50,000 | 61 | 0.30 | 2,82,840 | 0.78 |
| 50,001 – 1,00,000 | 109 | 0.53 | 7,78,003 | 2.16 |
| 1,00,001 and above | 122 | 0.60 | 3,07,88,288 | 85.41 |
| Total | 20,478 | 100.00 | 3,60,49,235 | 100.00 |

Dematerialization of securities

Your Company has arrangement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialization of equity shares. As on 31st March, 2020, out of the total 3,60,49,235 equity shares held by about 20,478 (PY 21,805) shareholders, 3,57,63,104 (PY 3,57,32,236) equity shares held by 17,961 (PY 19,062) shareholders representing 99.21% (PY 99.12%) percent of the total paid-up equity capital have been dematerialized.

The Promoters hold their entire equity shareholding in the Company in dematerialized form.

7. Hedging of Risks

The Company has in place a Board approved policy which establishes the risk management framework and defines the procedures and controls for effective management of risk's faced by the Company. The Company is having exposure to foreign exchange fluctuation risk, however there is natural hedging partly available in terms of exports made by the Company and its subsidiaries and assets held in other currencies.

Currency hedging is guided by the hedging policy adopted by the Board.

In respect of price risk of raw materials used for manufacturing purpose, the same is taken care of as per industry requirement. The Company's exposure in none of the commodities, which are sourced for use in its business, is material in the context of its overall operations, and also in terms of the 'Policy on Determination of Materiality for Disclosures(s)', as approved by the Board. Accordingly, the disclosure requirements prescribed under the SEBI Circular dated 15th November, 2018 are not applicable for the Company.

8. Credit Ratings

The details of credit ratings obtained during the year are as under:

| Particulars | Rating – 21.05.2019 | Rating – 07.01.2020 |
|------------------------|---------------------|---------------------|
| Total facilities rated | ₹ 735 crore | ₹ 876.40 crore |
| Long Term | CRISIL A+/Stable | CRISIL A+/Stable |
| Short Term | CRISIL A1 | CRISIL A1 |

9. Disclosures

a) Related Party Transactions

During the period under review, the Company had not entered into any material significant related party transactions that may have potential conflict with the interest of the Company.

None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 34 of Standalone Financial Statements, forming part of the Annual Report.

Corporate Governance Report

The Company's major related party transactions are generally with its subsidiaries and associates. The related party transactions are entered into based on commercial considerations such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries and Associates.

All related party transactions are negotiated on an arms' length basis and are intended to further the Company's interests.

b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

During the last three years, the Company has complied with all applicable Acts and Regulations and there was no non-compliance by the Company. No penalties, strictures were imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets except for the year 2017-18 where due to absence of quorum for the Board meeting, the board meeting scheduled to be held for approval of annual results for 2016-17 was held beyond a period of 60 days from the close of financial year (last date specified under SEBI LODR). Consequent to this, the approval of results for 2016-17 was delayed by 7 days and as such, the Stock Exchanges had levied a fine for delay in announcing the results. The Company's request for not levying the fine was not accepted by the Stock exchanges. The Company had paid the fine.

Except the above, the Company has complied with all applicable Acts and Regulations and there was no non-compliance by the Company. Except as disclosed above, no other penalties, strictures, fines were imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

Further, as reported earlier, 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 reporting about the same and has also stopped sending the information to the Calcutta Stock Exchange. Calcutta Stock Exchange is non-operational Stock Exchange.

c) Whistle Blower policy

The Company has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Head HR or the Compliance Officer who report to the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

d) Compliance

Financial Statements: The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015.

Listing Regulations: There is no non-compliance of any of the requirements of Corporate Governance for the year under review as required under the Listing Regulations.

Apart from the above, the Company has also adopted the discretionary requirements of having unqualified financial statements and the Internal auditor reporting directly to the Audit Committee.

The Company has also complied with the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46.

Pursuant to the requirement of Regulation 30 of the SEBI Listing Regulations, the Company would like to inform that no agreement(s) have been entered with media companies and/or their associates which has resulted/ will result in any kind of shareholding in the Company and consequently any other related disclosures viz., details of nominee(s) of the media companies on the Board of the Company, any management control or potential conflict of interest arising out of such agreements, etc. are not applicable. The Company has not entered into any other back to back treaties/ contracts/agreements/ MoUs or similar instruments with media companies and/or their associates.

Unclaimed Dividend / Transfer of shares to IEPF: In accordance with provisions of Section 124 and 15 of the

Corporate Governance Report

Companies Act, 2013 and Investor Education and Protection Fund (Accounting, audit, Transfer and Refund), Rules, 2016 (IEPF Rules) dividend not encashed/claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The IEPF Rules also mandate companies to transfer shares of Members, whose dividends remain unpaid/unclaimed for a continuous period of seven years, to the demat account of the IEPF Authority. The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the Authority.

In accordance with above provisions, the Company has transferred the unpaid dividend for the year 2011-12 to the IEPF. Additionally, as per the requirement and the procedures prescribed under the IEPF Rules, till date, the Company has transferred 1,61,906 shares to IEPF. However, due to technical reasons, the payment of dividend to IEPF has not been updated in IEPF /MCA records due to which the returns required to be filed with MCA could not be filed. The company has reported the matter to IEPFA.

The details of unpaid dividend lying with the Company and the details of the shares transferred to IEPF are available on the website of the Ministry of Corporate Affairs and also on the website of the Company. All shareholders whose shares have been so transferred can claim their shares and dividend from the IEPF Authority by following the prescribed procedure.

The Company has appointed Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company – www.seml.co.in.

e) Material financial & commercial transactions by Senior Management

There were no material financial & commercial transactions by Senior Management as defined in Regulation 26 of the Listing Regulations where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.

f) Governance Policies

Your Company strives to conduct its business and strengthen relationships in a manner that is dignified, distinctive and responsible. Your Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Accordingly, your Company has adopted various codes and policies to carry out its duties in an ethical manner as named hereunder:

- ✓ Code of Conduct
- ✓ Corporate Social Responsibility Policy
- ✓ Vigil Mechanism and Whistle Blower Policy
- ✓ Policy for determining Material Subsidiaries
- ✓ Code of Conduct for Prohibition of Insider Trading
- ✓ Policy for Selection of Directors and determining Directors Independence
- ✓ Remuneration Policy for Directors, Key Managerial Personnel and other Employees
- ✓ Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions

g) Web-links

1. *Material Subsidiary Policy*
<http://seml.co.in/Corporate%20Governance/Policy%20for%20determining%20Material%20Subsidiaries.pdf>
2. *Related Party Transaction Policy*
<http://seml.co.in/Corporate%20Governance/Policy%20on%20Related%20Party%20Transactions.pdf>
3. *Other Policies*
<http://seml.co.in/policies.php>

h) The Board has adopted all the recommendations made by the committees of the board during the year.

i) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part amounts to ₹ 32.55 lakh (net of TDS).

Corporate Governance Report

j) No complaint pertaining to sexual harassment of women employees was received during the year under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Accordingly, there is no information required to be furnished.

k) Certificate from practising Company Secretary

Certificate from Mr. Kamlesh Ojha, Partner M/s. S.G. Kankani & Associates, Practising Company Secretaries that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is as under:

TO WHOMSOEVER IT MAY CONCERN

I, Kamlesh Ojha, Partner of S.G. Kankani & Associates, Practising Company Secretaries do hereby certify that none of the directors on the board of M/s. Sarda Energy & Minerals Limited have been debarred or disqualified from being appointed or from continuing as directors of Companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority to the best of my knowledge.

This certificate is being issued as per Schedule V under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

For **S. G. KANKANI & ASSOCIATES**

Sd/-

Kamlesh Ojha

Partner

M. No. 39476

CP. No. 14660

UDIN: A039476B000478741

Place : Raipur

Date : 20th July, 2020

- l) Plant Location** Industrial Growth Centre, Siltara, Raipur (C.G).
- m) Address for correspondence** *Regd. Office*
73-A, Central Avenue, Nagpur (M.H.)
Ph: +91-771-2722407
e-mail: cs@seml.co.in
- Works*
Industrial Growth Centre, Siltara
Raipur [C.G.] 493 111
Ph: +91-771-2216100 / Fax: +91-771-2216198
e-mail: cs@seml.co.in

Corporate Governance Report

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Sarda Energy & Minerals Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 21st September, 2019.
2. We have examined the compliance of conditions of corporate governance by Sarda Energy & Minerals Limited ('the Company') for the year ended on 31st March, 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31st March, 2020.

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

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For, **O. P. Singhania & Co.**
Chartered Accountants
(ICAI Firm Reg. No. 002172C)

(Naitik Agrawal)

Partner

M.No.441441

UDIN : 20441441AAAAAJ3808

Raipur
8th August, 2020

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | |
|---|--|
| 1. Corporate Identity Number (CIN) of the Company | L27100MH1973PLC016617 |
| 2. Name of the Company | Sarda Energy & Minerals Limited |
| 3. Registered Address | 73-A, Central Avenue, Nagpur (M.H.) 440018 |
| 4. Website | www.seml.co.in |
| 5. Email-id | cs@seml.co.in |
| 6. Financial Year reported | 2019-20 |
| 7. Sector(s) that the Company is engaged in (industrial activity code-wise) | Sponge Iron/Ferro Alloys /Billet/Wire Rod/ Iron Ore Pellet -241 |
| 8. List three key products/services that the Company manufactures/provides(as in balance sheet) | Iron Ore Pellet Wire Rod Ferro Alloys |
| 9. Total number of locations where business activity is undertaken by the Company | 1 |
| a) Number of International Locations (Provide details of major5) | NIL |
| b) Number of National Locations | 1 |
| 10. Markets served by the Company-Local/State/National/International | International |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | |
|--|---|
| 1. Paid up capital (INR) | 36.05 crore |
| 2. Total Turnover (INR) | 1,423.91 crore |
| 3. Total profit after taxes (INR) | 183.84 crore |
| 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 2.64% |
| 5. List of activities in which expenditure in 4 above has been incurred | a) Healthcare b) Education c) Environment d) Empowering Women e) Art & Culture f) Armed Forces Veterans g) Livelihood Projects h) Sports i) Rural Development |

SECTION C: OTHER DETAILS

| | |
|---|---|
| 1. Does the Company have any Subsidiary Company/Companies? | Yes |
| 2. Do the Subsidiary Company /Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | Sarda Energy & Minerals Limited [SEML] has 11 subsidiaries / controlled entities. Subsidiaries do not participate in the BR Initiatives of the parent company. However, each of the subsidiaries strives to carry out its business in a sustainable manner and undertake initiatives independently. |
| 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | Our suppliers are not directly involved with the 'Responsible Business' initiatives of the Company. However, our contracts with them address areas like HSE, Ethics, and Human Rights that our suppliers are obliged to adhere to strictly. |

Business Responsibility Report

SECTION D

1. BR Information

| | | |
|------|--|--|
| 1 a) | Details of Director/Directors responsible for BR | DIN : 00008190 Name: Mr. Pankaj Sarda Designation: Jt. Managing Director |
| b) | Details of the BR Head | Mr. Anup K Nanda Head (Works) Telephone: +91-771-2216100 Email ID: anup.kn@seml.co.in |

2. Principle-wise (as per NVGs) BR Policy/policies

A. Name of principles:

| | |
|----|---|
| P1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability |
| P2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle |
| P3 | Businesses should promote the well-being of all employees |
| P4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized |
| P5 | Businesses should respect and promote human rights |
| P6 | Businesses should respect, protect, and make efforts to restore the environment |
| P7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner |
| P8 | Businesses should support inclusive growth and equitable development |
| P9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner |

B. Details of compliance (Reply in Y/N):

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|---|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 | Do you have a policy/ policies for.... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Yes. The relevant policies have been developed over a period of time by taking inputs from concerned stakeholders. | | | | | | | | |
| 3 | Does the policy conform to any national / international standards? If yes, specify? (50 words) | Yes. The policies are in compliance with the national standards. They are also being reviewed and amended from time to time based on the amendments in the respective standards /regulations. | | | | | | | | |
| 4 | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Policies which are statutorily required have been formulated by the Board or concerned committees of the Board. The Policies have been signed by CMD of the Company. | | | | | | | | |
| 5 | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Yes | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online | Statutorily required policies are available under the investor section on the website of the Company – www.seml.co.in . | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes | | | | | | | | |

Business Responsibility Report

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 8 | Does the company have in-house structure to implement the policy/ policies. | Yes | | | | | | | | |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes | | | | | | | | |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | No | | | | | | | | |

C. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|---|----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 | The company has not understood the Principles | Not Applicable | | | | | | | | |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done within next 6 months | | | | | | | | | |
| 5 | It is planned to be done within the next 1 year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

D. Governance related to BR

| | | | | | | | | | | |
|----|---|---|--|--|--|--|--|--|--|--|
| a) | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1year | The Company proposes to assess the BR performance of the Company at such intervals as may be required, but at least annually. | | | | | | | | |
| b) | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | The company is publishing BR report for the first time. It is available on the website of the Company at www.sem1.co.in under investor section and same will be published annually. | | | | | | | | |

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

- Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

No. It extends to the group, joint ventures, suppliers and contractors and employees too.

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the financial year 2019-2020, the Company has received 14 complaints/queries from shareholders of the Company and all of them were satisfactorily resolved. The Stakeholders Relationship Committee of the Company specifically looks into various aspects of interest of shareholders, and other security holders of the Company.

During financial year 2019-2020 no complaints pertaining to sexual harassment were received by the Company. Similarly, the Company has not received any complaint about unethical behavior, actual or suspected fraud or

Business Responsibility Report

violation of the Code of Conduct or any other unethical or improper activity under Whistle Blower Policy/Vigil Mechanism of the Company.

The Company has received 10 complaint from other customers, which have been resolved.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company has installed pollution control equipments to control emission. The company processes the waste generated to reuse it or to make it reusable by others.

- Iron ore Pellets - The waste generated in the production is fully recycled. The Tar and Ash generated from Gasifiers is sold for use in production process by customers. The ESP dust is recycled. The accretion of the Kiln is also processed and recycled in production of other products in the company to recover Fe content thereof.
- DRI/Sponge Iron - The Company uses waste heat for production of electricity. The fly ash is used in brick making. The Kiln accretion is reprocessed for recovery of Fe content. The water is treated and recycled in production process. Bag filter dust is also sold to customers for use in production process of their products.
- Ferro Alloys - The slag generated is granulized and used in brick making. The ESP and GSP Dust is recycled to recover Mn and Fc content thereof.
- Fly Ash Bricks - The Company produces bricks using waste generated from production of different products which replace red bricks, which is hazardous to the environment. The company has increased production capacity over years to fully utilize the waste. In the year 2019-20 the company produced 1.86 lakh MTs of bricks.

- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Being a natural resource Company, there is intensive need for resources – water, energy and raw materials, in our operations. We are also in continuous need for fuel and electricity, which places us amongst the energy intensive industries. We therefore recognize the impact of our operations on the environment and adopt strategies to minimize our resource use in all our processes. To further channelize our endeavours, we consciously track usage of these resources – water, energy and raw materials, throughout our operations to keep the usage to minimum levels and focus on recycling these resources to the maximum possible extent.

- Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The details are as under:

Power

| Product | UOM | Reduction achieved in consumption, PMT of production in 2019-20 as compared to F.Y. 2018-19 |
|-------------|--------|---|
| Sponge Iron | Kwh/MT | 6.84 |
| Billet | Kwh/MT | 6.86 |
| Wire Rod | Kwh/MT | 8.67 |
| HB Wire | Kwh/MT | 0.88 |

Water

| Product | UOM | Reduction achieved in consumption, PMT of production in 2019-20 as compared to F.Y. 2018-19 |
|-------------|--------|---|
| Sponge Iron | Ltr/MT | 41 |
| Billet | Ltr/MT | 33 |
| Power | Ltr/MW | 343 |

Business Responsibility Report

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has a structured procedure for sourcing to ensure raw materials are sourced in an optimal sustainable manner. The Company procures key raw material like Iron-Ore from Odisha and its own mines at Dongarbore, Chhattisgarh. The sourcing of raw materials like iron ore and coal was made through rail and road transport with the material being covered suitably to avoid spillage and dust generation. Priority is given to sourcing by rail for reduced emission. Multiple handling is avoided to the extent possible. Operations have been vertically integrated to reduce transportation and waste of heat.

At material handling areas for coal and iron ore - water sprinklers have been installed; while bag filters are installed at ferro alloys division. Fly ash is transported in bulkers.

In financial year 2019-2020 majority of inputs of the Company were sourced sustainably.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company promotes procurement of goods and services from local vendors and small producers. This is primarily for hiring equipment and services, as well as procuring minor raw materials, stationary items and food supplies. For example, the Company has hired local contractors for cargo handling equipment, dozers, dumpers etc. It also recruits workers from local communities for operation and maintenance of its plants. Minor fabrication works and materials are also sourced from local suppliers. The Company continuously builds and improves the skills and capacity of local contractors through periodic vendor development programmes.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has mechanism to recycle most of its waste for which it has been pursuing programme titled “**Waste to Wealth**”. Waste is recycled to recover residual metal and remaining waste is used in civil construction / brick making. Fly ash is also supplied to cement plants for use in production process.

Principle 3 : Businesses should promote the well-being of all employees

Our employees are our key assets and our growth and success are attributable to them. Our people strategy is founded on this belief and is designed to recruit, develop and retain the talented workforce that run our businesses. We are committed to providing our employees with a safe and healthy work environment through a high degree of engagement and empowerment, supported with adequate training and workshops, we enable them to realize their full potential, creating a high-performance work culture. We also focus on effectively utilizing and grooming talent by appropriately rotating them across businesses for experience in new roles and to prepare them to take up various key positions in the future. The Company supports brilliant children of employees to pursue higher studies. The Company has also taken medical insurance for well-being of employees.

| | | | |
|---|---|---|--------|
| 1 | Total number of permanent employees | 1,217 | |
| 2 | Total number of employees hired on temporary/contractual/casual basis | 2,602 | |
| 3 | Number of permanent women employees | 7 | |
| 4 | Number of permanent employees with disabilities | NIL | |
| 5 | Do you have an employee association that is recognized by management | NO | |
| 6 | Percentage of your permanent employees is members of this recognized employee association | NA | |
| 7 | Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year | No complaints relating to child labour, forced labour, involuntary labour, sexual harassment were received during the F.Y. 2019-20. | |
| 8 | Percentage of under mentioned employees who were given safety & skill up- gradation training in the last year | a) Permanent Employees | 63.01% |
| | | b) Permanent Women Employees | 57.14% |
| | | c) Casual/Temporary/Contractual Employees | 70.98% |
| | | d) Employees with Disabilities | NA |

Business Responsibility Report

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. The Company has mapped its stakeholders and the key stakeholders are as follows:

- a) Government and regulatory authorities
- b) Investors and Shareholders
- c) Employees
- d) Customers
- e) Local Communities
- f) Suppliers/contractors
- g) Lenders
- h) Displaced families

Mapping of various mechanisms and practices with stakeholders will be formally established in due course.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes. The Company has identified such stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company has implemented programmes to improve their livelihood. One such area is operation of Mobile hospital with doctors and medicine in remote areas through-out the year. Support to NGOs providing services to marginalized stakeholders such as Friends of Tribal Society/Support to affordable Schools.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The policy of the Company on human rights cover extends to the Group, Joint Ventures, Suppliers, Contractors, NGOs.

All its business partners (Suppliers, Contractors, NGOs) are contractually obliged to respect human rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The details of complaints received, resolved and pending as on the end of the F.Y. are as under:

| Complaint from | Received | Resolved | Pending as on 31.03.2020 |
|----------------|----------|----------|--------------------------|
| Shareholders | 14 | 14 | NIL |
| Customers | 10 | 10 | NIL |

The Company has not received any other complaint during financial year 2019-20.

Principle 6 : Businesses should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The policy related to Principle 6 extends to the Group, Joint Ventures and Contractors.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage, etc.

The Company understands the global issue of climate change and takes suitable actions to address it. The Company is committed to -

- i. Addressing environmental issues through efficient use of natural resources, promote use of renewable energy, minimization of wastes, water management, protecting the biodiversity and reducing carbon foot print.
- ii. Effective implementation of environmental management system to prevent, mitigate and control environmental damages.

Business Responsibility Report

The Company has taken extensive plantation in and around the plant premises to maintain / increase the green cover. The company is promoting renewable power and hydropower project promoted by the company is registered as CDM project. The waste heat recovery is another major step in this direction. The company is also examining feasibility to recover waste heat from ferro alloys process. Another step is installation of VVF drives and use of LED lighting system in place of conventional lighting system.

3. Does the Company identify and assess potential environmental risks? Y/N

Yes. The Company assesses the potential impacts of its operations on the environment through the implementation of the policy on Conservation and Preservation of the Environment. Potential environmental risks are identified, steps are taken to measure and mitigate the risk.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Yes, the hydro power project promoted by the Company is registered under CDM.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page, etc.

Yes, the Company has installed gasifiers for cleaner use of coal. WHR boilers for use of waste heat, upgraded ESP for reduced emission. Installed solar and hydropower projects. More details can be found on our website www.seml.co.in

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the emissions/waste generated by the Company are within the permissible limits prescribed by CPCB / SPCB and are monitored constantly.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No show cause/legal notices issued to the Company were pending as at the end of F.Y. 2019-2020.

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

We are a member of various trade/chamber associations, major among them being the Confederation of Indian Industry (CII), Sponge Iron Manufacturers Association (SIMA), Chhattisgarh Sponge Iron Manufacturers Association (CGSIMA), Indian Ferro Alloys Producers Association (IFAPA) and the likes.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

Yes, the Company is actively involved in the following areas for advocating public good:

- Blood Donation camps
- Safety and Skill Development
- Energy and Raw Material Security
- Sustainable Business principles
- Governance
- Economic Reforms
- Inclusive development policies

Principle 8 : Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, as a responsible corporate citizen, the Company focuses on ethical and transparent business practices, with inclusive community development lying at the core of its social initiatives. The focus of our community investment initiatives is on social development programmes, especially integrated development, which impacts the overall socio-economic growth and empowerment of people, in keeping with the national and international development agendas. One such initiative is support to 90 Single teacher schools and mobile hospital in deep remote areas starved of basic necessities.

Business Responsibility Report

The Company has voluntarily adopted a Corporate Social Responsibility (CSR) policy which governs the CSR activities of the Company are governed as per the said policy. During the year 2019-20, the Company has spent ₹ 4.85 crore on social initiatives including quality/affordable education, healthcare, rural development activities, etc. The Company has also supported various activities and support programs in the fight against COVID-19 pandemic. For further details, Members are requested to refer the annual report on CSR activities annexed as Annexure G to the Directors' Report.

- Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

We implement our programmes directly through our Corporate Social Responsibility team and also in association with government and NGOs. We also actively encourage our own employees to contribute towards these social initiatives.

- Have you done any impact assessment of your initiative?

Yes

- What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The total amount spent on all CSR activities and projects during the FY 2019-2020 was ₹ 4.85 crore. The major thrust areas for our programmes are – a) Healthcare b) Education c) Environment d) Women empowerment e) Art & Culture f) Livelihood projects g) Sports h) Rural Development projects i) Support to programmes of national importance including but not limited to disaster mitigation, relief and rehabilitation

- Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Most of our programmes emerge from a community requirement assessment, endorsed by Gram Panchayats and are delivered in close partnership with them. We have taken steps to ensure that the beneficiaries of the support are in true sense the needy people. The Company regularly engages with nearby villagers to ensure community development programs adopted by the respective beneficiaries are achieved with maximum possible benefits to the community.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner

- What percentage of customer complaints/consumer cases are pending as on the end of financial year?

No complaints pending at the end of FY 2019-2020

- Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

The Company's products do not have any mandatory labelling requirements. However, the Company provides test certificates issued by in house testing lab and sometimes from the certified third parties containing quality parameters, as well as the chemical and physical properties of the product. The above information is also available in product brochures that are given to customers. One of the company's lab is NABL accredited Lab.

- Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No case was filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and as accordingly, no such case is pending as on end of financial year.

- Did your Company carry out any consumer survey/ consumer satisfaction trends?

Feedback is a continuous process at our operations, and we leverage feedback for continual improvement in product and service quality, for benchmarking ourselves with industry standards and identifying scope and future opportunities to increase customer value. The Company's Management regularly reviews the feedback/ suggestions received by its marketing team.

Independent Auditors' Report

To the Members of
Sarda Energy & Minerals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Sarda Energy & Minerals Limited** ('the Company'), which comprise the balance sheet as at 31st March, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance but does not include standalone financial statements and our auditors report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;

Independent Auditors' Report

and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore key audit matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act read with relevant rule issued thereunder;
 - (e) on the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - (g) with respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in with accordance with the provisions of Section 197 of the Act; and
 - (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 41 to the standalone financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **O. P. Singhania & Co.**
(ICAI Firm Regn. No.002172C)
Chartered Accountants

Per Naitik Agrawal
Partner

Membership No.441441
UDIN : 20441441AAAAAD5048

Raipur, 20th June, 2020

Annexure 'A' Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March, 2020, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant & equipment.
- (b) As explained to us, all major assets except certain low value items viz furniture & fixtures and office equipment have been physically verified by the management at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed.
- (c) The title deeds of immovable properties, as disclosed in Note 2 on property, plant & equipment to the standalone financial statements, are held in the name of the Company except the immovable properties of merged companies which has still carried on the name of erstwhile companies and are yet to be updated in revenue records.
- (ii) As explained to us, the physical verification of inventories have been conducted at reasonable intervals by the management during the year. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has granted unsecured loan to six companies and one Limited Liability Partnership covered in the register maintained under section 189 of the companies Act, 2013 during the year. According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that:
 - (a) The terms & conditions of the grant of such loan are not prejudicial to the interest of the Company.
 - (b) As explained to us the principal amounts are repayable on demand, whereas the interest is payable annually at the discretion of the Company and the repayments or receipts are regular.
 - (c) Since the amount outstanding is not overdue, therefore, the provisions of clause 3 (iii)(c) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information & explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investment made, and guarantees and security provided by it. The Company has not granted any loans and made any investments, or provided any guarantees or security to the parties covered under Section 185 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public, in terms of the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and rules framed thereunder; therefore the provisions of clause 3(v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, in respect of Company's products to which the said rules are made applicable and are of the opinion that, prima facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records.
- (vii) (a) According to the information & explanations given to us, during the year the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods & services tax, duty of customs, cess and any other statutory dues with the appropriate authorities. Further, no undisputed amounts of statutory dues as stated above were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods & services tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute except the following cases:

Annexure 'A' Independent Auditors' Report

| Name of the Statute | Nature of the Dues | Amount (₹ in Crore) | Period to which the amount relates | Forum where dispute is pending |
|--|---|------------------------|---------------------------------------|--|
| Central Excise Act, 1944 | Excise Duty | 0.21 | Mar 1986 to Oct 1988 | At M.P. High Court |
| Central Excise Act, 1944 | Excise Duty | 0.08 | Mar 1989 to Aug 1989 | Commissioner (Appeals) |
| Central Excise Act, 1944 | Excise Duty | 8.08 | 2015-16 | Customs Excise & Service Tax Appellate Tribunal |
| | Penalty | 8.09 | | |
| Central Sales Tax Act & Sales Tax Acts of Various states and Entry Tax Act, 1976 | Value Added Tax, Central sales tax and Entry tax. | 9.45 | 2006-07 to 2014-15 | Appellate Authorities upto Commissioner and High Court level |
| Income Tax Act, 1961 | Income Tax | 2.68 | A.Y. 2017-18 | Commissioner of Income Tax (Appeal) |
| Income Tax Act, 1961 | Income Tax | 10.45 | A.Y. 2018-19 | Assist. Commissioner of Income Tax |
| Chhatisgarh Upkar Adhinyam, 1981 | Energy Development Cess | 66.69 | May 2006 to Jan 2017 | Supreme Court |

- (viii) Based on our audit procedures, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or debenture holders as at the balance sheet date.
- (ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). According to the information and explanations given to us, and in our opinion, the term loans have been applied progressively for the purpose for which the loans were obtained.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. Therefore, the provisions of clause 3(x) of the Order, is not applicable to the Company.
- (xi) The Company has provided for managerial remuneration during the year in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Therefore, the provisions of clause 3(xii) of the Order, is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, the provisions of clause 3(xiv) of the Order, is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Order, is not applicable to the Company.

For **O. P. Singhania & Co.**
(ICAI Firm Regn. No.002172C)
Chartered Accountants

Per Naitik Agrawal
Partner

Membership No.441441

UDIN : 20441441AAAAAD5048

Raipur, 20th June, 2020

Annexure 'B' Independent Auditors' Report

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Sarda Energy & Minerals Limited** (the "Company") as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future

Annexure 'B' Independent Auditors' Report

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **O. P. Singhania & Co.**
(ICAI Firm Regn. No.002172C)
Chartered Accountants

Per Naitik Agrawal
Partner

Membership No.441441
UDIN : 20441441AAAAAD5048

Raipur, 20th June, 2020

Balance Sheet as at 31st March, 2020

(₹ in Crore)

| | Note | As at 31.03.2020 | As at 31.03.2019 |
|--|------|------------------|------------------|
| ASSETS | | | |
| (1) Non-current Assets | | | |
| (a) Property, Plant & Equipment | | 496.73 | 523.25 |
| (b) Capital work-in-progress | 2 | 26.11 | 19.05 |
| (c) Investment Property | | 43.42 | 43.63 |
| (d) Other Intangible Assets | | 2.75 | 3.11 |
| (e) Intangible Assets under development | | 8.55 | 8.43 |
| (f) Financial Assets | | | |
| (i) Investments | 3 | 806.76 | 668.35 |
| (ii) Other Financial Assets | 4 | 2.03 | 18.85 |
| (g) Other Non-current Assets | 5 | 17.81 | 15.76 |
| | | 1,404.16 | 1,300.43 |
| (2) Current Assets | | | |
| (a) Inventories | 6 | 369.68 | 300.44 |
| (b) Financial Assets | | | |
| (i) Investments | 7 | 41.90 | 52.42 |
| (ii) Trade receivables | 8 | 62.20 | 39.03 |
| (iii) Bank, Cash & cash equivalents | 9 | 3.24 | 1.18 |
| (iv) Bank balances other than (iii) above | 10 | 0.71 | 1.50 |
| (v) Loans | 11 | 408.97 | 326.44 |
| (c) Other Current Assets (net) | | 0.82 | - |
| (d) Other Current Assets | 12 | 90.11 | 59.21 |
| | | 977.63 | 780.22 |
| TOTAL ASSETS | | 2,381.79 | 2,080.65 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 13 | 36.05 | 36.05 |
| (b) Other Equity | | 1,695.42 | 1,529.60 |
| Total Equity | | 1,731.47 | 1,565.65 |
| Liabilities | | | |
| (1) Non-current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 14 | 259.07 | 97.95 |
| (ii) Other financial liabilities | 15 | 2.16 | 2.53 |
| (b) Provisions | 16 | 2.50 | 2.72 |
| (c) Deferred tax liabilities (Net) | 17 | 42.54 | 62.14 |
| | | 306.27 | 165.34 |
| (2) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | 106.25 | 175.27 |
| (ii) Trade Payables | | | |
| (a) Total outstanding dues of micro and small enterprises | | 1.78 | 1.37 |
| (b) Total outstanding dues of creditors other than micro and small enterprises | | 135.69 | 88.17 |
| (iii) Other financial liabilities | 19 | 83.08 | 47.86 |
| (b) Other current liabilities | 20 | 10.68 | 18.90 |
| (c) Provisions | 21 | 6.57 | 7.26 |
| (d) Current tax liabilities (net) | | - | 10.83 |
| | | 344.05 | 349.66 |
| TOTAL EQUITY AND LIABILITIES | | 2,381.79 | 2,080.65 |

Significant Accounting Policies

1

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 **O. P. Singhania & Co.**

(ICAI FRN 002172C)

Chartered Accountants

Naitik Agrawal

Partner

Membership No. 441441

Raipur

20th June, 2020

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

20th June, 2020

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Statement of Profit & Loss for the year ended 31st March, 2020

(₹ in Crore)

| | Note | Year Ended 31.03.2020 | Year Ended 31.03.2019 |
|---|------|--------------------------|--------------------------|
| I. Revenue from operations | 22 | 1,423.91 | 1,653.39 |
| II. Other income | 23 | 60.74 | 31.93 |
| III. Total Revenue (I + II) | | 1,484.65 | 1,685.32 |
| IV. Expenses | | | |
| Cost of materials consumed | 24 | 903.42 | 992.57 |
| Purchases of Stock-in-Trade | | 17.08 | 47.83 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 25 | (0.14) | (13.47) |
| Employee benefits expense | 26 | 67.97 | 68.70 |
| Finance costs | 28 | 35.70 | 35.13 |
| Depreciation and amortization expense | 2 | 51.35 | 49.96 |
| Other expenses | 29 | 195.45 | 183.30 |
| Total Expenses | | 1,270.83 | 1,364.02 |
| V. Profit before Exceptional Items and Tax (III - IV) | | 213.82 | 321.30 |
| VI. Exceptional items (Income) / Expense | | - | - |
| VII. Profit Before Tax (V - VI) | | 213.82 | 321.30 |
| VIII. Tax expense | | | |
| (1) Current tax | | 51.25 | 107.80 |
| (2) Deferred tax | | (19.74) | (1.35) |
| IX. Profit for the period (VII - VIII) | | 182.31 | 214.85 |
| Other comprehensive income for the year, net of tax | 32 | | |
| Items that will not be reclassified to profit or loss | | 1.63 | (0.51) |
| Income tax relating to items that will not be reclassified to profit or loss | | (0.13) | 0.18 |
| Items that will be reclassified to profit or loss | | 0.04 | 0.54 |
| Income tax relating to items that will be reclassified to profit or loss | | (0.01) | (0.09) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 183.84 | 214.97 |
| X. Earnings per equity share | 31 | | |
| Basic | | 50.57 | 59.59 |
| Diluted | | 50.57 | 59.59 |

Significant Accounting Policies

1

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 **O. P. Singhania & Co.**

(ICAI FRN 002172C)

Chartered Accountants

Naitik Agrawal

Partner

Membership No. 441441

Raipur

20th June, 20200

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

20th June, 2020

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Statement of Changes in Equity for the year ended 31st March, 2020

(₹ in Crore)

a Equity Share Capital

| For the year ended 31st March, 2019 | Balance at April 1, 2018 | Changes in equity share capital during the year | Balance at March 31, 2019 |
|-------------------------------------|-----------------------------|---|------------------------------|
| | 36.05 | - | 36.05 |
| For the year ended 31st March, 2020 | Balance at April 1, 2019 | Changes in equity share capital during the year | Balance at March 31, 2020 |
| | 36.05 | - | 36.05 |

b Other Equity

| | Reserves and Surplus | | | | OCI | | Total other equity |
|-------------------------------------|----------------------|------------------------------|----------------------------|----------------------|---|---|--------------------------|
| | Capital Reserve | Securities Premium (*) | General Reserve (**) | Retained Earnings | Equity Instruments through Other Comprehensive Income | Remeasurements of the defined benefit plans | |
| Balance as of April 1, 2018 | 4.04 | 194.01 | 171.83 | 962.27 | - | 0.50 | 1,332.65 |
| Other Comprehensive Income | - | - | - | - | 0.45 | (0.33) | 0.12 |
| Profit for the year | - | - | - | 214.85 | - | - | 214.85 |
| Dividends | - | - | - | (18.02) | - | - | (18.02) |
| Balance as of March 31, 2019 | 4.04 | 194.01 | 171.83 | 1,159.10 | 0.45 | 0.17 | 1,529.60 |
| Balance as of April 1, 2019 | 4.04 | 194.01 | 171.83 | 1,159.10 | 0.45 | 0.17 | 1,529.60 |
| Other Comprehensive Income | - | - | - | - | 0.03 | 1.50 | 1.53 |
| Profit for the year | - | - | - | 182.31 | - | - | 182.31 |
| Dividends | - | - | - | (18.02) | - | - | (18.02) |
| Balance as of March 31, 2020 | 4.04 | 194.01 | 171.83 | 1,323.39 | 0.48 | 1.67 | 1,695.42 |

(*) Securities premium is used to record the premium received on issue of shares. It is to be utilised in accordance with the provisions of Companies Act, 2013.

(**) General Reserve is available for payment of dividend to the shareholders as per the provisions of Companies Act, 2013.

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 **O. P. Singhania & Co.**
(ICAI FRN 002172C)
Chartered Accountants

Naitik Agrawal
Partner
Membership No. 441441
Raipur
20th June, 2020

K. K. Sarda
Chairman & Managing Director
DIN: 00008170
Raipur
20th June, 2020

P. K. Jain
Wholetime Director & CFO
DIN: 00008379

Manish Sethi
Company Secretary

Cash Flow Statement for the year ended 31st March, 2020

(₹ in Crore)

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|--------------------------|--------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax as per statement of Profit & Loss | 213.82 | 321.30 |
| Adjustments to reconcile profit before tax to cash generated by operating activities | | |
| Depreciation and amortization expense | 51.35 | 49.96 |
| Finance Costs | 35.70 | 35.13 |
| Exchange differences on translation of assets and liabilities | 5.27 | (0.65) |
| Loss pertaining to scraping of assets | 0.30 | 0.72 |
| Allowance/(Reversal) for credit losses on financial assets | (0.06) | (0.21) |
| Interest Income | (39.48) | (28.28) |
| Corporate Guarantee Commission | (0.67) | (0.46) |
| Net (Gain)/Loss on investments pertaining to Fair valuation | 10.57 | 20.42 |
| Dividend income | (18.04) | (18.44) |
| (Profit) / Loss on sale of investments | (0.27) | (0.01) |
| (Profit) / Loss on sale of PPE | (0.04) | 1.36 |
| Share of (Profit)/loss in Partnership Firm | (12.57) | (6.00) |
| Changes in assets and liabilities | | |
| Trade Receivables | (23.11) | 23.13 |
| Inventories | (69.23) | 3.32 |
| Trade Payables | 43.59 | (37.22) |
| Loans and advances and other assets | (10.59) | 16.76 |
| Liabilities and provisions | 24.45 | (11.41) |
| | 210.99 | 369.42 |
| Income Tax Paid (Net of Refund) | (59.18) | (108.73) |
| NET CASH (USED)/GENERATED IN OPERATING ACTIVITIES | 151.81 | 260.69 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Investment in PPE including capital advances | (37.88) | (44.11) |
| Sale proceeds of PPE | 0.37 | 2.64 |
| Investment made in Subsidiaries | (125.23) | (42.46) |
| Other Investments (made)/liquidated | 0.28 | 0.18 |
| Loan repaid by/(given) to Subsidiaries | (92.82) | (44.81) |
| Loan repaid by/(given) to Others | 39.54 | (69.15) |
| Interest received | 6.77 | 1.51 |
| Dividend received | 18.04 | 18.44 |
| NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES | (190.93) | (177.76) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long term borrowings | 189.35 | 10.04 |
| Repayment of long term borrowings | (23.84) | (30.03) |
| Short term borrowings (net) | (69.83) | (10.57) |
| Finance cost | (36.48) | (34.15) |
| Dividend & dividend tax paid | (18.02) | (18.02) |
| NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES | 41.18 | (82.73) |
| Increase/(decrease) in Cash and Cash equivalents (A+B+C) | 2.06 | 0.20 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | 2.06 | 0.20 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 1.18 | 0.98 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 3.24 | 1.18 |

Cash Flow Statement for the year ended 31st March, 2020

(₹ in Crore)

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|--------------------------|--------------------------|
| Supplementary Information | | |
| Restricted Cash Balance | 0.71 | 1.50 |
| Increase/(decrease) in Cash and Cash equivalents | 2.06 | 0.20 |
| Notes | | |
| (a) Cash and cash equivalent include the following | | |
| Cash on Hand | 0.32 | 0.23 |
| Balances with Scheduled banks | 2.92 | 0.95 |
| | 3.24 | 1.18 |
| (b) Previous Year figures have been recasted / restated wherever necessary | | |
| (c) Figures in brackets represents outflows | | |

As per our report of even date attached

For and on Behalf of the Board

For **O. P. Singhania & Co.**

(ICAI FRN 002172C)

Chartered Accountants

Naitik Agrawal

Partner

Membership No. 441441

Raipur

20th June, 2020

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

20th June, 2020

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Notes to financial statements for the year ended 31st March, 2020

1 SIGNIFICANT ACCOUNTING POLICIES

(₹ in crore, except share and per share data, unless otherwise stated)

1 Company Overview

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

1.1 Significant Accounting Policies

Basis of preparation of financial statements

1.2 Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

1.3 Basis of Measurement

The financial statements have been prepared on the historical cost convention and on accrual basis except for the following:

- certain financial assets and liabilities including derivative instruments measured at fair value
- defined benefit plans - plan assets measured at fair value
- Share based payments

The financial statements are presented in Indian rupees rounded off to nearest crore.

1.4 Use of estimate

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

1.5 Summary of significant accounting policies

1.5.1 Revenue recognition

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of return, trade discounts and volume rebates. Revenue is recognized when the control over the goods have been transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return can be estimated reliably and there is no continuing effective control or managerial involvement with, the goods, and the amount can be measured reliably.

1.5.2 Other income

Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Notes to financial statements for the year ended 31st March, 2020

Incentives

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

1.5.3 Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation/ amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. These are included in profit or loss within other gains/ losses. The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

ii) Depreciation

Depreciation has been provided based on life assigned to each asset in accordance with Schedule II of the Companies Act, 2013. 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. Spares parts procured along with the Plant & Machinery or subsequently which are capitalized and added in the carrying amount of such item are depreciated over the residual useful life of the related plant and machinery or their useful life whichever is lower.

Mining rights and expenditure incurred on development of mines are amortized over useful life of mines or lease period, whichever is earlier.

iii) Subsequent costs

Subsequent expenditure including cost of major overhaul and inspection is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of any component recognized as a separated component is derecognized when replaced. All other repairs and maintenance are recognized in profit or loss as incurred.

iv) Spare parts

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized and depreciated on straight line method on prorata basis at the rates specified therein. Other spare parts are carried as inventory and recognized in the income statement on consumption.

1.5.4 Investment properties

Property that is held for capital appreciation or for earning rentals or both or whose future use is undetermined is classified as investment property. Items of investment properties are measured at cost less accumulated depreciation / amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. Investment properties are depreciated on straight line method on prorata basis at the rates specified therein. Subsequent expenditure including cost of major overhaul and inspection is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

1.5.5 Intangible assets

Intangible assets comprising of computer software, mining rights are stated at cost of acquisition/ implementation/ development less accumulated amortization.

Amortization

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

Notes to financial statements for the year ended 31st March, 2020

1.5.6 Capital work in progress

Capital work in progress is stated at cost.

Expenditure in relation to survey and investigation of the projects is carried as Capital Work in Progress. Such expenditure is either capitalized as cost of project on completion of the construction of the project or the same is expensed in the year in which it is decided to abandon such project.

1.5.7 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

A lease is classified on the inception date as a finance or an operating lease. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or if lower the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases under which substantially all the risks and rewards of ownership are not transferred to the Company are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

As a lessor

Lease payments under operating leases are recognized as an income on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation. The respective leased assets are included in the balance sheet based on their nature.

1.5.8 Inventory

- i) Stores and Spares are carried at cost (net of GST credits availed) on moving average basis and net realizable value whichever is lower.
- ii) Raw Materials are carried at cost (GST 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 labor cost and a proportion of manufacturing overheads. Cost of finished goods includes excise duty based on prevailing rate.
- iv) By products are valued at net realizable value. 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.

1.5.9 A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity.

Financial asset

i) Initial measurement

All financial assets are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Regular way purchase and sale of financial assets are recognized on trade date. Financial assets of the Company include investments in equity shares of subsidiaries, associates, joint ventures and other companies, trade and other receivables, loans and advances to employees and other parties, deposits etc.

Notes to financial statements for the year ended 31st March, 2020

ii) Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets of the Company are classified in the following categories:

- 1) financial assets measured at amortized cost
- 2) financial assets measured at fair value through other comprehensive income and
- 3) financial assets measured at fair value through profit and loss

The classification of financial assets depends on the objective of the business model. Management determines the classification of its financial assets at initial recognition.

Financial instruments measured at amortized cost

A financial instrument is measured at amortized cost if both of the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables, bank deposits, security deposits, cash and cash equivalents, employee and other advances.

Financial instruments measured at fair value through other comprehensive income

A financial instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets
- (b) the asset's contractual cash flow represent SPPI

Financial instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain loss in statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from equity to profit and loss. Interest earned is recognized under the expected interest rate (EIR) model.

Financial instruments measured at fair value through profit and loss

Fair value through profit and loss is the residual category. Any financial instrument which does not meet the criteria for categorization as at amortized cost or fair value through other comprehensive income is classified at FVTPL.

Financial instruments included within FVTPL category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recorded in statement of profit and loss.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. Such election is made on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

Notes to financial statements for the year ended 31st March, 2020

- The rights to receive cash flows from the asset have been transferred, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liability

i) Initial measurement

All financial liabilities are recognized initially at fair value net of directly attributable transaction costs. The Company's financial liabilities include loans and borrowings, trade and other payables etc.

ii) Classification and subsequent measurement

For the purpose of subsequent measurement, financial liabilities of the Company are classified in the following categories:

- 1) financial liabilities measured at amortized cost
- 2) financial liabilities measured at fair value through profit and loss

Financial liabilities at amortized cost

Financial liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

Offsetting of financial instrument

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.5.10 Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Investments in subsidiaries, associates and joint ventures are measured at cost in accordance with Ind AS 27. Investments in mutual funds are measured at fair value through profit and loss (FVTPL). The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Trading instruments are recognized at FVTPL

1.5.11 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment using expected credit loss method.

1.5.12 Loans and borrowings

Loans and borrowings are initially recognized at fair value net of transaction costs incurred. Subsequently, these are measured at amortized cost using the effective interest rate ('EIR') method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

1.5.13 Trade and other payables

These amount represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the EIR model.

1.5.14 Derivatives

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Notes to financial statements for the year ended 31st March, 2020

1.5.15 Impairment

a) Financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

- a) Financial assets measured at amortized cost e.g. loans, deposits and trade receivables.
- b) Financial assets measured at FVTOCI e.g. investments.

Expected credit losses are measured through a loss allowance at an amount equal to:

- (i) The 12 months expected credit loss (expected credit losses that result from those defaults events on the financial instruments that are possible within 12 months after the reporting date) ;or
- (ii) Full time expected credit loss (expected credit loss that results from all possible defaults events over the life time of the financial instruments)

Loss allowance for trade receivable are always measured at an amount equal to life time expected credit losses. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss.

As a practical expedient, the Company uses a provision matrix to determine the impairment loss on its trade receivables. The provision matrix is based on historically observed default rates and is adjusted for forward looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward looking estimates are analyzed.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognized in profit or loss. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

1.5.16 Taxes

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Notes to financial statements for the year ended 31st March, 2020

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Minimum Alternate 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. The Company reviews the carrying amount of the MAT credit entitlement 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 the company will pay normal income tax during the specified period.

1.5.17 Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company.

Contribution to Provident fund and Contributory pension fund are accounted for on accrual basis. Provident fund contributions are made to a fund administered through statutory fund.

Actuarial gains or losses on gratuity and leave encashment are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

1.5.18 Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

1.5.19 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks are considered part of the Company's cash management system.

1.5.20 Foreign currency transactions

The Company's financial statements are presented in INR which is also the functional currency of the Company.

Notes to financial statements for the year ended 31st March, 2020

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.5.21 Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalized as part of cost of such asset until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition of the qualifying asset.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. All other borrowing costs are recognized as an expense in the year in which they are incurred.

1.5.22 Share Based Payments

The fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over period in which the options are vested. The increase in equity recognized in connection with a share based payment transaction is presented as a separate component of equity. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest.

1.5.23 Advance Stripping Cost

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 tons 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.

1.5.24 Mine Restoration Expense

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mining property and the Company is liable for environmental damage caused by mining activities.

These future costs generally include restoration and remediation of land and disturbed areas, mine closure costs, including the dismantling and demolition of infrastructure and the removal of residual materials, and mining damages costs.

Decommissioning of mine sites and land and disturbed areas restoration costs are a normal consequence of mining. The majority of mine closure and rehabilitation expenditure is incurred at the end of the life of the mine. Although the ultimate cost to be incurred is uncertain, the Company's businesses estimate their respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Restoration costs and clean-up of land used for mining activities are liabilities to restore the land to the condition it was in prior to the mining activities or as stated in the relevant licenses. These costs are incurred

Notes to financial statements for the year ended 31st March, 2020

during the mining activity and can continue for many years depending on the nature of the disturbance and the remediation techniques. The mine closure costs include estimated costs of mine levels and pits closure, and capping of pits after removal of the surface construction.

Provisions for land restoration and mine closure costs are recognized for estimated outflow of economic resources to settle the obligation. Provisions are structured as land restoration and mine closure costs provision. The total estimate of restoration expenses is apportioned over the life of the mine.

1.5.25 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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

1.5.26 Segment Reporting

i) 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.

ii) 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.

iii) Inter-Segment Transfers

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

iv) Unallocated Items

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer note 33 for details on segment information presented.

1.5.27 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 unavoidable 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.

1.5.28 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 expense associated with investing or financing cash flow. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes to financial statements for the year ended 31st March, 2020

2 PROPERTY, PLANT & EQUIPMENT

(₹ in Crore)

| | Gross Block | | | | Depreciation | | | | Net Block | |
|-----------------------------------|---------------------|--------------------------------|------------------------------------|---------------------|---------------------|------------------------------|--------------------------|---------------------|---------------------|---------------------|
| | As on 01.04.2019 | Addition during the year | Transfer / Sale / Adjustment | As on 31.03.2020 | Up to 01.04.2019 | Depreciation for the year | Transfer / Adjustment | As on 31.03.2020 | As on 31.03.2020 | As on 31.03.2019 |
| Freehold Land | 8.96 | - | - | 8.96 | - | - | - | - | 8.96 | 8.96 |
| Leasehold Land | 8.52 | - | - | 8.52 | 0.38 | 0.09 | - | 0.47 | 8.05 | 8.14 |
| Building | 141.14 | 3.40 | - | 144.54 | 31.10 | 7.87 | - | 38.97 | 105.57 | 110.04 |
| Plant & Machinery | 538.59 | 19.58 | 0.55 | 557.62 | 149.81 | 40.38 | 0.25 | 189.94 | 367.68 | 388.78 |
| Furniture, Fixture & Equipment | 5.50 | 1.07 | 0.13 | 6.44 | 3.37 | 0.80 | 0.08 | 4.09 | 2.35 | 2.13 |
| Vehicles | 9.60 | 0.77 | 0.55 | 9.82 | 4.41 | 1.62 | 0.33 | 5.70 | 4.12 | 5.20 |
| Total | 712.31 | 24.82 | 1.23 | 735.90 | 189.07 | 50.76 | 0.66 | 239.17 | 496.73 | 523.25 |

INVESTMENT PROPERTY

| | | | | | | | | | | |
|------------------|--------------|----------|----------|--------------|-------------|-------------|----------|-------------|--------------|--------------|
| Freehold Land-IP | 32.06 | - | - | 32.06 | - | - | - | - | 32.06 | 32.06 |
| Admin Bidg- IP | 12.40 | - | - | 12.40 | 0.82 | 0.21 | - | 1.04 | 11.37 | 11.57 |
| Total | 44.46 | - | - | 44.46 | 0.82 | 0.21 | - | 1.04 | 43.42 | 43.63 |

OTHER INTANGIBLE ASSETS

| | | | | | | | | | | |
|-------------------------------|-------------|----------|----------|-------------|-------------|-------------|----------|-------------|-------------|-------------|
| Software | 1.88 | - | - | 1.88 | 1.10 | 0.18 | - | 1.28 | 0.60 | 0.78 |
| Minig Rights & Development | 3.08 | - | - | 3.08 | 0.74 | 0.19 | - | 0.93 | 2.15 | 2.34 |
| Total | 4.96 | - | - | 4.96 | 1.84 | 0.37 | - | 2.21 | 2.75 | 3.12 |

2 PROPERTY, PLANT & EQUIPMENT

| | Gross Block | | | | Depreciation | | | | Net Block | |
|-----------------------------------|---------------------|--------------------------------|------------------------------------|---------------------|---------------------|------------------------------|--------------------------|---------------------|---------------------|---------------------|
| | As on 01.04.2018 | Addition during the year | Transfer / Sale / Adjustment | As on 31.03.2019 | Up to 01.04.2018 | Depreciation for the year | Transfer / Adjustment | As on 31.03.2019 | As on 31.03.2019 | As on 31.03.2018 |
| Freehold Land | 8.46 | 0.75 | 0.25 | 8.96 | - | - | - | - | 8.96 | 8.46 |
| Leasehold Land | 8.52 | - | - | 8.52 | 0.28 | 0.09 | (0.01) | 0.38 | 8.14 | 8.24 |
| Building | 135.97 | 7.89 | 2.72 | 141.14 | 23.63 | 7.56 | 0.09 | 31.10 | 110.04 | 112.34 |
| Plant & Machinery | 507.50 | 37.24 | 6.15 | 538.59 | 112.62 | 38.78 | 1.59 | 149.81 | 388.78 | 394.88 |
| Furniture, Fixture & Equipment | 4.53 | 0.99 | 0.02 | 5.50 | 2.43 | 0.95 | 0.01 | 3.37 | 2.13 | 2.10 |
| Vehicles | 8.64 | 2.02 | 1.05 | 9.61 | 3.23 | 1.93 | 0.75 | 4.41 | 5.20 | 5.41 |
| Total | 673.62 | 48.89 | 10.19 | 712.32 | 142.19 | 49.31 | 2.43 | 189.07 | 523.25 | 531.43 |

INVESTMENT PROPERTY

| | | | | | | | | | | |
|------------------|--------------|-------------|---------------|--------------|-------------|-------------|---------------|-------------|--------------|--------------|
| Freehold Land-IP | 31.14 | 0.66 | (0.25) | 32.06 | - | - | - | - | 32.06 | 31.14 |
| Admin Bidg- IP | 9.72 | - | (2.69) | 12.40 | 0.53 | 0.21 | (0.08) | 0.82 | 11.57 | 9.19 |
| Total | 40.86 | 0.66 | (2.94) | 44.46 | 0.53 | 0.21 | (0.08) | 0.82 | 43.63 | 40.33 |

OTHER INTANGIBLE ASSETS

| | | | | | | | | | | |
|-------------------------------|-------------|-------------|----------|-------------|-------------|-------------|----------|-------------|-------------|-------------|
| Software | 1.87 | 0.01 | - | 1.88 | 0.85 | 0.25 | - | 1.10 | 0.78 | 1.02 |
| Minig Rights & Development | 3.08 | - | - | 3.08 | 0.56 | 0.19 | - | 0.74 | 2.34 | 2.53 |
| Total | 4.95 | 0.01 | - | 4.96 | 1.41 | 0.44 | - | 1.84 | 3.12 | 3.55 |

Notes to financial statements for the year ended 31st March, 2020

3 NON CURRENT ASSETS - FINANCIAL ASSET - INVESTMENTS

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| A. Investments in Equity Instruments | | |
| Subsidiary Companies - Unquoted (at cost) | | |
| (a) 10,00,000 (P.Y. 10,00,000) Equity Shares of Sarda Energy & Minerals HongKong Limited of HK\$ 1.00 each | 0.56 | 0.56 |
| (b) 30,85,100 (P.Y. 10,85,100) Equity Shares of Sarda Global Venture Pte Limited of US\$ 1.00 each | 20.75 | 6.61 |
| (c) 7,16,307 (P.Y. 7,16,307) Equity Shares of Sarda Energy Limited of ₹ 10/- each | 74.60 | 74.60 |
| (d) 2,10,16,000 (P.Y. 2,10,16,000) Equity Shares of Sarda Metals & Alloys Limited of ₹ 10/- each | 212.16 | 211.41 |
| (e) 16,19,61,080 (P.Y. 12,36,64,040) Equity Shares of Madhya Bharat Power Corporation Limited of ₹ 10/- each | 399.83 | 304.09 |
| (f) 7,83,182 (P.Y. 7,83,182) Equity Shares of Parvatiya Power Private Limited of ₹ 10/- each | 7.84 | 7.84 |
| (g) 7,155 (P.Y. 7,155) Equity Shares of Natural Resources Energy Private Limited of ₹ 10/- each | 0.01 | 0.01 |
| (h) 1,000 (P.Y. 200) Equity Shares of Sarda Gobal Trading DMCC of AED 1,000 each | 1.88 | 0.36 |
| In Joint Ventures (at cost) | | |
| (a) 1,30,800 (P.Y. 1,30,800) Equity Shares of Raipur Infrastructure Company Private Limited of ₹ 10/- each | 2.11 | 2.11 |
| (b) 1,30,742 (P.Y. 1,30,742) Equity Shares of Madanpur South Coal Company Limited of ₹ 10/- each | 1.83 | 1.83 |
| B. Investments in LLP (at cost) | | |
| (a) Shri Ram Electrierty LLP | 3.53 | 3.53 |
| (b) Chattisgarh Hydro Power LLP | 79.80 | 53.53 |
| (c) Sarda Hydro Power LLP | 0.30 | 0.30 |
| C. In Other companies-Carried at FVTOCI | | |
| 4,85,000 (P.Y. 4,85,000) Equity Shares of Chhattisgarh Ispat Bhumi Limited | 1.45 | 1.41 |
| D. Investments in Mutual Funds - Carried at FVTPL | | |
| 1,49,980 units (P.Y. 1,49,990 units) of KBC Mutual Fund | 0.11 | 0.16 |
| | 806.76 | 668.35 |
| Aggregate amount of quoted investment and market value thereof- | | |
| Aggregate book value of quoted investments | 0.11 | 0.16 |
| Aggregate market value of quoted investments | 0.11 | 0.16 |
| Aggregate value of unquoted investments | 806.65 | 668.18 |
| Investment carried at cost | 805.20 | 666.77 |
| Investment carried at fair value through OCI | 1.45 | 1.41 |
| Investment carried at fair value through Profit & Loss | 0.11 | 0.16 |

(i) The Company, in its capacity as promoter, has pledged 14,54,70,000 shares of Madhya Bharat Power Corporation Limited and 1,07,18,160 shares of Sarda Metals & Alloys Limited as security for loans availed by the entities.

Notes to financial statements for the year ended 31st March, 2020

4 NON CURRENT ASSETS - FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|----------------------------|---------------------------|---------------------------|
| Security Deposits | | |
| Unsecured, considered good | 2.03 | 18.85 |
| | 2.03 | 18.85 |

5 OTHER NON CURRENT ASSETS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| (a) Capital Advances | | |
| Unsecured, considered good | 12.76 | 6.95 |
| (b) Advances other than capital advances | | |
| Unsecured, considered good | | |
| (i) Security Deposits | | |
| Unsecured, considered good | 0.69 | 0.70 |
| (ii) Other loans and advances | | |
| Advance income tax | 0.81 | 4.53 |
| Prepaid expenses | 0.13 | 0.24 |
| Balances with Revenue Authorities | 3.42 | 3.34 |
| | 17.81 | 15.76 |

6 INVENTORIES (valued at lower of cost and net realisable value)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|------------------------------------|---------------------------|---------------------------|
| (a) Raw Material | 206.41 | 140.57 |
| (b) Finished / semi finished goods | 133.93 | 133.77 |
| (c) Stock-in-Trade | 0.02 | 0.04 |
| (d) Stores and spares | 29.32 | 26.06 |
| | 369.68 | 300.44 |

7 CURRENT ASSETS - FINANCIAL ASSETS - INVESTMENTS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Investments in Equity Instruments-Carried at FVTPL | | |
| In Other Companies | | |
| 32,813 (P.Y. 32,813) Equity Shares of Abhishek Mills Limited | 0.00 | 0.00 |
| 15,00,000 (P.Y. 15,00,000) Equity Shares of Canfin Homes Limited | 41.86 | 52.32 |
| 3,688 (P.Y. 3,688) Equity Shares of Indian Metals & Ferro Alloys Limited | 0.04 | 0.10 |
| | 41.90 | 52.42 |
| Aggregate amount of quoted investments and market value thereof | 41.90 | 52.42 |

Notes to financial statements for the year ended 31st March, 2020

8 CURRENT ASSETS - FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Trade receivables considered good - Secured | - | - |
| Trade receivables considered good - Unsecured | 62.20 | 39.03 |
| Trade receivables which have significant increase in Credit Risk | 2.95 | 2.56 |
| Trade receivable - credit impaired | 0.06 | 0.15 |
| Less: Provision for trade receivables considered good which have significant credit risk and credit impaired | (3.01) | (2.71) |
| | 62.20 | 39.03 |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

9 CURRENT ASSETS - FINANCIAL ASSETS - BANK, CASH & CASH EQUIVALENTS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| Balances with banks | | |
| In current accounts | 1.02 | 0.95 |
| FDR with Bank (Bank Deposits with original maturity up to 3 months) | 1.90 | - |
| Cash on hand | 0.32 | 0.23 |
| | 3.24 | 1.18 |

For the purpose of cash flow statement, cash and cash equivalents comprise of:

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| Balances with banks | | |
| - In current accounts | 1.02 | 0.95 |
| - Bank Deposits with original maturity of upto 3 months | 1.90 | - |
| Cash on hand | 0.32 | 0.23 |
| | 3.24 | 1.18 |

10 CURRENT ASSETS - FINANCIAL ASSETS - OTHER BANK BALANCES

| | As at 31st March, 2020 | As at 31st March, 2019 |
|-----------------|---------------------------|---------------------------|
| Unpaid dividend | 0.71 | 1.50 |
| | 0.71 | 1.50 |

11 CURRENT ASSETS - FINANCIAL ASSETS - LOANS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| (a) Loans and advances to related parties | | |
| Unsecured, considered good | 344.99 | 263.92 |
| (b) Other loans | | |
| Unsecured, considered good | | |
| (i) Earnest money deposit | 1.29 | 1.96 |
| (ii) Loans to employees | 0.14 | 0.10 |
| (iii) Loans and advances to other parties | 61.96 | 57.05 |
| (iv) Claims & recoverables | 0.59 | 3.41 |
| | 408.97 | 326.44 |

Notes to financial statements for the year ended 31st March, 2020

12 OTHER CURRENT ASSETS

(₹ in Crore)

| | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|---------------------------|--------------|---------------------------|--------------|
| Advances other than capital advances | | | | |
| (a) Other Advances | | | | |
| (i) Employee Advance | | 0.04 | | 0.04 |
| (ii) Advances to vendors | | 83.20 | | 53.41 |
| (b) Other Advances | | | | |
| (i) Advance royalty paid | | 0.39 | | 3.41 |
| (ii) Prepaid expenses | | 1.22 | | 0.61 |
| (iii) Balances with tax authorities | | 5.25 | | 1.73 |
| (iv) Others | | 0.01 | | 0.01 |
| | | 90.11 | | 59.21 |

13 EQUITY SHARE CAPITAL

| | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|---------------------------|--------------|---------------------------|--------------|
| | No. | ₹ in crore | No. | ₹ in crore |
| A Authorized | | | | |
| Equity Shares of ₹ 10/- each | 5,00,00,000 | 50.00 | 5,00,00,000 | 50.00 |
| Issued, Subscribed and fully paid up | | | | |
| Equity Shares of ₹ 10/- each | 3,60,49,235 | 36.05 | 3,60,49,235 | 36.05 |
| | 3,60,49,235 | 36.05 | 3,60,49,235 | 36.05 |

B Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period are as given below:

| | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|---------------------------|--------------|---------------------------|--------------|
| | No. | ₹ in crore | No. | ₹ in crore |
| Number of shares outstanding at the beginning of the period | 3,60,49,235 | 36.05 | 3,60,49,235 | 36.05 |
| Add: During the Period | - | - | - | - |
| Number of shares outstanding at the end of the period | 3,60,49,235 | 36.05 | 3,60,49,235 | 36.05 |

C Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the sales proceeds of the remaining assets of the Company after distribution of all the preferential amounts. The distribution shall be in proportion to the number of equity shares held by the shareholders.

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

| Name of the shareholder | As at 31st March, 2020 | | As at 31st March, 2019 | |
|--|---------------------------|--------|---------------------------|--------|
| | Number of shares | % | Number of shares | % |
| Chhatisgarh Investments Limited | 1,38,78,760 | 38.50% | 1,38,78,760 | 38.50% |
| Sarda Agriculture & Properties Private Limited | 26,35,150 | 7.31% | 26,35,150 | 7.31% |

Notes to financial statements for the year ended 31st March, 2020

- E In the period of five years immediately preceding 31st March, 2020, the Company has neither issued bonus shares, bought back any equity shares nor has allotted any equity shares as fully paid up without payment being received in cash except 96,882 options given to employees under ESOP for subscription of shares @ ₹ 125/ per share.
- F There are no shares reserved for issue under options and there are no contracts or commitments for the sale of shares or disinvestment.

14 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

(₹ in Crore)

| | Non-Current portion | | Current Maturities | |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | As at 31st March 2020 | As at 31st March 2019 | As at 31st March 2020 | As at 31st March 2019 |
| | ₹ | ₹ | ₹ | ₹ |
| Term loans (Secured) | | | | |
| from banks | | | | |
| Indian Rupee Loan | 259.07 | 97.95 | 25.42 | 21.68 |
| | 259.07 | 97.95 | 25.42 | 21.68 |

1) Nature of security :

- Term Loans from Bank 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, Raipur and Urkura, Raipur.
- Besides this, the Term Loan from Banks are also secured by unconditional and irrevocable personal guarantees of Mr. K. K. Sarda, Mr. Manish Sarda & Mr. Pankaj Sarda.

2) Repayment terms :

- Rupee term loan of ₹ 147.97 crore (Present Outstanding ₹ 73.96 crore) from Banks is payable in 32 equal quarterly installments starting from June 2016.
- Rupee term loan -II of ₹ 36.91 crore (Present Outstanding ₹ 24.51 crore) from Union Bank of India is payable in 28 equal quarterly installments starting from Dec. 2018.
- Rupee term loan of ₹ 91.35 crore (Present Outstanding ₹ 91.35 crore) from HDFC Bank is payable in 20 quarterly installments starting from June 2021.
- Rupee term loan of ₹ 50 crore (Present Outstanding ₹ 49.38 crore) from IDFC First Bank Ltd is payable in 20 quarterly installments starting from March 2020.
- Rupee term loan of ₹ 50 crore (Present Outstanding ₹ 48 crore) from Axis Bank Ltd. is payable in 16 equal quarterly installments starting from March 2022.

15 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

| | As at 31st March, 2020 | As at 31st March, 2019 |
|----------------------------------|------------------------|------------------------|
| Security Deposit Received | | |
| Deposits from Vendors | 2.11 | 2.35 |
| Other payables | 0.05 | 0.18 |
| | 2.16 | 2.53 |

Notes to financial statements for the year ended 31st March, 2020

16 PROVISIONS

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---------------------------------|---------------------------|---------------------------|
| Provision for employee benefits | | |
| Provision for Leave encashment | 2.50 | 2.72 |
| | 2.50 | 2.72 |

17 DEFERRED TAX LIABILITIES (NET)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| Deferred Tax Liabilities | | |
| Deferred tax liability / (assets) at the beginning of the year | 62.14 | 50.90 |
| Deferred tax liability / (assets) during the year on account of timing difference | (19.60) | 11.24 |
| DEFERRED TAX LIABILITIES / ASSETS at the end of the year | 42.54 | 62.14 |

18 CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Secured | | |
| <u>From Banks (Secured)</u> | | |
| Working capital loans (repayable on demand) | 90.79 | 122.27 |
| Working capital Buyers Credit loans | 15.46 | 0.00 |
| | 106.25 | 122.27 |
| <u>From Banks and Financial Institutions (Unsecured)</u> | | |
| From banks | - | 20.00 |
| From Others | - | 33.00 |
| | - | 53.00 |
| | 106.25 | 175.27 |

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 and land located at Urkura, Raipur. These facilities are also secured by irrevocable personal guarantees of Mr. K.K.Sarda, Mr. Pankaj Sarda and Mr. Manish Sarda.

19 CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

| | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| (a) Current maturities of long term debt | 25.42 | 21.68 |
| (b) Interest accrued but not due on borrowings | 0.20 | 0.33 |
| (c) Deposits from customers | 0.04 | 0.04 |
| (d) Expenses payable | 3.85 | 3.85 |
| (e) Salary & reimbursements | 11.84 | 13.42 |
| (f) Bill discounting | 40.88 | 7.04 |
| (g) INR payable to bank in forex account | 0.14 | - |
| (h) Unpaid Dividends | 0.71 | 1.50 |
| | 83.08 | 47.86 |

Notes to financial statements for the year ended 31st March, 2020

20 OTHER CURRENT LIABILITIES

(₹ in Crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|-----------------------------|---------------------------|---------------------------|
| (a) Others - | | |
| Indirect taxes payable | 6.45 | 11.10 |
| (b) Deposit from Employees | 1.65 | 1.25 |
| (c) Advances from customers | 1.80 | 5.41 |
| (d) TDS payables | 0.78 | 1.14 |
| | 10.68 | 18.90 |

21 PROVISIONS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|------------------------------------|---------------------------|---------------------------|
| Provision for employee benefits | | |
| (a) Provision for gratuity | 1.25 | 2.27 |
| (b) Provision for Leave encashment | 0.25 | 0.24 |
| Provision for expenses | 5.07 | 4.75 |
| | 6.57 | 7.26 |

22 REVENUE FROM OPERATIONS

| | 2019-20 | 2018-19 |
|--------------------------------|-----------------|-----------------|
| Sale of products | | |
| Sponge Iron | 266.98 | 284.76 |
| Ferro Alloys | 362.66 | 442.12 |
| Steel Billets | 85.76 | 110.53 |
| Wire Rod / HB Wire | 462.33 | 453.14 |
| Pellet | 200.98 | 287.88 |
| Power | 2.41 | 2.96 |
| Others | 37.47 | 68.84 |
| Other operating revenues | 5.32 | 3.16 |
| Revenue from Operations | 1,423.91 | 1,653.39 |

23 OTHER INCOME

| | 2019-20 | 2018-19 |
|---|--------------|--------------|
| Interest Income | 39.48 | 28.28 |
| Dividend Income | | |
| From Subsidiaries | 17.74 | 18.13 |
| From Others | 0.30 | 0.31 |
| Net gain on sale of investments | 0.27 | 0.01 |
| Corporate guarantee commission | 0.67 | 0.46 |
| Fair value gain on Financial Instruments at FVTPL | (10.57) | (20.42) |
| Share of Profit in Partnership Firm | 12.57 | 6.00 |
| Other non-operating income (net of expenses directly attributable to such income) | 0.28 | (0.84) |
| | 60.74 | 31.93 |

Notes to financial statements for the year ended 31st March, 2020

24 COST OF RAW MATERIAL CONSUMED

(₹ in Crore)

| | 2019-20 | 2018-19 |
|----------------|---------------|---------------|
| Iron Ore | 276.93 | 296.43 |
| Mn Ore | 148.14 | 206.71 |
| Coal | 387.06 | 402.59 |
| Scrap | 75.96 | 68.53 |
| Other Material | 15.33 | 18.31 |
| | 903.42 | 992.57 |

25 CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS AND STOCK-IN-TRADE

| | 2019-20 | 2018-19 |
|---|---------------|---------------|
| Inventories at the end of the year | | |
| Finished Goods / Semi-finished goods | 133.93 | 133.77 |
| Trading Goods | 0.02 | 0.04 |
| | 133.95 | 133.81 |
| Inventories at the beginning of the year | | |
| Finished Goods / Semi-finished goods | 133.77 | 113.15 |
| Trading Goods | 0.04 | 7.19 |
| | 133.81 | 120.34 |
| Increase/(Decrease) in Inventories | 0.14 | 13.47 |

26 EMPLOYEE BENEFIT EXPENSE

| | 2019-20 | 2018-19 |
|--|--------------|--------------|
| Salaries, incentives & Managerial Remuneration | 61.10 | 62.67 |
| Contributions to - | | |
| Provident fund | 3.63 | 3.27 |
| Superannuation scheme | 0.18 | 0.18 |
| Gratuity fund | 1.27 | 1.31 |
| Staff welfare expenses | 1.79 | 1.27 |
| | 67.97 | 68.70 |

Notes to financial statements for the year ended 31st March, 2020

27 EMPLOYEE BENEFITS

(₹ in Crore)

a) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

| | Gratuity | | Leave Encashment | |
|--|------------------|------------------|------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
| Actuarial study analysis | | | | |
| Principal actuarial assumptions | | | | |
| Discount rate | 7.00% | 7.70% | 7.00% | 7.70% |
| Range of compensation increase | 8.00% | 9.50% | 8.00% | 9.50% |
| Attrition rate: | | | | |
| Age 21 – 44 | 5.00% | 5.00% | 5.00% | 5.00% |
| Age 45 – 59 | 5.00% | 5.00% | 5.00% | 5.00% |
| Expected rate of return on plan assets | 7.00% | 7.70% | N/A | N/A |
| Plan duration | 58.00 | 58.00 | 58.00 | 58.00 |
| Components of statement of income statement charge | | | | |
| Current service cost | 1.11 | 1.16 | 0.20 | 0.25 |
| Interest cost | 0.14 | 0.12 | 0.23 | 0.20 |
| Recognition of past service cost | – | – | – | – |
| Settlement/curtailment/termination loss | – | – | – | – |
| Total charged to statement of profit or loss | 1.25 | 1.28 | 0.43 | 0.45 |
| Movements in net liability/(asset) | | | | |
| Net liability at the beginning of the year | 2.27 | 1.76 | 2.96 | 2.55 |
| Employer contributions | (1.17) | (1.30) | (0.10) | (0.02) |
| Total expense recognized in the consolidated statement of profit or loss | 1.25 | 1.28 | 0.43 | 0.45 |
| Total amount recognized in OCI | (1.10) | 0.53 | (0.54) | (0.02) |
| Net liability at the end of the year | 1.25 | 2.27 | 2.75 | 2.96 |
| Reconciliation of benefit obligations | | | | |
| Obligation at start of the year | 13.23 | 11.05 | 2.96 | 2.55 |
| Current service cost | 1.11 | 1.16 | 0.20 | 0.25 |
| Interest cost | 0.91 | 0.84 | 0.23 | 0.20 |
| Benefits paid directly by the Company | (0.60) | (0.33) | (0.10) | (0.02) |
| Extra payments or expenses/(income) | – | – | – | – |
| Obligation of past service cost | (1.10) | 0.51 | (0.54) | (0.02) |
| Actuarial loss | | | | |
| Defined benefits obligations at the end of the year | 13.55 | 13.23 | 2.75 | 2.96 |
| Re-measurements of defined benefit plans | | | | |
| Actuarial gain/(loss) due to changes in financial assumptions | (1.04) | 0.08 | (0.23) | 0.01 |
| Actuarial gain/(loss) on account of experience adjustments | (0.06) | 0.44 | (0.30) | (0.03) |
| Total actuarial gain/(loss) recognized in OCI | (1.10) | 0.52 | (0.53) | (0.02) |
| Change in fair value of plan assets | | | | |
| Fair value of plan assets at the beginning of the year | 10.96 | 9.29 | – | – |
| Interest on plan assets | 0.77 | 0.71 | – | – |
| Contributions made | 1.17 | 1.30 | 0.10 | 0.02 |
| Benefits paid | (0.60) | (0.34) | (0.10) | (0.02) |
| Actuarial (loss)/gain on plan assets | 0.01 | – | – | – |
| Fair value of plan assets at the end of the year | 12.31 | 10.96 | – | – |

Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

b) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
|------------------------|---------------------|---------------------|---------------------|---------------------|
| Discount rate | | | | |
| + 1% discount rate | 12.44 | 12.08 | 2.51 | 2.68 |
| - 1% discount rate | 14.84 | 14.46 | 3.04 | 3.28 |
| Salary increase | | | | |
| + 1% salary growth | 14.85 | 14.55 | 3.04 | 3.28 |
| - 1% salary growth | 12.41 | 12.08 | 2.50 | 2.67 |

c) Experience adjustments

| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
|---|---------------------|---------------------|---------------------|---------------------|
| Defined benefit obligation | 13.55 | 13.23 | 2.75 | 2.96 |
| Fair value of plan assets | 12.31 | 10.96 | – | – |
| (Surplus)/deficit in plan assets | 1.25 | 2.27 | 2.75 | 2.96 |
| Experience adjustment on plan liabilities | (0.06) | 0.44 | (0.30) | (0.03) |
| Actual return on plan assets less interest on plan assets | 0.01 | – | – | – |

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

28 FINANCE COSTS

| | 2019-20 | 2018-19 |
|--|--------------|--------------|
| Interest expense | 31.72 | 30.02 |
| Other borrowing costs | 3.64 | 4.65 |
| Amortization of ancilliary borrowing costs | – | – |
| Exchange difference to the extent considered as an adjustment to borrowing costs | 0.34 | 0.46 |
| | 35.70 | 35.13 |

29 OTHER EXPENSES

| | 2019-20 | 2018-19 |
|------------------------------|---------|---------|
| Stores & Spares Consumption | 52.28 | 48.99 |
| Power | 14.81 | 4.67 |
| Manufacturing Expenses | | |
| Plant process & services | 17.68 | 15.09 |
| Material handling Expenses | 27.38 | 26.63 |
| Other Manufacturing Expenses | 0.14 | 0.14 |
| Repairs & Maintenance | | |
| Building | 2.32 | 3.69 |
| Plant & Machinery | 6.41 | 7.65 |
| Others | 5.18 | 5.78 |
| Rent | 1.13 | 1.14 |
| Rates & Taxes | 13.50 | 13.72 |

Notes to financial statements for the year ended 31st March, 2020

29 OTHER EXPENSES (Contd.)

(₹ in Crore)

| | 2019-20 | 2018-19 |
|----------------------------------|---------------|---------------|
| Insurance Charges | 2.68 | 1.49 |
| Miscellaneous Expenses | | |
| Travelling & Conveyance expenses | 3.71 | 4.05 |
| Legal & Professional Expenses | 6.06 | 5.62 |
| Administrative & Other Expenses | 10.13 | 10.04 |
| Selling Expenses | | |
| Carriage Outward | 12.92 | 15.52 |
| Selling Commission & Brokerage | 4.40 | 4.16 |
| Other Selling Expenses | 0.23 | 0.21 |
| Exchange differences (net) | 14.26 | 14.50 |
| Payment to Auditors | 0.24 | 0.21 |
| | 195.45 | 183.30 |

30 PAYMENTS TO THE AUDITOR

| | 2019-20 | 2018-19 |
|---------------|-------------|-------------|
| As auditor: | | |
| Audit fee | 0.21 | 0.18 |
| Tax audit fee | 0.03 | 0.03 |
| | 0.24 | 0.21 |

31 EARNINGS PER SHARE (EPS)

| | 2019-20 | 2018-19 |
|---|---------|---------|
| Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in Crore) | 182.31 | 214.85 |
| Nominal Value of Equity Shares (₹) | 10 | 10 |
| Weighted average number of Equity Shares used as denominator for calculating basic EPS (in Lakh) | 360.49 | 360.49 |
| Weighted average number of Equity Shares used as denominator for calculating Diluted EPS (in Lakh) | 360.49 | 360.49 |
| Basic (₹) | 50.57 | 59.59 |
| Diluted (₹) | 50.57 | 59.59 |

32 OTHER COMPREHENSIVE INCOME

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| A. (i) Items that will not be reclassified to profit or loss | | |
| Remeasurements of the defined benefit plans | 1.63 | (0.51) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | (0.13) | 0.18 |
| B. (i) Items that will be reclassified to profit or loss | | |
| Fair valuation of unquoted investments | 0.04 | 0.54 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | (0.01) | (0.09) |
| Total Other Comprehensive Income | 1.53 | 0.12 |

Notes to financial statements for the year ended 31st March, 2020

33 SEGMENT REPORTING

(₹ in Crore)

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

| | 2019-20 | | | | 2018-19 | | | |
|---|-----------------|---------------|---------------|-----------------|-----------------|---------------|---------------|-----------------|
| | Steel | Ferro | Power | Total | Steel | Ferro | Power | Total |
| Revenue | | | | | | | | |
| Sales & other income | 1,036.45 | 369.33 | 2.62 | 1,408.40 | 1,149.27 | 489.09 | 3.30 | 1,641.66 |
| Inter segment sales | | 15.38 | 202.44 | 217.82 | | 12.01 | 173.16 | 185.17 |
| Others Unallocated | | | | 15.51 | | | | 11.73 |
| Less: Inter segment sales | | | | 217.82 | | | | 185.17 |
| Total Revenue | 1,036.45 | 384.71 | 205.06 | 1,423.91 | 1,149.27 | 501.10 | 176.46 | 1,653.39 |
| Result | | | | | | | | |
| Segment Result | 240.70 | 22.13 | 0.50 | 263.33 | 349.76 | 52.23 | (4.39) | 397.60 |
| Unallocated Expenses net off unallocated income | | | | 0.45 | | | | (26.66) |
| Operating Profit | | | | 263.78 | | | | 370.94 |
| Interest & Forex Fluctuation Loss (Net) | | | | (49.96) | | | | (49.64) |
| Profit Before Tax & Extraordinary Item | | | | 213.82 | | | | 321.30 |
| <u>Provision for taxation</u> | | | | | | | | |
| For Current Year | | | | 51.25 | | | | 107.80 |
| For Deffered Taxation | | | | (19.74) | | | | (1.35) |
| Profit After Taxation | | | | 182.31 | | | | 214.85 |
| Other Information | | | | | | | | |
| Segment Assets | 784.35 | 189.91 | 134.43 | 1,108.69 | 702.66 | 157.88 | 140.68 | 1,001.22 |
| Unallocated Assets | | | | 1,273.10 | | | | 1,079.43 |
| Total Assets | | | | 2,381.79 | | | | 2,080.65 |
| Segment Liabilities | 176.64 | 76.42 | 34.58 | 287.64 | 145.30 | 17.67 | 48.47 | 211.44 |
| Unallocated Liabilities | | | | 362.68 | | | | 303.56 |
| Total Liabilities | | | | 650.32 | | | | 515.00 |
| Capital Expenditure | 20.08 | 1.61 | 3.49 | 25.18 | 22.62 | 6.26 | 3.91 | 32.79 |
| Depreciation / Amortization | 29.20 | 5.30 | 10.56 | 45.06 | 27.64 | 3.64 | 11.39 | 42.67 |
| Unallocated Depreciation | | | | 6.28 | | | | 7.29 |

Notes to financial statements for the year ended 31st March, 2020

34 RELATED PARTY DISCLOSURE

a) Names of related parties and description of relationship

| S.No. | Relationship | Name of Related Parties |
|-------|--|--|
| 1 | Subsidiaries | Sarda Energy & Minerals Hongkong Limited, Hongkong Sarda Global Ventures Pte Limited, Singapore Sarda Global Trading DMCC, Dubai Sarda Metals & Alloys Limited Sarda Energy Limited Madhya Bharat Power Corporation Limited Parvatiya Power Limited Raipur Fabritech Private Limited* Raipur Industrial Gases Private Limited* Natural Resources Energy Private Limited |
| 2 | Controlled Entities | Chhattisgarh Hydro Power LLP Sarda Hydro Power LLP Shri Ram Electricity LLP |
| 3 | Joint Ventures | Raipur Infrastructure Company Limited Madanpur South Coal Company Limited |
| 4 | Related Enterprises where interest of the Company/ directors exists | Chhattisgarh Investments Limited Geschaft Formulae India Private Limited (Formerly known as Sarda Solution and Technologies Private Limited) Rishabh Mining & Transport Co. Private Limited Sarda Dairy & Food Products Limited Goldenlife Financial Services Private Limited Earth Stahl & Alloys Private Limited Chhattisgarh Metaliks & Alloys Private Limited Prachi Agriculture & Properties Private Limited Lighthouse Info Systems Private Limited Jai Balaji Enterprises |
| 5 | Director / Key Management Personnel (KMP) | Mr. Kamal Kishore Sarda Mrs. Uma Sarda Mr. Pankaj Sarda Mr. Padam Kumar Jain (WTD & CFO) Mr. Prabhakar Ram Tripathi Mr. Gajinder Singh Sahni Mr. Jitender Balakrishnan Mr. C.K. Lakshminarayanan Mr. Asit Kumar Basu Mr. Rakesh Mehra Mr. Manish Sethi (CS) |
| 6 | Relatives of Directors / KMP's | Mrs. Veena Sarda Mr. Satyanarayan Khator Mr. Mahesh Khator Mr. Anant Sarda Ms. Niharika Jain |

* Companies have been struck off.

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and on arm's length basis. For the year ended 31st March, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to financial statements for the year ended 31st March, 2020

b) Material Transactions with Related Parties

(₹ in Crore)

| Particulars | Subsidiaries | Controlled Entities | Joint Ventures | Related Enterprises where interest of the Company /directors exists | Director / KMP | Relatives of Directors / KMP's |
|---|--------------|---------------------|----------------|---|----------------|--------------------------------|
| Loans/Advances Given | 398.15 | 30.77 | - | 263.78 | - | - |
| | (263.23) | (38.83) | - | (248.41) | - | - |
| Loans/Advances Received Back | 292.55 | 36.34 | - | 306.59 | - | - |
| | (217.95) | (38.70) | - | (151.42) | - | - |
| Loans/Advances Received | - | 5.42 | - | 0.18 | - | - |
| | - | - | - | - | - | - |
| Material Transferred/Sold | 16.05 | - | - | 0.85 | - | - |
| | (65.97) | (0.00) | - | (1.84) | - | - |
| Materials Purchased | 23.92 | 0.00 | - | 6.05 | - | - |
| | (24.44) | - | (0.05) | (9.84) | - | - |
| Interest Received | 15.96 | 0.44 | - | 16.16 | - | - |
| | (5.39) | (0.57) | - | (14.69) | - | - |
| Interest Paid | - | - | - | - | - | 0.01 |
| | - | - | - | - | - | (0.01) |
| Commission Paid | - | - | - | 0.04 | - | 0.09 |
| | - | - | - | - | - | (0.14) |
| Dividend Income | 17.74 | - | - | - | - | - |
| | (18.13) | - | - | - | - | - |
| Remuneration | - | - | - | - | 7.08 | 0.12 |
| | - | - | - | - | (7.80) | (0.18) |
| Rent Paid | - | - | - | 1.20 | - | 0.02 |
| | - | - | - | (1.20) | - | - |
| Services Offered | 1.15 | - | 0.04 | - | - | - |
| | (0.55) | - | (0.04) | - | - | - |
| Services Received | - | - | - | 2.03 | - | - |
| | - | - | - | (2.39) | - | - |
| Corporate Guarantee Given / (received back) | 51.64 | - | - | - | - | - |
| | 0.18 | - | - | - | - | - |
| Investments made/Share application money | 112.15 | 26.28 | - | - | - | - |
| | (42.92) | (6.01) | - | - | - | - |
| Investments written off | - | - | - | - | - | - |
| | (0.02) | - | - | - | - | - |

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

Outstanding as at 31.03.2020

| | | | | | | |
|---------------------------------|----------|---------|--------|----------|--------|--------|
| Receivable | 204.01 | - | - | 146.16 | 0.02 | - |
| | (83.93) | (5.17) | - | (175.29) | (0.01) | - |
| Corporate Guarantee Outstanding | 52.07 | - | - | - | - | - |
| | (61.70) | - | - | - | - | - |
| Investments | 717.63 | 83.63 | 3.93 | - | - | - |
| | (605.48) | (57.36) | (3.93) | - | - | - |
| Payables | - | 5.42 | - | 0.82 | 3.60 | 0.20 |
| | - | - | - | (0.02) | (4.64) | (0.23) |

Notes to financial statements for the year ended 31st March, 2020

Out of the above items, transactions and outstanding in excess of 10% of the total related party transactions are as under: (₹ in Crore)

| | 2019-20 | 2018-19 |
|--|---------|---------|
| Loans/Advances given | | |
| Sarda Metals & Alloys Limited | 170.42 | 214.27 |
| Chhatisgarh Investments Limited | 263.74 | 248.41 |
| Madhya Bharat Power Corporation Limited | 158.21 | 47.55 |
| Loans/Advances Received Back | | |
| Sarda Metals & Alloys Limited | 150.78 | 209.95 |
| Chhatisgarh Investments Limited | 306.59 | 151.19 |
| Madhya Bharat Power Corporation Limited | 108.24 | - |
| Loans/Advances Received | | |
| Chhattisgarh Hydro Power LLP | 5.42 | - |
| Materials Transferred/Sold | | |
| Sarda Metals & Alloys Limited | 10.66 | 65.20 |
| Sarda Energy Limited | 5.39 | 0.76 |
| Materials Received/Purchased | | |
| Sarda Metals & Alloys Limited | 23.79 | 23.99 |
| Earth Stahl & Alloys Private Limited | 5.67 | 7.18 |
| Chhatisgarh Investments Limited | - | 0.02 |
| Interest Received | | |
| Sarda Metals & Alloys Limited | 2.65 | 1.96 |
| Chhatisgarh Investments Limited | 16.16 | 14.69 |
| Parvatiya Power Limited | 2.24 | 1.84 |
| Chhattisgarh Hydro Power LLP | 0.44 | 0.57 |
| Madhya Bharat Power Corporation Limited | 8.52 | 1.59 |
| Interest Paid | | |
| Mahesh Khator | 0.01 | 0.01 |
| Commission paid | | |
| Earth Stahl & Alloys Private Limited | 0.04 | - |
| Satyanarayan Khator | 0.09 | 0.14 |
| Remuneration Paid | | |
| Mr. Kamal Kishore Sarda | 4.33 | 5.09 |
| Mr. Pankaj Sarda | 1.77 | 1.71 |
| Dividend Income | | |
| Sarda Energy & Minerals Hongkong Limited | 17.74 | 18.13 |
| Rent Paid | | |
| Chhatisgarh Investments Limited | 0.74 | 0.74 |
| Rishabh Mining & Transport Company Private Limited | 0.46 | 0.46 |
| Services Offered | | |
| Sarda Metals & Alloys Limited | 0.79 | 0.55 |
| Madhya Bharat Power Corporation Limited | 0.36 | - |
| Services Received | | |
| Geschaft Formulae India Private Limited | 2.03 | 2.39 |
| Corporate Guarantee Received back | | |
| Sarda Metals & Alloys Limited | - | 0.18 |

Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

| | 2019-20 | 2018-19 |
|--|---------|---------|
| Investment Made including Share Application | | |
| Madhya Bharat Power Corporation Limited | 95.74 | 42.04 |
| Chhattisgarh Hydro Power LLP | 26.28 | 6.96 |
| Sarda Global Ventures Pte Limited, Singapore | 14.14 | - |
| Investment Written Off | | |
| Raipur Fabritech Private Limited | - | 0.01 |
| Raipur Industrial Gases Private Limited | - | 0.01 |

Outstanding as on

| | 31st March, 2020 | 31st March, 2019 |
|---|------------------|------------------|
| Investments | | |
| Sarda Metals & Alloys Limited | 212.16 | 211.41 |
| Madhya Bharat Power Corporation Limited | 399.83 | 304.09 |
| Sarda Energy Limited | 74.60 | 74.60 |
| Receivables | | |
| Sarda Metals & Alloys Limited | 39.78 | 17.75 |
| Chhattisgarh Investment Limited | 145.89 | 174.86 |
| Madhya Bharat Power Corporation Limited | 106.77 | 48.92 |
| Parvatiya Power Limited | 29.28 | 17.13 |
| Corporate Guarantee | | |
| Sarda Metals & Alloys Limited | 52.07 | 61.70 |
| Payables | | |
| K. K. Sarda (Remuneration) | 2.53 | 3.56 |
| Pankaj Sarda (Remuneration) | 1.03 | 1.04 |
| Chhattisgarh Hydro Power LLP | 5.42 | - |

35 COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account, net of advance given and not provided for as at 31st March, 2020 is ₹ 12.76 Crore (31 March, 2019: ₹5.11 Crore).

36 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

- Gross amount required to be spent by the company during the year is ₹ 4.85 Crore
- Amount spent during the year on:

| Sl. No. | Particulars | In Cash | Yet to be paid | Total |
|---------|---|---------|----------------|-------|
| (i) | Construction / acquisition of any asset | - | - | - |
| (ii) | On purposes other than (i) above | 4.85 | - | 4.85 |

Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

37 DUE TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

The Company has certain dues to suppliers registered under Micro, Small & Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSME Act are as follows:

| | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| (i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year | | |
| - Principal amount due to micro and small enterprise | 1.78 | 1.36 |
| - Interest due on above | – | – |
| (ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period. | | |
| - Payment made beyond the Appointed date | – | – |
| - Interest paid beyond the Appointed date | – | – |
| (iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006 | – | – |
| (iv) The amount of interest accrued and remaining unpaid at the end of each accounting year | – | – |
| (v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises. | – | – |

38 ESTIMATION OF UNCERTAINTIES RELATING TO THE GLOBAL HEALTH PANDEMIC FROM COVID-19 (COVID-19)

Due to outbreak of COVID-19 globally and in India, the Company's management has made initial assessment of impact on business and financial risks on account of COVID-19. Considering that the plant was closed down on account of nation wise lockdown since 25th March, 2020 and as a result of lockdown the volume for the month of March, 2020 have been impacted to some extent. However, in view of higher volume of operations during the rest of the month and year, there was no major impact on financials of the Company for the year ended 31st March, 2020. Subsequently, in view of classification of iron & steel Industry as essential commodity, the Company has resumed operations effective from 16th April, 2020 after obtaining necessary approval from the appropriate Government agencies. The Company is taking full measure to protect the health & safety of the employees. Further the Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables, Inventory and Investments and has concluded that there are no material adjustments required in the financial statements. Barring unforeseen circumstances, the management believes that the impact of the COVID-19 outbreak on the business and financial position of the Company is not likely to be significant at this stage, unless the corona impacted cases further increase in the area of operations of the Company. The management does not see any risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due. The Company continues to make repayment of loan on due dates and has not availed the moratorium in repayment of loans granted by the banks and including interest thereon. The Company is monitoring the situation closely and will take appropriate measures depending on the evolving situation.

39 NEW AND AMENDED STANDARDS

During the year Ind AS 116 made effective from 01.04.2019 and several other amendments apply for the first time for the year ended 31.03.2020, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Notes to financial statements for the year ended 31st March, 2020

40 PROPOSED DIVIDEND

The Board of Directors has recommended Equity dividend of ₹ 5 per share for the financial year 2019-20. The proposed dividend is subject to the approval of the shareholders in the Annual General Meeting.

41 CONTINGENT LIABILITIES

(₹ in Crore)

| | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|--------------------------------|--------------------------------|
| Guarantees given by Company's bankers | 69.93 | 31.73 |
| Guarantees given to DGFT on behalf of wholly owned subsidiary for meeting export obligation | Nil | 0.99 |
| Guarantees given to Assistant Commissioner of Customs on behalf of wholly owned subsidiary | 0.43 | 0.71 |
| Bills discounted with the Company's bankers under Letters of Credit | 40.97 | 7.04 |
| Corporate Guarantee given to HDFC Bank Limited (P.Y. Axis Trustee Services Limited) for disbursement of term loan to Sarda Metals & Alloys Limited (SMAL), wholly owned subsidiary of the Company | 51.64 | 60.00 |
| Claims against the Company not acknowledged as debt & disputed in appeals | 6.42 | 6.42 |
| Excise Duty & Service Tax Demand | 16.45 | 16.45 |
| VAT, CST & Entry Tax | 9.45 | 9.23 |
| Income Tax | 13.13 | Nil |
| Energy Development Cess | 66.69 | 60.79 |
| Relinquishment Charges of 156 MW LTA for Kolam Power Plant | 97.20 | Nil |

i) Guarantee given to Director General of Foreign Trade Nil (P.Y. ₹ 0.99 Crore) and Assistant Commissioner of Customs ₹ 0.43 Crore (P.Y. ₹ 0.71 Crore) on behalf of Sarda Metals & Alloys Limited, wholly owned subsidiary of the Company for fulfillment of Export Obligation against import of capital goods under Export Promotion Capital Goods Scheme.

ii) Excise Duty & Service Tax

- Excise duty demand of ₹ 0.21 Crore (P.Y. ₹ 0.21 Crore) raised on account of Cenvat credit availed, which the Company has disputed in High Court, Jabalpur (MP).
- Excise Duty demand of ₹ 0.08 Crore (P.Y. ₹ 0.08 Crore) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- Service Tax demand of ₹ 16.17 Crore (P.Y. ₹ 16.17 Crore) raised on account of Service Tax on amount received in an international arbitration case settled out of court, which the Company has disputed and has filed appeal before Central Excise & Service Tax Appellate Tribunal (CESTAT).

iii) Value Added Tax/Central Sales Tax/Entry Tax

Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 9.45 Crore (P.Y. ₹ 9.22 Crore) are pending in appeal against assessment of various years.

- Energy Development Cess of ₹ 66.69 Crore (P.Y. Rs. 60.79 Crore) net of amount deposited ₹ 2.94 Crore (P.Y. ₹ 2.94 Crore) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to February 2019. 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.
- Disputed in appeals includes a claim against SEML for ₹ 0.45 Crore Against this, SEML has filed a counter claim of ₹ 4.53 Crore.
- Bank Guarantee of ₹ 5.00 Crore (P.Y. ₹ 5.00 Crore) given as security deposit against contract for disposal of old power project awarded to the Company was invoked by Ms/. West Bengal Power Development Corporation Limited. The Company has challenged the wrongful invocation in the High court of Kolkata. WBPDCCL has on the

Notes to financial statements for the year ended 31st March, 2020

orders of the Hon'ble High Court deposited the amount of bank guarantee with the Court. The Company has been legally advised that it has a strong case in its favour, hence no liability provided.

- vii) ₹ 2.68 Crore (P.Y. ₹ Nil) for the Assessment Year 2017-18 on account of partial disallowance of deduction claimed under Section 80IA and other disallowances made by Assessing Office as per order passed under Section 143(3) of the Income Tax Act, 1961. For Assessment year 2017-18 the Company has filed appeal before Commissioner of Income Tax (Appeal) Bhopal and the matter is pending. ₹ 10.45 Crore (P.Y. ₹ Nil) for the Assessment Year 2018-19 on account of partial disallowance of depreciation and exempted income and other disallowances made by central processing cell as per order passed under Section 143(1) of the Income Tax Act, 1961. For Assessment year 2017-18 the Company has filed rectification application before Assessing Officer Raipur and the matter is pending.
- viii) Relinquishment charges of 156 MW LTA for Kolam Power Plant, Relinquishment Charges in accordance with the directions under petition no 92/MP/2015 vide order dated 08-03-2019 is ₹ 97.20 Crore. Petition filled before the Hon'ble Tribunal for Electricity at New Delhi against the Impugned Order dated 08.03.2019 read with the corrigendum dated 10.05.2019 passed by the Central Electricity Regulatory Commission in the Petition No. 92/MP/2015. Matter is pending before the Hon'ble Tribunal for Electricity at New Delhi.

42 CONTINGENT ASSET

- i) Company has various pending insurance claims in lieu of machine break down adding up to ₹ 0.91 Crore as on 31st March, 2020.
- ii) Consequent to the deallocation of the coal block Gare Palma IV/7, the Company had filed a writ petition before the Hon'ble High Court of Delhi challenging the compensation amount and exclusion of washary from the mine infrastructure. Following the order of Hon'ble High Court of Delhi dated 09.03.2017, Ministry of Coal, Govt. of India had asked for resubmitting the compensation claim. Accordingly the Company has resubmitted compensation claim of ₹ 176.52 Crore. This includes compensation of ₹ 26.41 Crore already received by the Company in FY 2016-17. This matter is still pending with Ministry of Coal, Govt. of India.

43 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's principal financial liabilities comprise of loans and borrowings in foreign as well as domestic currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also enters into derivative contracts.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market Risk
 - Interest rate risk
 - Currency risk
 - Price risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note presents information about the risks associated with its financial instruments, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

CREDIT RISK

The Company is exposed to credit risk as a result of the risk of counterparties non performance or default on their obligations. The Company's exposure to credit risk primarily relates to investments, accounts receivable and cash and cash equivalents. The Company monitors and limits its exposure to credit risk on a continuous basis. The Company's credit risk associated with accounts receivable is primarily related to party not able to settle their obligation as agreed. To manage this the Company periodically reviews the financial reliability of its customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivables.

Notes to financial statements for the year ended 31st March, 2020

Trade receivables

Trade receivables represent the most significant exposure to credit risk and are stated after an allowance for impairment and expected credit loss.

Loans and Advances

Financial assets in the form of loans and advances are written off when there is no reasonable expectations of recovery. Where recoveries are made, these are recognized as income in the statement of profit and loss. The Company measures the expected credit loss of dues based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on historical data, loss on collection of dues is not material hence no additional provisions considered.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to cash. These are subject to insignificant risk of change in value or credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

(₹ in Crore)

| | 31st March, 2020 | 31st March, 2019 |
|-----------------------------|------------------|------------------|
| Trade and other receivables | 62.20 | 39.03 |
| Loans and advances | 411.00 | 345.29 |
| Cash and cash equivalents | 3.24 | 1.18 |

Impairment losses

| | 31st March, 2020 | 31st March, 2019 |
|---|------------------|------------------|
| Trade and other receivables (measured under life time excepted credit loss model) | | |
| Opening balance | 2.71 | 2.89 |
| Provided during the year | 0.30 | (0.18) |
| Closing balance | 3.01 | 2.71 |

Ageing analysis

| | 31st March, 2020 | 31st March, 2019 |
|--------------------|------------------|------------------|
| Upto 3 months | 62.03 | 37.28 |
| 3-6 months | 0.07 | 0.03 |
| More than 6 months | 3.11 | 4.43 |
| | 65.21 | 41.74 |

No significant changes in estimation techniques or assumptions were made during the reporting period

LIQUIDITY RISK

The Company is exposed to liquidity risk related to its ability to fund its obligations as they become due. The Company monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The Company has access to credit facilities and debt capital markets and monitors cash balances daily. In relation to the Company's liquidity risk, the Company's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions as they fall due while minimizing finance costs, without incurring unacceptable losses or risking damage to the Company's reputation.

Financing arrangements

The Company has access to following undrawn borrowing facilities and liquid investments at the end of the reporting period:

Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

| | 31st March, 2020 | 31st March, 2019 |
|-------------------------------------|------------------|------------------|
| Term Loan - Union Bank of India-TG3 | 6.13 | 6.13 |
| Cash Credit facility | 96.88 | 65.40 |
| Current investments | 41.90 | 52.42 |

Maturities of financial liabilities

The contractual undiscounted cash flows of financial liabilities are as follows:

| As at 31st March, 2020 | Less than 1 year | 1-5 years | More than 5 years | Total |
|-----------------------------|------------------|---------------|-------------------|---------------|
| Borrowings | 131.67 | 259.07 | – | 390.74 |
| Trade payables | 137.47 | – | – | 137.47 |
| Security deposits | 0.04 | 2.16 | – | 2.20 |
| Other financial liabilities | 57.63 | – | – | 57.63 |
| | 326.81 | 261.23 | – | 588.04 |

| As at 31st March, 2019 | Less than 1 year | 1-5 years | More than 5 years | Total |
|-----------------------------|------------------|---------------|-------------------|---------------|
| Borrowings | 196.95 | 97.95 | – | 294.90 |
| Trade payables | 89.54 | – | – | 89.54 |
| Security deposits | 0.04 | 2.53 | – | 2.57 |
| Other financial liabilities | 26.13 | – | – | 26.13 |
| | 312.66 | 100.48 | – | 413.14 |

INTEREST RATE RISK

Interest rate risk is the risk that an upward movement in the interest rate would adversely affect the borrowing cost of the Company. The Company is exposed to long term and short-term borrowings, Commercial Paper Program. The Company manages interest rate risk by monitoring its mix of fixed and floating rate instruments, and taking action as necessary to maintain an appropriate balance.

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

MARKET RISK

a) Interest rate risk exposure

| | 31st March, 2020 | 31st March, 2019 |
|--------------------------|------------------|------------------|
| Variable rate borrowings | 304.63 | 224.99 |
| Fixed rate borrowings | 86.11 | 69.91 |

b) Sensitivity analysis

Profit or loss estimate to higher/lower interest rate expense from borrowings as a result of changes in interest rates.

| | Impact on profit after tax | |
|--|----------------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Interest rates - increase by 70 basis points | (1.43) | (1.65) |
| Interest rates - decrease by 70 basis points | 1.43 | 1.65 |

Notes to financial statements for the year ended 31st March, 2020

CURRENCY RISK

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies.

Foreign currency exchange rate exposure is partly balanced by purchasing of goods in the respective currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Currency in Crore

| | Currency | 2019-20 | 2018-19 |
|-------------------------------|----------|---------|---------|
| Borrowings | USD | 0.20 | - |
| Trade Payables | USD | 1.21 | 0.48 |
| Forward Contract for Payables | USD | 0.10 | - |

Profit or loss estimate to higher/lower as a result of changes in foreign exchange rates-

| | Impact on profit after tax | |
|---|----------------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Foreign exchange rates - increase by 1% | (1.15) | (0.33) |
| Foreign exchange rates - decrease by 1% | 1.15 | 0.33 |

PRICE RISK

The entity is exposed to equity price risk, which arises out from FVTPL quoted equity shares & mutual funds and FVTOCI unquoted equity shares. The management monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the management. The primary goal of the entity's investment strategy is to maximize investments returns.

Sensitivity Analysis for Price Risk:

Equity Investments carried at FVTOCI are not listed on the stock exchange. For equity investments and mutual funds classified as at FVTPL, the impact of a 2% in the index at the reporting date on profit & loss would have been an increase of ₹ 0.84 Crore (2018-19: ₹ 1.05 Crore); an equal change in the opposite direction would have decreased profit and loss. For equity investments classified as at FVTOCI, the impact of a 2% in the index at the reporting date on profit & loss would have been an increase of ₹ 0.028 Crore (2018-19: ₹ 0.028 Crore); an equal change in the opposite direction would have decreased profit and loss.

44 CAPITAL MANAGEMENT

The Company's main objectives when managing capital are to:

- ensure sufficient liquidity is available (either through cash and cash equivalents, investments or committed credit facilities) to meet the needs of the business;
- ensure compliance with covenants related to its credit facilities and secured debentures;
- minimize finance costs while taking into consideration current and future industry, market and economic risks and conditions;
- safeguard its ability to continue as a going concern; and
- to maintain an efficient mix of debt and equity funding thus achieving an optimal capital structure and cost of capital.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Notes to financial statements for the year ended 31st March, 2020

For the purpose of Company's capital management, capital includes issued capital and all other equity reserves. The Company manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants.

The Company manages its capital on the basis of net debt to equity ratio which is net debt (total borrowings net of cash and cash equivalents) divided by total equity.

(₹ in Crore)

| | 31st March, 2020 | 31st March, 2019 |
|---------------------------------|------------------|------------------|
| Total liabilities | 284.49 | 127.31 |
| Less : Cash and cash equivalent | 3.24 | 1.18 |
| Net debt | 281.25 | 126.13 |
| Total equity | 1,731.47 | 1,565.65 |
| Net debt to equity ratio | 0.16 | 0.08 |

The Company has complied with the covenants as per the terms of the major borrowing facilities throughout the reporting period.

45 FINANCIAL INSTRUMENTS

A. Accounting classification and fair values

| 31st March, 2020 | Carrying amount | | | Total | Fair value | | | Total |
|--|-----------------|-------------|-----------------|-----------------|--------------|-------------|---------|--------------|
| | FVTPL | FVTOCI | Amotized Cost* | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | | | | |
| Bank, cash and cash equivalents | - | - | 3.95 | 3.95 | - | - | - | - |
| Non-current investments | | | | | | | | |
| Unquoted Equity Investments | - | 1.45 | 805.20 | 806.65 | - | 1.45 | - | 1.45 |
| Quoted Mutual Funds | 0.11 | - | - | 0.11 | 0.11 | - | - | 0.11 |
| Current investments | | | | | | | | |
| Quoted Equity Investments | 41.90 | - | - | 41.90 | 41.90 | - | - | 41.90 |
| Financial Asset: Loans & others | | | | | | | | |
| Trade and other receivables | - | - | 62.20 | 62.20 | - | - | - | - |
| | 42.01 | 1.45 | 1,282.35 | 1,325.81 | 42.01 | 1.45 | - | 43.46 |
| Financial liabilities | | | | | | | | |
| Long term borrowings | - | - | 259.07 | 259.07 | - | - | - | - |
| Short term borrowings | - | - | 106.25 | 106.25 | - | - | - | - |
| Trade and other payables | - | - | 137.47 | 137.47 | - | - | - | - |
| Other financial liabilities | 0.14 | - | 85.11 | 85.25 | 0.14 | - | - | 0.14 |
| | 0.14 | - | 587.90 | 588.04 | 0.14 | - | - | 0.14 |

Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

| 31st March, 2019 | Carrying amount | | | Total | Fair value | | | Total |
|--|-----------------|-------------|-----------------|-----------------|--------------|-------------|----------|--------------|
| | FVTPL | FVTOCI | Amotized Cost* | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | | | | |
| Bank, cash and cash equivalents | – | – | 2.66 | 2.66 | – | – | – | – |
| Non-current investments | | | | | | | | |
| Unquoted Equity Investments | – | 1.41 | 666.77 | 668.18 | – | 1.41 | – | 1.41 |
| Quoted Mutual Funds | 0.16 | – | – | 0.16 | 0.16 | – | – | 0.16 |
| Current investments | | | | | | | | |
| Quoted Equity Investments | 52.42 | – | – | 52.42 | 52.42 | – | – | 52.42 |
| Financial Asset: Loans & others | – | – | 345.28 | 345.28 | – | – | – | – |
| Trade and other receivables | – | – | 39.03 | 39.03 | – | – | – | – |
| | 52.58 | 1.41 | 1,053.74 | 1,107.73 | 52.58 | 1.41 | – | 53.99 |
| Financial liabilities | | | | | | | | |
| Long term borrowings | – | – | 97.95 | 97.95 | – | – | – | – |
| Short term borrowings | – | – | 175.27 | 175.27 | – | – | – | – |
| Trade and other payables | – | – | 89.54 | 89.54 | – | – | – | – |
| Other financial liabilities | – | – | 50.38 | 50.38 | – | – | – | – |
| | – | – | 413.14 | 413.14 | – | – | – | – |

* The carrying value and the fair value approximates.

B. Measurement of fair values

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

C. Valuation techniques

The following methods and assumptions were used to estimate the fair values

- 1) Fair value of the cash and short term deposits, current loans and advances and other current financial liabilities, short term borrowing from banks and other financial institutions and other similar items approximate their carrying value largely due to short term maturities of these instruments.
- 2) Long-term receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- 3) The fair values of the quoted instruments and mutual funds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt of similar terms, credit risk and remaining maturities.
- 4) The fair values of the unquoted equity shares designated at FVTOCI has been estimated by using the most recent purchase price of such shares. (level 2)

Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

46 INCOME TAX EXPENSE

i) Income tax recognized in profit or loss

a. Current tax expense

| | 31st March, 2020 | 31st March, 2019 |
|---|------------------|------------------|
| Current year | 52.22 | 110.14 |
| Adjustment for prior periods | (0.97) | (2.34) |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | (19.74) | (1.35) |
| Total income tax expense | 31.51 | 106.45 |

ii) Income tax recognized in OCI

| | 31st March, 2020 | 31st March, 2019 |
|--|------------------|------------------|
| Remeasurements of defined benefit plans and fair valuation of Equity Instruments | (0.14) | 0.09 |
| Total income tax expense relating to OCI items | (0.14) | 0.09 |

b) Reconciliation of tax expense and accounting profit

| | 31st March, 2020 | 31st March, 2019 |
|--|------------------|------------------|
| Accounting profit before tax from continuing operations | 213.82 | 321.30 |
| Accounting profit before tax from discontinued operations | | |
| Accounting profit before tax | 213.82 | 321.30 |
| Expected Tax Rate | 25.17% | 34.94% |
| Tax using the Company's domestic tax rate (Current year 25.17% and Previous Year 34.94%) | 53.81 | 112.27 |
| Adjustments in respect of current income tax of previous years | (0.97) | (2.34) |
| Exceptional item not considered for tax purpose | - | 1.67 |
| Expense Allowable for tax purpose | (20.88) | (30.64) |
| Expense not allowed for tax purpose | 17.32 | 27.83 |
| Deduction under Chapter VIA | (1.16) | (4.19) |
| Income not considered for tax purpose other than PGBP | 0.09 | 0.02 |
| Income Taxable at special rate of tax | 3.04 | 3.17 |
| Income Taxable at special rate of tax | - | 0.01 |
| Other temporary differences | 0.80 | (1.35) |
| Effective income tax rate | 24.35% | 33.13% |
| At the effective income tax rate of 24.35% (31 March 2019: 33.13%) | | |
| Tax Differences due to new Income Tax rate | (20.54) | - |
| Income tax reported before Adjustment | 52.06 | 106.45 |
| Income tax reported in the statement of profit and loss | 31.51 | 106.45 |
| | 31.51 | 106.45 |

Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

c) Deferred tax assets and liabilities

Deferred tax relates to the following:

| | 31st March, 2020 | 31st March, 2019 |
|--|------------------|------------------|
| Accelerated depreciation for tax purposes | (20.46) | 0.82 |
| Expenses allowed on payment basis | 0.31 | (0.12) |
| DTA impact on indexation of land | (0.82) | (0.29) |
| DTA impact on net movement, Valuation & others | 1.37 | (1.84) |
| | (19.60) | (1.43) |

d) Reconciliation of deferred tax assets/ liabilities

| | 31st March, 2020 | 31st March, 2019 |
|---|------------------|------------------|
| Opening balance as at 1st April | 62.14 | 63.57 |
| Tax income/expense during the period recognized in profit or loss | (19.60) | (1.43) |
| Closing balance | 42.54 | 62.14 |

47 DISCLOSURE PURSUANT TO REGULATION 34(3) AND PARA A OF SCHEDULE V OF SEBI (LODR), REGULATIONS, 2015

Loan and advances in the nature of loans given to subsidiaries, associates and others

| Name of the entities | Relationship | 2019-20 | | |
|---|--------------|-------------------------------------|--|---|
| | | Amount outstanding as at 31.03.2020 | Maximum amount outstanding during the year | Investment by the loanee in the shares of the Company |
| | | ₹ in Crore | ₹ in Crore | No. of shares |
| Loans where there is no repayment schedule: | | | | |
| Sarda Metals & Alloys Limited | Subsidiary | 39.78 | 56.50 | |
| Parvatiya Power Limited | Subsidiary | 29.28 | 42.95 | |
| Madhya Bharat Power Corporation Limited | Subsidiary | 106.61 | 131.06 | |
| Sarda Energy Limited | Subsidiary | 28.10 | 28.10 | |
| Mosh Varaya Infrastructure Limited | Others | 38.32 | 39.34 | |
| Kamal Trading Company | Others | 0.001 | 0.001 | |
| Chhatisgarh Investments Limited | Others | 146.55 | 196.44 | 1,38,78,760 |
| Sarda Power & Steel Limited | Others | 13.17 | 13.17 | |
| Orient Press Limited | Others | 1.00 | 1.00 | |
| Maneesh Pipes Private Limited | Others | 6.19 | 6.19 | |
| Simplex Prefab Infrastructure (India) Private Limited | Others | 0.46 | 0.46 | |
| Shiv Trading Company | Others | - | 1.11 | |
| K K Vyas | Others | - | 0.003 | |
| Shree Pariyojna Nirman Limited | Others | 0.03 | 2.00 | |
| Continental Jeweltech Mining Private Limited | Others | 1.04 | 1.04 | |
| Sameer Dube | Others | 0.20 | 0.20 | |
| Shabro Metallic Private Limited | Others | - | 2.50 | |
| Neha Devcon Private Limited | Others | 0.62 | 0.62 | |
| Aarti Sponge and Power Limited | Others | 0.84 | 0.86 | |
| Shri Bajrang Power and Ispat Limited | Others | - | 10.00 | |
| Raj Engineering Works | Others | 0.02 | 0.02 | |

Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

| Name of the entities | Relationship | 2019-20 | | |
|------------------------|--------------|---|--|--|
| | | Amount outstanding as at 31.03.2020 ₹ in Crore | Maximum amount outstanding during the year ₹ in Crore | Investment by the loanee in the shares of the Company No. of shares |
| Aryan Infra Services | Others | 0.06 | 0.10 | |
| Arihant Infrastructure | Others | - | 0.21 | |

Loans where there no repayment schedule and no interest is charged:

| | | | | |
|--|------------|------|------|--|
| Natural Resources Energy Private Limited | Subsidiary | 0.08 | 6.88 | |
|--|------------|------|------|--|

The above loans were given for the business activities of the recipients and have been so utilized by them.

48 PREVIOUS YEAR'S FIGURES HAVE BEEN RECASTED/REGROUPED/RESTATED, WHEREVER NECESSARY TO MAKE THEM COMPARABLE.

Signatures to Notes 1 to 48

As per our report of even date attached

For and on Behalf of the Board

For **O. P. Singhania & Co.**
(ICAI FRN 002172C)
Chartered Accountants

Naitik Agrawal
Partner
Membership No. 441441
Raipur
20th June, 2020

K. K. Sarda
Chairman & Managing Director
DIN: 00008170
Raipur
20th June, 2020

P. K. Jain
Wholtime Director & CFO
DIN: 00008379

Manish Sethi
Company Secretary

Independent Auditors' Report

To the Members of

Sarda Energy & Minerals Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Sarda Energy & Minerals Limited** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group"), its associates and jointly controlled entities, which comprise the consolidated Balance Sheet as at 31st March, 2020, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Holding Company as at 31st March, 2020, of consolidated profit (including total comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance but does not include consolidated financial statements and our auditors report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the

Independent Auditors' Report

disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore key audit matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets of ₹ 2,531.84 crore as at 31st March, 2020, total revenues of ₹ 530.43 crore, and net cash flows amounting to ₹ 113.12 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- The consolidated financial statements also include the Group's share of net loss of ₹ 7.03 crore and the Group's share of total comprehensive loss of ₹ 7.05 crore for the year ended 31st March, 2020, as considered in the consolidated financial statements, in respect of one associates and two joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

Independent Auditors' Report

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.
- (g) with respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197 (16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in with accordance with the provisions of Section 197 of the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities— Refer Note 39 to the consolidated financial statements.
 - ii. The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For **O. P. Singhania & Co**
(ICAI Firm Regn. No.002172C)
Chartered Accountants

per **Naitik Agrawal**
Partner

Membership No.441441
UDIN: 20441441AAAAAE7784

Raipur, 20th June, 2020

Annexure 'A' Independent Auditors' Report

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of **Sarda Energy & Minerals Limited** (the "Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure 'A' Independent Auditors' Report

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **O. P. Singhania & Co**
(ICAI Firm Regn. No.002172C)
Chartered Accountants

per **Naitik Agrawal**
Partner
Membership No.441441
UDIN: 20441441AAAAAE7784

Raipur, 20th June, 2020

Consolidated Balance Sheet as at 31st March, 2020

(₹ in Crore)

| Note | As at 31.03.2020 | As at 31.03.2019 |
|--|------------------|------------------|
| ASSETS | | |
| (1) Non-current Assets | | |
| (a) Property, Plant & Equipment | 1,209.26 | 1,248.88 |
| (b) Capital work-in-progress | 2 1,364.82 | 1,054.49 |
| (c) Investment Property | 51.78 | 51.99 |
| (d) Other Intangible Assets | 31.45 | 32.67 |
| (e) Intangible Assets under development | 8.94 | 8.78 |
| (f) Goodwill on Consolidation | 28.21 | 15.42 |
| (g) Investment in associates and joint ventures | 3 29.78 | 29.91 |
| (h) Financial Assets | | |
| (i) Investments | 3 21.90 | 17.01 |
| (ii) Other Financial Assets | 4 2.96 | 20.59 |
| (i) Other Non-current Assets | 5 46.50 | 59.66 |
| | 2,795.60 | 2,539.40 |
| (2) Current Assets | | |
| (a) Inventories | 6 500.76 | 439.50 |
| (b) Financial Assets | | |
| (i) Investments | 7 139.18 | 166.01 |
| (ii) Trade receivables | 8 123.89 | 92.56 |
| (iii) Bank, Cash & cash equivalents | 9 163.93 | 43.49 |
| (iv) Bank balances other than (iii) above | 10 0.71 | 1.50 |
| (v) Loans | 11 259.54 | 312.54 |
| (c) Current tax assets (net) | 1.12 | - |
| (d) Other Current Assets | 12 114.95 | 87.03 |
| | 1,304.08 | 1,142.63 |
| TOTAL ASSETS | 4,099.68 | 3,682.03 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| (a) Equity Share capital | 13 36.05 | 36.05 |
| (b) Other Equity | 1,831.34 | 1,707.38 |
| Equity Attributable to owners of the company | 1,867.39 | 1,743.43 |
| Non Controlling Interests | 100.47 | 131.55 |
| Total Equity | 1,967.86 | 1,874.98 |
| Liabilities | | |
| (1) Non-current Liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 14 1,408.34 | 1,064.04 |
| (ii) Other financial liabilities | 15 27.56 | 14.29 |
| (b) Provisions | 16 8.91 | 8.71 |
| (c) Deferred tax liabilities (Net) | 17 60.90 | 71.03 |
| | 1,505.71 | 1,158.07 |
| (2) Current Liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 18 223.19 | 267.62 |
| (ii) Trade Payables | | |
| (a) Total outstanding dues of micro and small enterprises | 2.11 | 2.79 |
| (b) Total outstanding dues of creditors other than micro and small enterprises | 211.55 | 177.82 |
| (iii) Other financial liabilities | 19 161.74 | 156.92 |
| (b) Other current liabilities | 20 19.21 | 22.91 |
| (c) Provisions | 21 7.46 | 8.16 |
| (d) Current tax liabilities (net) | 0.85 | 12.76 |
| | 626.11 | 648.98 |
| TOTAL EQUITY AND LIABILITIES | 4,099.68 | 3,682.03 |

Significant Accounting Policies

1

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 **O. P. Singhania & Co.**

(ICAI FRN 002172C)

Chartered Accountants

Naitik Agrawal

Partner

Membership No. 441441

Raipur

20th June, 2020

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

20th June, 2020

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Consolidated Statement of Profit & Loss for the year ended 31st March, 2020

(₹ in Crore)

| | Note | Year Ended 31.03.2020 | Year Ended 31.03.2019 |
|---|------|--------------------------|--------------------------|
| I. Revenue from operations | 22 | 2,000.15 | 2,323.89 |
| II. Other income | 23 | (16.93) | 16.85 |
| III. Total Revenue (I + II) | | 1,983.22 | 2,340.74 |
| IV. Expenses | | | |
| Cost of materials consumed | 24 | 1,233.10 | 1,430.61 |
| Purchases of Stock-in-Trade | | 53.04 | 100.94 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 25 | 6.51 | (38.38) |
| Employee benefits expense | 26 | 87.79 | 87.35 |
| Finance costs | 27 | 82.48 | 98.96 |
| Depreciation and amortization expense | 2 | 77.92 | 76.47 |
| Other expenses | 28 | 263.49 | 261.10 |
| Total Expenses | | 1,804.33 | 2,017.05 |
| V. Profit Before Tax (V - VI) | | 178.89 | 323.69 |
| VI. Tax expense | | | |
| (1) Current tax | | 52.86 | 110.69 |
| (2) Deferred tax | | (9.51) | 5.81 |
| VII. Profit for the period (VII - VIII) | | 135.54 | 207.19 |
| VIII. Add: Share of Profit of Joint Ventures & Associates | | (7.09) | (0.06) |
| IX. Profit for the period (IX - X) | | 128.45 | 207.13 |
| X. Other comprehensive income for the year, net of tax | 29 | | |
| Items that will not be reclassified to profit or loss | | 1.47 | (0.52) |
| Income tax relating to items that will not be reclassified to profit or loss | | (0.08) | 0.28 |
| Items that will be reclassified to profit or loss | | (1.70) | (9.80) |
| Income tax relating to items that will be reclassified to profit or loss | | 0.57 | 2.42 |
| XI. TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 128.71 | 199.51 |
| XII. Net Profit /(loss) attributable to | | | |
| a) Owner of the Company | | 126.34 | 203.18 |
| b) Non Controlling Interest | | 2.11 | 3.95 |
| XIII. Total Comprehensive income /(loss) attributable to | | | |
| a) Owner of the Company | | 126.94 | 199.22 |
| b) Non Controlling Interest | | 1.77 | 0.29 |
| XIV. Earnings per equity share | 30 | | |
| Basic | | 35.05 | 56.36 |
| Diluted | | 35.05 | 56.36 |

Significant Accounting Policies

1

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 **O. P. Singhania & Co.**

(ICAI FRN 002172C)

Chartered Accountants

Naitik Agrawal

Partner

Membership No. 441441

Raipur

20th June, 2020

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

20th June, 2020

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Consolidated Statement of Changes in Equity for the year ended 31st March, 2020

(₹ in Crore)

a Equity Share Capital

| For the year ended 31st March, 2019 | Balance at April 1, 2018 | Changes in equity share capital during the year | Balance at March 31, 2019 |
|-------------------------------------|-----------------------------|---|------------------------------|
| | 36.05 | – | 36.05 |
| For the year ended 31st March, 2020 | Balance at April 1, 2019 | Changes in equity share capital during the year | Balance at March 31, 2020 |
| | 36.05 | – | 36.05 |

b Other Equity

| | Reserves and Surplus | | | | OCI | | Foreign Currency Translation Reserve | Total Other Equity |
|-------------------------------------|----------------------|-----------------------|--------------------|----------------------|---|---|---|-----------------------|
| | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | Remeasurements of the defined benefit plans | Equity instruments through Other Comprehensive Income | | |
| Balance as of April 1, 2018 | 4.04 | 194.03 | 171.83 | 1,168.49 | 1.34 | (1.20) | 1.88 | 1,540.41 |
| Other Comprehensive Income | – | – | – | – | (0.61) | (3.35) | – | (3.96) |
| Addition during the year | – | – | – | – | – | – | 8.82 | 8.82 |
| Profit for the year | – | – | – | 203.17 | – | – | – | 203.17 |
| Dividends & Tax | – | – | – | (18.02) | – | – | – | (18.02) |
| Changes in control | – | – | – | (23.04) | – | – | – | (23.04) |
| Balance as of March 31, 2019 | 4.04 | 194.03 | 171.83 | 1,330.60 | 0.73 | (4.55) | 10.70 | 1,707.38 |
| Balance as of April 1, 2019 | 4.04 | 194.03 | 171.83 | 1,330.60 | 0.73 | (4.55) | 10.70 | 1,707.38 |
| Other Comprehensive Income | – | – | – | – | 0.93 | (0.32) | – | 0.61 |
| Addition during the year | – | – | – | – | – | – | 2.40 | 2.40 |
| Profit for the year | – | – | – | 126.34 | – | – | – | 126.34 |
| Final Dividend & Tax | – | – | – | (18.02) | – | – | – | (18.02) |
| Changes in control | – | – | – | 12.63 | – | – | – | 12.63 |
| Balance as of March 31, 2020 | 4.04 | 194.03 | 171.83 | 1,451.55 | 1.66 | (4.87) | 13.10 | 1,831.34 |

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 **O. P. Singhania & Co.**

(ICAI FRN 002172C)

Chartered Accountants

Naitik Agrawal

Partner

Membership No. 441441

Raipur

20th June, 2020

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

20th June, 2020

P. K. Jain

Wholtime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2020

(₹ in Crore)

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|--------------------------|--------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax as per Profit & Loss Account | 178.89 | 323.69 |
| Adjustments to reconcile profit before tax to cash generated by operating activities | | |
| Depreciation and amortization expense | 77.92 | 76.47 |
| Finance Costs | 82.48 | 98.96 |
| Loss pertaining to scrapping of assets | 3.22 | 0.72 |
| Exchange differences on translation of assets & liabilities | 7.90 | (6.41) |
| Net (Gain)/Loss on investments pertaining to Fair valuation | 40.08 | 24.73 |
| Interest Income | (21.14) | (0.32) |
| Dividend income | (0.01) | (0.01) |
| (Profit)/Loss on sale of investments | 3.28 | (3.43) |
| (Profit)/Loss on sale of Property, Plant & Equipment | (2.98) | 1.35 |
| Effect of exchange difference on translation of subsidiaries | 2.40 | 8.82 |
| Allowance for credit losses on financial assets | (0.06) | (0.21) |
| Changes in assets and liabilities | | |
| Trade Receivables | (30.71) | 38.95 |
| Inventories | (61.27) | (28.24) |
| Trade Payables | 26.42 | 54.77 |
| Loans and advances and other assets | 84.65 | 10.20 |
| Liabilities and provisions | 17.03 | (6.11) |
| | 408.10 | 593.93 |
| Income Tax Paid | (63.42) | (113.85) |
| NET CASH (USED)/GENERATED IN OPERATING ACTIVITIES | 344.68 | 480.08 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Investment in Fixed Assets | (358.65) | (327.35) |
| Sale of Property, Plant & Equipment | 6.27 | 2.66 |
| Investment made in Joint Venture, MFs & Others | (26.50) | (7.90) |
| Investment liquidated in Joint Venture, MFs & Others | 9.07 | (18.39) |
| Loan repaid by/(given to) related & others parties | (25.21) | (69.86) |
| Interest received | 4.74 | (20.49) |
| Dividend received | 0.01 | 0.01 |
| Change in non-controlling interest | (32.85) | 42.77 |
| NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES | (423.12) | (398.55) |

Consolidated Cash Flow Statement for the year ended 31st March, 2020

(₹ in Crore)

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|--------------------------|--------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long term borrowings | 453.47 | 164.41 |
| Repayment of long term borrowings | (109.92) | (95.50) |
| Short term borrowings (net) | (44.04) | (57.69) |
| Interest Paid | (82.61) | (98.88) |
| Dividend & dividend tax paid | (18.02) | (18.02) |
| NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES | 198.88 | (105.68) |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | 120.44 | (24.15) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 43.49 | 67.64 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 163.93 | 43.49 |
| Supplementary Information | | |
| Restricted Cash Balance | 0.71 | 1.50 |
| Notes | | |
| (a) Cash and cash equivalent include the following | | |
| Cash on Hand | 0.39 | 0.33 |
| Balances with banks | 163.54 | 43.16 |
| | 163.93 | 43.49 |
| (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 **O. P. Singhania & Co.**

(ICAI FRN 002172C)

Chartered Accountants

Naitik Agrawal

Partner

Membership No. 441441

Raipur

20th June, 2020

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

20th June, 2020

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Notes to consolidated financial statements for the year ended 31st March, 2020

Significant Accounting Policies on Consolidated Financial Statements

1.1 Basis of Preparation of consolidated financial statements

The consolidated financial statements are prepared in accordance with Indian Accounting Standards ("Ind AS"), the provisions of the Companies Act, 2013 ("the Companies Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

1.2 Basis of Consolidation

The Consolidated Financial Statements comprise individual financial statements of Sarda Energy & Minerals Limited, its subsidiaries, associates and jointly controlled entities as on 31st March, 2020. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases. The Consolidated Financial Statements have been prepared on the following basis:

- i) The consolidation of accounts of the Company with its subsidiaries has been prepared in accordance with (Ind AS) 110 - Consolidated Financial Statements. The financial statements of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and unrealized profits or losses are fully eliminated. Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra group transactions. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's separate financial statements unless stated otherwise.

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 the head Other Equity in the consolidated financial statements.

The carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated.

- ii) The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognized as 'Goodwill' being an asset in the consolidated financial statements. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognized as 'Capital Reserve' and shown under the head Other Equity in the consolidated financial statements.
- iii) Investment in Associates and Joint Ventures have been accounted under the equity method as per Ind AS 28 - Investments in Joint Ventures.

Under the equity method, an investment in Associates and Joint Ventures are initially recognized at cost on the date of the investment, and inclusive of any goodwill/capital reserve embedded in the cost, in the Balance Sheet. The proportionate share of the Group in the net profits / losses as also in the other comprehensive income is recognized in the Statement of Profit and Loss and the carrying value of the investment is adjusted by a like amount. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Unrealised gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint venture.

- iv) The Audited financial statements of the subsidiaries and the jointly controlled entities used in the consolidation are drawn up to the same reporting date as of the Holding Company i.e. up to 31st March, 2020. The financial statement of an associate has been audited up to 31st December, 2019 and the period from 1st January to 31st March, 2020 was unaudited considered in the consolidated financial statement.

Notes to consolidated financial statements for the year ended 31st March, 2020

- v) Non Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- vi) Non-controlling interests in the net assets of consolidated subsidiaries is identified and is presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:
 - (a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
 - (b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence

1.3 Other significant accounting policies

- i) Land, Right to use Land, Approach Road, Plant & Machinery and Building are depreciated/amortized over the period for which ownership of the plant is vested with the Group as per Implementation Agreement signed with the Government.
- ii) Service Concession Agreement
 - a) The Group recognizes an intangible asset arising from service concession arrangements to the extent it has a right to charge for use of concession infrastructure. The Fair Value at the time of initial recognition of such intangible asset received as consideration for providing construction upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition the intangible asset is measured at cost less any accumulated amortization.
 - b) Intangible assets comprising of Right to Use land rights expected to provide future economic benefits are stated at cost of acquisition/implementation/development less accumulated amortization.
- iii) Free of Cost Materials issued to the Contractor

Materials for the purpose of being used in specific Hydro Power project of the Group are recognized at purchase cost by the Company. Since they are to be used in the project construction, they are immediately issued at cost to Contractor. Therefore no materials stock is separately disclosed in the Financial statements on the reporting date, as their cost forms part of the carrying value of Capital Work in Progress as soon as they are procured and issued. Materials issued to the Contractor and lying with it are reconciled periodically and differences identified, if any, are recovered from the Contractor or recognized appropriately according to the nature of difference and as per contractual obligations.

The rest of the Accounting Policies followed by the Group are set out under "Significant Accounting Policies" as given in the Parent Company's standalone financial statements.

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

2 PROPERTY, PLANT & EQUIPMENT

| | Gross Block | | | | Depreciation | | | | Net Block | |
|--|---------------------|--------------------------------|------------------------------------|---------------------|---------------------|------------------------------|--------------------------|---------------------|---------------------|---------------------|
| | As on 01.04.2019 | Addition during the year | Transfer / Sale / Adjustment | As on 31.03.2020 | Up to 01.04.2019 | Depreciation for the year | Transfer / Adjustment | As on 31.03.2020 | As on 31.03.2020 | As on 31.03.2019 |
| Freehold Land | 29.03 | - | - | 29.03 | - | - | - | - | 29.03 | 29.03 |
| Leasehold Land | 10.37 | 0.04 | - | 10.41 | 0.48 | 0.12 | (0.02) | 0.62 | 9.79 | 9.89 |
| Building | 264.72 | 7.01 | - | 271.73 | 49.52 | 12.19 | - | 61.71 | 210.02 | 215.19 |
| Plant & Machinery | 1,205.18 | 31.32 | 4.52 | 1,231.98 | 220.89 | 61.44 | 1.23 | 281.10 | 950.87 | 984.26 |
| Furniture, Fixture & Equipments | 8.46 | 1.35 | 0.14 | 9.67 | 4.95 | 1.02 | 0.08 | 5.89 | 3.78 | 3.51 |
| Vehicles | 12.08 | 1.12 | 0.85 | 12.35 | 5.08 | 2.09 | 0.58 | 6.59 | 5.76 | 7.00 |
| Total | 1,529.84 | 40.84 | 5.51 | 1,565.17 | 280.92 | 76.86 | 1.88 | 355.91 | 1,209.26 | 1,248.88 |
| Depreciation taken to Preoperative Expenses | | | | | | 37.43 | | | | |
| Net Depreciation during the year | | | | | | 39.43 | | | | |

INVESTMENT PROPERTY

| | | | | | | | | | | |
|--------------------|--------------|----------|----------|--------------|-------------|-------------|----------|-------------|--------------|--------------|
| Freehold Land - IP | 40.41 | - | - | 40.41 | - | - | - | - | 40.41 | 40.41 |
| Building - IP | 12.40 | - | - | 12.40 | 0.82 | 0.21 | - | - | - | 11.58 |
| Total | 52.81 | - | - | 52.81 | 0.82 | 0.21 | - | 1.04 | 51.78 | 51.99 |

OTHER INTANGIBLE ASSETS

| | | | | | | | | | | |
|-------------------------------|--------------|----------|----------|--------------|-------------|-------------|----------|-------------|--------------|--------------|
| Computer Software | 1.88 | - | - | 1.88 | 1.10 | 0.18 | - | 1.28 | 0.60 | 0.78 |
| Minig Rights & Development | 3.08 | - | - | 3.08 | 0.74 | 0.19 | - | 0.93 | 2.15 | 2.34 |
| Rights to use land | 32.82 | - | - | 32.82 | 3.27 | 0.85 | - | 4.12 | 28.70 | 29.55 |
| Total | 37.78 | - | - | 37.78 | 5.11 | 1.22 | - | 6.33 | 31.45 | 32.67 |

2 PROPERTY, PLANT & EQUIPMENT

| | Gross Block | | | | Depreciation | | | | Net Block | |
|------------------------------------|---------------------|--------------------------------|------------------------------------|---------------------|---------------------|------------------------------|--------------------------|---------------------|---------------------|---------------------|
| | As on 01.04.2018 | Addition during the year | Transfer / Sale / Adjustment | As on 31.03.2019 | Up to 01.04.2018 | Depreciation for the year | Transfer / Adjustment | As on 31.03.2019 | As on 31.03.2019 | As on 31.03.2018 |
| Freehold Land | 28.52 | 0.75 | 0.25 | 29.02 | - | - | - | - | 29.02 | 28.52 |
| Leasehold Land | 10.37 | - | - | 10.37 | 0.33 | 0.12 | (0.02) | 0.47 | 9.89 | 10.04 |
| Building | 256.28 | 11.15 | 2.72 | 264.71 | 37.95 | 11.66 | 0.09 | 49.52 | 215.20 | 218.33 |
| Plant & Machinery | 1,169.92 | 41.42 | 6.46 | 1,204.88 | 162.66 | 59.84 | 1.87 | 220.63 | 984.25 | 1,007.26 |
| Furniture, Fixture & Equipments | 7.35 | 1.13 | 0.02 | 8.46 | 3.60 | 1.36 | 0.01 | 4.95 | 3.51 | 3.75 |
| Vehicles | 10.62 | 2.61 | 1.15 | 12.08 | 3.52 | 2.38 | 0.83 | 5.07 | 7.00 | 7.10 |
| Total | 1,483.06 | 57.06 | 10.60 | 1,529.52 | 208.06 | 75.36 | 2.78 | 280.64 | 1,248.88 | 1,275.00 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

2 PROPERTY, PLANT & EQUIPMENT (Contd.)

| | Gross Block | | | | Depreciation | | | | Net Block | |
|--------------------------------|---------------------|--------------------------------|------------------------------------|---------------------|---------------------|------------------------------|--------------------------|---------------------|---------------------|---------------------|
| | As on 01.04.2018 | Addition during the year | Transfer / Sale / Adjustment | As on 31.03.2019 | Up to 01.04.2018 | Depreciation for the year | Transfer / Adjustment | As on 31.03.2019 | As on 31.03.2019 | As on 31.03.2018 |
| INVESTMENT PROPERTY | | | | | | | | | | |
| Freehold Land - IP | 39.50 | 0.66 | (0.25) | 40.41 | - | - | - | - | 40.41 | 39.50 |
| Building - IP | 9.72 | - | (2.68) | 12.40 | 0.53 | 0.21 | (0.08) | 0.82 | 11.58 | 9.19 |
| Total | 49.22 | 0.66 | (2.93) | 52.81 | 0.53 | 0.21 | (0.08) | 0.82 | 51.99 | 48.69 |
| OTHER INTANGIBLE ASSETS | | | | | | | | | | |
| Goodwill | 1.31 | - | 1.31 | - | - | - | - | - | - | 1.31 |
| Computer Software | 1.88 | 0.01 | - | 1.90 | 0.85 | 0.25 | - | 1.10 | 0.80 | 1.02 |
| Minig Rights & Development | 3.07 | - | - | 3.07 | 0.56 | 0.19 | - | 0.75 | 2.32 | 2.53 |
| Rights to use land | 32.39 | 0.43 | - | 32.82 | 2.43 | 0.84 | - | 3.27 | 29.55 | 29.96 |
| Total | 38.66 | 0.44 | 1.31 | 37.79 | 3.84 | 1.27 | - | 5.12 | 32.67 | 34.81 |

3 NON CURRENT ASSETS - FINANCIAL ASSET - INVESTMENTS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| (a) Investment in Joint Ventures and Associates | | |
| Using equity method | 29.78 | 29.91 |
| (b) Carried at FVTOCI | | |
| Investments in other companies in Unquoted Equity Instruments | 21.79 | 16.85 |
| (c) Carried at FVTPL | | |
| Investment in Mutual Fund | 0.11 | 0.16 |
| | 51.68 | 46.92 |

4 NON CURRENT ASSETS - FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|----------------------------|---------------------------|---------------------------|
| Security Deposits | | |
| Unsecured, considered good | 2.96 | 20.59 |
| | 2.96 | 20.59 |

5 OTHER NON CURRENT ASSETS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| OTHER NON-CURRENT ASSETS | | |
| (a) Capital Advances | | |
| Unsecured, considered good | 27.07 | 35.06 |
| (b) Advances other than capital advances | | |
| Unsecured, considered good | | |
| Other loans and advances | 7.96 | 13.04 |
| Prepaid Expenses | 11.47 | 11.56 |
| | 46.50 | 59.66 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

6 INVENTORIES (valued at lower of cost and net realisable value)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|------------------------------------|---------------------------|---------------------------|
| (a) Raw Material | 277.79 | 212.20 |
| (b) Finished / semi finished goods | 187.23 | 193.72 |
| (c) Stock-in-Trade | 0.02 | 0.04 |
| (d) Stores and spares | 35.72 | 33.54 |
| | 500.76 | 439.50 |

7 CURRENT ASSETS - FINANCIAL ASSETS - INVESTMENTS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| Carried at FVTPL | | |
| (i) Investments in Equity Instruments in other Companies (Quoted) | 41.90 | 52.42 |
| (ii) Investments held for trading | 97.28 | 113.59 |
| | 139.18 | 166.01 |

8 CURRENT ASSETS - FINANCIAL ASSETS - TRADE RECEIVABLES

| | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Trade receivables considered good - Secured | 16.65 | 13.69 |
| Trade receivables considered good - Unsecured | 106.63 | 78.35 |
| Trade receivables which have significant increase in Credit Risk | 3.56 | 3.17 |
| Trade receivable - credit impaired | 0.06 | 0.15 |
| Less: Provision for trade receivables considered good which have significant credit risk and credit impaired | (3.01) | (2.80) |
| | 123.89 | 92.56 |

9 CURRENT ASSETS - FINANCIAL ASSETS - BANK, CASH & CASH EQUIVALENTS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------------|---------------------------|---------------------------|
| Balances with banks | | |
| In current accounts | 6.91 | 11.73 |
| FDR with Bank | 45.58 | 24.42 |
| Liquid Mutual Fund Investment | 111.05 | 7.01 |
| Cash on hand | 0.39 | 0.33 |
| | 163.93 | 43.49 |

10 CURRENT ASSETS - FINANCIAL ASSETS - OTHER BANK BALANCES

| | As at 31st March, 2020 | As at 31st March, 2019 |
|-----------------|---------------------------|---------------------------|
| Unpaid dividend | 0.71 | 1.50 |
| | 0.71 | 1.50 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

11 CURRENT ASSETS - FINANCIAL ASSETS - LOANS

| | As at 31st March, 2020 | | As at 31st March, 2019 | |
|--|---------------------------|---------------|---------------------------|---------------|
| (a) Loans and advances to related parties | | | | |
| Considered good - Unsecured | | 139.98 | | 175.07 |
| (b) Other loans | | | | |
| Considered good - Unsecured | | | | |
| (i) Earnest money deposit | | 1.30 | | 1.98 |
| (ii) Loans to employees | | 0.36 | | 0.24 |
| (iii) Loans and advances to other parties | | 104.25 | | 110.76 |
| (iv) Claims & recoverables | | 13.65 | | 24.49 |
| | | 259.54 | | 312.54 |

12 OTHER CURRENT ASSETS

| | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|---------------------------|---------------|---------------------------|--------------|
| Advances other than capital advances | | | | |
| (a) Other Advances | | | | |
| Unsecured, considered good | | | | |
| (i) Employee Advance | | 0.04 | | 0.04 |
| (ii) Advances to vendors | | 94.92 | | 60.55 |
| (iii) Advance royalty paid | | 0.39 | | 3.41 |
| (iv) Prepaid expenses | | 3.71 | | 3.76 |
| (v) Balances with revenue authorities | | 13.93 | | 19.13 |
| (vi) Others | | 1.96 | | 0.14 |
| | | 114.95 | | 87.03 |

13 EQUITY SHARE CAPITAL

| | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|---------------------------|--------------|---------------------------|--------------|
| | No. | ₹ in crore | No. | ₹ in crore |
| A Authorized | | | | |
| Equity Shares of ₹ 10/- each | 5,00,00,000 | 50.00 | 5,00,00,000 | 50.00 |
| Issued, Subscribed and fully paid up | | | | |
| Equity Shares of ₹ 10/- each | 3,60,49,235 | 36.05 | 3,60,49,235 | 36.05 |
| | 3,60,49,235 | 36.05 | 3,60,49,235 | 36.05 |

B. Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period are as given below:

| | As at 31st March, 2020 | | As at 31st March, 2019 | |
|---|---------------------------|--------------|---------------------------|--------------|
| | No. | ₹ in crore | No. | ₹ in crore |
| Number of shares outstanding at the beginning of the period | 3,60,49,235 | 36.05 | 3,60,49,235 | 36.05 |
| Add: Increased during the year | - | - | - | - |
| Less: Decreased during the year | - | - | - | - |
| Number of shares outstanding at the end of the period | 3,60,49,235 | 36.05 | 3,60,49,235 | 36.05 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

C Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the sales proceeds of the remaining assets of the Company after distribution of all the preferential amounts. The distribution shall be in proportion to the number of equity shares held by the shareholders.

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

| Name of the shareholder | As at 31st March, 2020 | | As at 31st March, 2019 | |
|--|---------------------------|--------|---------------------------|--------|
| | Number of shares | % | Number of shares | % |
| Chhatisgarh Investments Limited | 1,38,78,760 | 38.50% | 1,38,78,760 | 38.50% |
| Sarda Agriculture & Properties Private Limited | 26,35,150 | 7.31% | 26,35,150 | 7.31% |

14 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

| | Non-Current portion | | Current Maturities | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | As at 31st March 2020 | As at 31st March 2019 | As at 31st March 2020 | As at 31st March 2019 |
| | ₹ | ₹ | ₹ | ₹ |
| Term loans (Secured) | | | | |
| from banks | | | | |
| Indian Rupee Loan | 691.70 | 562.29 | 62.74 | 63.55 |
| from other parties | | | | |
| Indian rupee loan from Financial institutions | 716.39 | 501.52 | - | - |
| Hire purchase loans | 0.25 | 0.23 | 0.17 | 0.11 |
| | 1,408.34 | 1,064.04 | 62.91 | 63.66 |

15 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

| | As at 31st March, 2020 | As at 31st March, 2019 |
|----------------------------------|---------------------------|---------------------------|
| Security Deposit Received | | |
| Deposits from Vendors | 25.16 | 11.72 |
| Other payables | 2.40 | 2.57 |
| | 27.56 | 14.29 |

16 PROVISIONS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|-------------------------------------|---------------------------|---------------------------|
| (a) Provision for employee benefits | | |
| Provision for Leave encashment | 5.17 | 4.86 |
| (b) Others | | |
| Statutory liabilities | - | 0.10 |
| Site restoration expenses | 3.74 | 3.75 |
| | 8.91 | 8.71 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

17 DEFERRED TAX LIABILITIES (NET)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| Deferred Tax Liabilities (Net) | | |
| Deferred tax liability / (assets) at the beginning of the year | 71.03 | 68.09 |
| Deferred tax liability / (assets) during the year on account of timing difference & unabsorbed depreciation | 1.90 | 13.27 |
| Deferred Tax MAT Credit | (12.03) | (10.33) |
| DEFERRED TAX LIABILITIES / ASSETS at the end of the year | 60.90 | 71.03 |

18 CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| Secured | | |
| <u>From Banks (Secured)</u> | | |
| Short term loans | 29.14 | 16.84 |
| Working capital loans (repayable on demand) | 107.28 | 168.98 |
| Working capital Buyers Credit loans | 86.68 | 28.80 |
| | 223.10 | 214.62 |
| <u>From Banks and Financial Institutions (Unsecured)</u> | | |
| From banks | - | 20.00 |
| From Others | - | 33.00 |
| <u>Other loans and advances (Unsecured)</u> | | |
| Loans from Other Parties | 0.09 | - |
| | 0.09 | 53.00 |
| | 223.19 | 267.62 |

19 CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

| | As at 31st March, 2020 | As at 31st March, 2019 |
|--|---------------------------|---------------------------|
| (a) Current maturities of long term debt | 62.91 | 63.66 |
| (b) Interest accrued but not due on borrowings | 16.34 | 16.47 |
| (c) Deposits from customers | 3.95 | 4.10 |
| (d) Expenses payable | 21.15 | 47.72 |
| (e) Salary & reimbursements | 13.77 | 15.26 |
| (f) Bill discounting (backed by LCs) | 40.88 | 7.04 |
| (g) INR payable to bank in forex account-on Financial Instruments at FVTPL-Level 1 | 0.14 | - |
| (h) Unpaid Dividends | 0.71 | 1.50 |
| (i) Others | 1.89 | 1.17 |
| | 161.74 | 156.92 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

20 OTHER CURRENT LIABILITIES

| | As at 31st March, 2020 | As at 31st March, 2019 |
|------------------------------------|---------------------------|---------------------------|
| (a) Others - | | |
| Indirect taxes payable | 7.88 | 12.39 |
| Others | 0.30 | 0.17 |
| (b) Deposit from Employees | 1.65 | 1.25 |
| (c) Advances from customers | 6.53 | 6.95 |
| (d) TDS payables | 2.50 | 1.65 |
| (e) Open access UI charges payable | 0.15 | 0.24 |
| (f) Other expenses payable | 0.20 | 0.26 |
| | 19.21 | 22.91 |

21 PROVISIONS

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---------------------------------|---------------------------|---------------------------|
| Provision for employee benefits | | |
| (a) Provision for gratuity | 1.36 | 2.36 |
| (b) Provision for Leave | 0.36 | 0.39 |
| Provision for expenses | 5.74 | 5.41 |
| | 7.46 | 8.16 |

22 REVENUE FROM OPERATIONS

| | 2019-20 | 2018-19 |
|--|-----------------|-----------------|
| Sale of products | | |
| Sponge Iron | 266.98 | 284.76 |
| Ferro Alloys | 803.44 | 943.21 |
| Steel Billets | 85.77 | 110.53 |
| Wire Rod / HB Wire | 462.33 | 453.14 |
| Pellet | 200.98 | 287.22 |
| Power | 91.33 | 117.27 |
| Others | 61.89 | 97.42 |
| Other operating revenues | 27.43 | 30.34 |
| Revenue from Operations (Gross) | 2,000.15 | 2,323.89 |

23 OTHER INCOME

| | 2019-20 | 2018-19 |
|---|----------------|--------------|
| Interest Income | 21.14 | 32.32 |
| Dividend Income | | |
| From Others | 1.40 | 1.28 |
| Net gain on sale of investments | (3.28) | 3.43 |
| Fair value gain on Financial Instruments at FVTPL | (40.08) | (24.60) |
| Other non-operating income (net of expenses directly attributable to such income) | 3.89 | 4.42 |
| | (16.93) | 16.85 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

24 COST OF RAW MATERIAL CONSUMED

| | 2019-20 | 2018-19 |
|----------------|-----------------|-----------------|
| Iron Ore | 276.93 | 296.43 |
| Mn Ore | 305.31 | 335.89 |
| Coal | 547.64 | 593.29 |
| Scrap | 75.96 | 68.13 |
| Other Material | 27.26 | 136.87 |
| | 1,233.10 | 1,430.61 |

25 CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS AND STOCK-IN-TRADE

| | 2019-20 | 2018-19 |
|---|---------------|---------------|
| Inventories at the end of the year | | |
| Finished Goods / Semi-finished goods | 187.23 | 193.72 |
| Trading Goods | 0.02 | 0.04 |
| | 187.25 | 193.76 |
| Inventories at the beginning of the year | | |
| Finished Goods / Semi-finished goods | 193.72 | 148.19 |
| Trading Goods | 0.04 | 7.19 |
| | 193.76 | 155.38 |
| Increase/(Decrease) in Inventories | (6.51) | 38.38 |

26 EMPLOYEE BENEFIT EXPENSE

| | 2019-20 | 2018-19 |
|--|--------------|--------------|
| Salaries, incentives & Managerial Remuneration | 78.43 | 79.49 |
| Contributions to - | | |
| Provident fund | 4.51 | 3.82 |
| Superannuation scheme | 0.18 | 0.18 |
| Gratuity fund | 1.65 | 1.70 |
| Staff welfare expenses | 3.02 | 2.16 |
| | 87.79 | 87.35 |

27 FINANCE COSTS

| | 2019-20 | 2018-19 |
|--|--------------|--------------|
| Interest expense | 72.34 | 85.30 |
| Other borrowing costs | 7.55 | 9.94 |
| Amortization of ancillary borrowing costs | 1.48 | 0.77 |
| Exchange difference to the extent considered as an adjustment to borrowing costs | 1.11 | 2.95 |
| | 82.48 | 98.96 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

28 OTHER EXPENSES

| | 2019-20 | 2018-19 |
|-----------------------------------|---------------|---------------|
| Stores & Spares Consumption | 70.47 | 70.76 |
| Power | 8.54 | 8.15 |
| Manufacturing Expenses | | |
| Plant process & services | 25.99 | 23.27 |
| Material handling Expenses | 35.30 | 35.90 |
| Other Manufacturing Expenses | 0.29 | 0.31 |
| Repairs & Maintenance | | |
| Building | 2.41 | 3.76 |
| Plant & Machinery | 9.79 | 10.63 |
| Others | 7.61 | 7.94 |
| Rent | 2.27 | 2.35 |
| Rates & Taxes | 15.67 | 15.89 |
| Insurance Charges | 4.50 | 3.57 |
| Miscellaneous Expenses | | |
| Travelling & Conveyance expenses | 5.68 | 6.23 |
| Legal & Professional Expenses | 7.51 | 12.95 |
| Administrative and other Expenses | 20.87 | 16.24 |
| Selling Expenses | | |
| Carriage Outward | 22.06 | 26.06 |
| Selling Commission & Brokerage | 4.40 | 4.16 |
| Other Selling Expenses | 2.88 | 2.14 |
| Exchange differences (net) | 16.65 | 10.32 |
| Payment to Auditors | 0.60 | 0.47 |
| | 263.49 | 261.10 |

29 OTHER COMPREHENSIVE INCOME

| | 2019-20 | 2018-19 |
|---|-------------|---------------|
| (i) Items that will not be reclassified to profit or loss | | |
| Remeasurement of defined benefit plans | 1.47 | (0.52) |
| Income Tax relating to items that will not be reclassified to profit or loss | (0.08) | 0.28 |
| (ii) Items that will be reclassified to profit or loss | | |
| Fair value of investment | (1.23) | (9.42) |
| Share of other comprehensive income in associates & joint ventures to the extent to be classified into profit or loss | (0.47) | (0.38) |
| Income Tax relating to items that will be reclassified to profit or loss | 0.57 | 2.42 |
| | 0.26 | (7.62) |

30 EARNINGS PER SHARE (EPS)

| | 2019-20 | 2018-19 |
|---|---------|---------|
| Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in Crore) | 126.34 | 203.18 |
| Nominal Value of Equity Shares (₹) | 10 | 10 |
| Weighted average number of Equity Shares used as denominator for calculating basic EPS (no. in crore) | 3.60 | 3.60 |
| Weighted average number of Equity Shares used as denominator for calculating Diluted EPS (no. in crore) | 3.60 | 3.60 |
| Basic | 35.05 | 56.36 |
| Diluted | 35.05 | 56.36 |

Notes to consolidated financial statements for the year ended 31st March, 2020

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 Crore)

| | 2019-20 | | | | 2018-19 | | | |
|---|-----------------|---------------|--------------|-----------------|-----------------|-----------------|---------------|-----------------|
| | Steel | Ferro | Power | Total | Steel | Ferro | Power | Total |
| Revenue | | | | | | | | |
| Sales & other income | 1,032.35 | 857.74 | 96.18 | 1,986.27 | 1,147.96 | 1,049.80 | 118.31 | 2,316.07 |
| Inter segment sales | | 15.38 | 318.33 | 333.71 | | 12.26 | 356.53 | 368.79 |
| Others Unallocated | | | | 13.88 | | | | 7.82 |
| Less: Inter segment sales | | 15.38 | 318.33 | 333.71 | | 12.26 | 356.53 | 368.79 |
| Total Revenue | 1,032.35 | 857.74 | 96.18 | 2,000.15 | 1,147.96 | 1,049.80 | 118.31 | 2,323.89 |
| Result | | | | | | | | |
| Segment Result | 240.69 | 97.29 | 49.78 | 387.76 | 349.76 | 116.92 | 24.33 | 491.01 |
| Unallocated Expenses net off unallocated income | | | | (109.70) | | | | (58.04) |
| Operating Profit | | | | 278.04 | | | | 432.97 |
| Interest & Forex Fluctuation Loss (Net) | | | | (99.15) | | | | (109.28) |
| Profit Before Tax & Extraordinary Item | | | | 178.89 | | | | 323.69 |
| Provision for taxation | | | | | | | | |
| For Current Year | | | | (52.86) | | | | (110.69) |
| For Deferred Taxation | | | | 9.51 | | | | (5.81) |
| Profit After Taxation | | | | 135.54 | | | | 207.19 |
| Other Information | | | | | | | | |
| Segment Assets | 784.35 | 533.86 | 1,276.10 | 2,594.31 | 702.66 | 521.67 | 1,125.00 | 2,349.33 |
| Unallocated Assets | | | | 1,477.15 | | | | 1,316.15 |
| Total Assets | | | | 4,071.46 | | | | 3,665.48 |
| Segment Liabilities | 176.65 | 168.80 | 1,218.49 | 1,563.94 | 145.30 | 72.02 | 941.14 | 1,158.46 |
| Unallocated Liabilities | | | | 567.88 | | | | 648.59 |
| Total Liabilities | | | | 2,131.82 | | | | 1,807.05 |
| Capital Expenditure | 20.08 | 15.26 | 306.06 | 341.40 | 22.62 | 13.78 | 284.31 | 320.71 |
| Unallocated Capital Expenditure | | | | 2.82 | | | | 0.21 |
| Depreciation / Amortisation | 29.20 | 13.82 | 27.05 | 70.07 | 27.64 | 12.12 | 27.92 | 67.68 |
| Unallocated Depreciation | | | | 7.84 | | | | 8.79 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

32 INTEREST IN SUBSIDIARIES

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

| Name of Subsidiaries | Country of Origin | Proportion of ownership interest As at 31st March (%) | |
|---|-------------------|--|--------|
| | | 2020 | 2019 |
| Sarda Energy & Minerals Hong Kong Limited | HongKong | 100.00 | 100.00 |
| Sarda Global Ventures Pte Limited | Singapore | 100.00 | 100.00 |
| Sarda Global Trading DMCC | Dubai | 100.00 | 100.00 |
| Sarda Metals & Alloys Limited | India | 100.00 | 100.00 |
| Sarda Energy Limited | India | 100.00 | 100.00 |
| Chhattisgarh Hydro Power LLP | India | 100.00 | 60.00 |
| Parvatiya Power Limited | India | 51.00 | 51.00 |
| Madhya Bharat Power Corporation Limited | India | 82.96 | 79.36 |
| Shri Ram Electricity LLP | India | 51.00 | 51.00 |
| Sarda Hydro Power LLP | India | 60.00 | 60.00 |
| Natural Resources Energy Private Limited | India | 100.00 | 100.00 |

33 (A) INTEREST IN JOINT VENTURES

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

| Name of the Company | Country of Origin | Proportion of ownership interest As at 31st March (%) | |
|---------------------------------------|-------------------|--|--------|
| | | 2020 | 2019 |
| Raipur Infrastructure Company Limited | India | 33.33% | 33.33% |
| Madanpur South Coal Company Limited | India | 20.13% | 20.13% |

33 (B) INTEREST IN ASSOCIATES OF SUBSIDIARY COMPANY

The financial statements of the following Associate has been considered in consolidation:

| Name of the Company | Country of Origin | Proportion of ownership interest As at 31st March (%) | |
|----------------------|-------------------|--|--------|
| | | 2020 | 2019 |
| PT. Tigadaya Minergy | Indonesia | 49.00% | 49.00% |

Notes to consolidated financial statements for the year ended 31st March, 2020

34 RELATED PARTY DISCLOSURE

a) Names of related parties and description of relationship

| S.No. | Relationship | Name of Related Parties |
|-------|---|---|
| 1 | Joint Ventures/Associates | Raipur Infrastrucutre Company Limited |
| | | Madanpur South Coal Company Limited |
| | | P T Tigadaya Minergy (Associate of Overseas WOS) |
| 2 | Related Enterprises where significant influence exist | Chhattisgarh Investments Limited |
| | | Geschaft Formulae India Private Limited (Formerly known as Sarda Solution and Technologies Private Limited) |
| | | Rishabh Mining & Transport Company Private Limited |
| | | Sarda Dairy & Food Products Limited |
| | | Goldenlife Financial Services Private Limited |
| | | Prachi Agriculture & Properties Private Limited |
| | | Earth Stahl Alloys Private Limited |
| | | Chhattisgarh Metaliks & Alloys Private Limited |
| | | Kashmirilal Constructions Private Limited |
| | | Lighthouse Info Systems Private Limited |
| | | Apex Equipment Private Limited |
| | | Jai Balaji Enterprises |
| | | Vikas Associates |
| | | R. R. Sarda & Co |
| 3 | Key Management Personnel (KMP) | Mr. Kamal Kishore Sarda |
| | | Mr. Pankaj Sarda |
| | | Mrs. Uma Sarda |
| | | Mr. Padam Kumar Jain |
| | | Mr. Prabhakar Ram Tripathi |
| | | Mr. Gajinder Singh Sahni |
| | | Mr. Jitender Balakrishnan |
| | | Mr. C.K. Lakshminarayanan |
| | | Mr. Asit Kumar Basu |
| | | Mr. Rakesh Mehra |
| | | Mr. Manish Sethi |
| | | Mr. Manish Sarda |
| | | Mr. Neeraj Sarda |
| | | Mrs. Sonal Sarda |
| | | Mr. V. Sridar |
| | | Mr. V. Shankarnath |
| | | Mr. Gaurav Thakkar |
| | | Mr. Sanjay Sabat |
| | | Mr. Vipula Sarda |
| | | Mr. P. S. Duttgupta |
| | | Mr. Gaurishankar Patra (POWER FIN. COP. LTD) |
| | | Ms. Shilpa Rathod |
| | | Mr. Kashmirilal Agarwal |
| | | Mr.Praharsh Agarwal |
| | | Mr. Dinesh Kumar Lahoti |
| | | Mr. Martin Victor ALVA |

Notes to consolidated financial statements for the year ended 31st March, 2020

| S.No. | Relationship | Name of Related Parties |
|-------|--------------------|--------------------------|
| 4 | Relatives of KMP's | Mrs. Veena Sarda |
| | | Mr. Mahesh Kumar Khator |
| | | Mr. Satya Narayan Khator |
| | | Mr. Anant Sarda |
| | | Miss. Niharika Jain |
| | | Mr. Vikas Agarwal |

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and on arm's length basis. For the year ended 31st March, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31st March, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

b) Material Transactions with Related Parties

(₹ in Crore)

| | Joint Ventures/ Associates | Related Enterprises where significant influence exists | Key Management Personnel | Relatives of Key Management Personnel |
|------------------------------|-------------------------------|--|-----------------------------|---|
| Remuneration | - | - | 10.93 | 0.12 |
| | - | - | (11.62) | (0.18) |
| Rent Paid | - | 1.46 | - | 0.03 |
| | - | (1.53) | - | (0.02) |
| Loans Granted | - | 292.74 | - | - |
| | - | (248.41) | - | - |
| Loans Received Back | - | 332.79 | - | - |
| | - | (151.67) | - | - |
| Loans Taken | - | 0.18 | - | - |
| | - | - | - | - |
| Interest Paid | - | - | - | 0.01 |
| | - | - | - | (0.01) |
| Interest Received | - | 16.84 | - | - |
| | - | (15.23) | - | - |
| Advances Given | - | 0.04 | - | - |
| | - | - | - | - |
| Sale of Goods | - | 0.85 | - | - |
| | - | (1.93) | - | - |
| Purchase of Goods | - | 17.65 | - | - |
| | - | (21.13) | - | - |
| Services Received | - | 2.43 | - | - |
| | - | (2.75) | - | - |
| Services Rendered | 0.04 | - | - | - |
| | (0.04) | - | - | - |
| Commission Paid | - | 0.04 | - | 0.09 |
| | - | - | - | (0.14) |
| Investment made | - | 6.17 | - | - |
| | - | (0.48) | - | - |
| Outstanding as on 31st March | | | | |
| Receivables | - | 0.82 | 0.02 | - |
| | - | (0.54) | (0.01) | - |
| Loans Receivable | - | 156.38 | - | - |
| | - | (181.27) | - | - |
| Loans Payable | - | 0.18 | - | - |
| | - | - | - | - |
| Payables | - | 1.73 | 3.60 | 0.20 |
| | - | (1.71) | (4.64) | (0.23) |

Notes to consolidated financial statements for the year ended 31st March, 2020

35 COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account for the Group, net of advance given and not provided for as at 31st March, 2020 is ₹ 66.93 Crore (31 March 2019: ₹ 148.63 Crore).

36 ESTIMATION OF UNCERTAINTIES RELATING TO THE GLOBAL HEALTH PANDEMIC FROM COVID-19 (COVID-19)

Due to outbreak of COVID-19 globally and in India, the Group's management has made initial assessment of impact on business and financial risks on account of COVID-19. Considering that the plants were closed down (except Hydro Power Plants) on account of nation wise lockdown since 25th March, 2020 and as a result of lockdown the volume for the month of March, 20 have been impacted to some extent. However, in view of higher volume of operations during the rest of the month and year, there was no major impact on financials of the Group for the year ended 31st March, 2020. Subsequently, in view of classification of iron & steel Industry as essential commodity, the Group has resumed operations effective from 16th April, 2020 after obtaining necessary approval from the appropriate Government agencies. The Group is taking full measure to protect the health & safety of the employees. Further the Group has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables, Inventory and Investments and has concluded that there are no material adjustments required in the financial statements. Barring unforeseen circumstances, the management believes that the impact of the COVID-19 outbreak on the business and financial position of the Group is not likely to be significant at this stage, unless the corona impacted cases further increase in the area of operations of the Group. The management does not see any risks in the Group's ability to continue as a going concern and meeting its liabilities as and when they fall due. The Group continues to make repayment of loan on due dates and has not availed the moratorium in repayment of loans granted by the banks and including interest thereon. The Group is monitoring the situation closely and will take appropriate measures depending on the evolving situation.

37 NEW AND AMENDED STANDARDS

During the year Ind AS 116 made effective from 01.04.2019 and several other amendments apply for the first time for the year ended 31.03.2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

38 INCOME TAX EXPENSE

(₹ in Crore)

i) Income tax recognized in profit or loss

| | 31st March, 2020 | 31st March, 2019 |
|---|------------------|------------------|
| a) Current tax expense | | |
| Current year | 53.69 | 113.04 |
| Adjustment for prior periods | (0.83) | (2.34) |
| | - | - |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | (9.51) | 5.81 |
| Total income tax expense | 43.35 | 116.51 |

ii) Income tax recognized in OCI

| | 31st March, 2020 | 31st March, 2019 |
|---|------------------|------------------|
| That will not be reclassified to profit or loss | (0.08) | 0.28 |
| That will be reclassified to profit or loss | 0.57 | 2.42 |
| Total income tax expense relating to OCI items | 0.49 | 2.70 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

b) Reconciliation of tax expense and accounting profit

| | 31st March, 2020 | 31st March, 2019 |
|--|------------------|------------------|
| Accounting profit before tax from continuing operations | 178.89 | 323.69 |
| Accounting profit before tax | 178.89 | 323.69 |
| Expected Tax Rate | 25.17% | 34.94% |
| Tax using the Company's domestic tax rate (Current year 25.17% and Previous Year 34.94%) | 45.02 | 113.11 |
| Adjustments in respect of current income tax of previous years | (0.83) | (2.34) |
| Exceptional item not considered for tax purpose | (2.48) | 1.67 |
| Expense Allowable for tax purpose | (28.38) | (33.75) |
| Expense not allowed for tax purpose | 26.66 | 27.17 |
| Deduction under Chapter VIA | (1.16) | 2.32 |
| Income not considered for tax purpose other than PGBP | 0.09 | 0.02 |
| Effect of different overseas rates | 7.07 | 2.52 |
| Income Taxable at special rate of tax | 3.04 | 0.01 |
| Mat Credit used | 0.78 | (0.04) |
| Other temporary differences | (9.51) | 5.81 |
| Effective income tax rate | 24.23% | 35.99% |
| Income tax reported in the statement of profit and loss | 43.35 | 116.50 |
| | 43.35 | 116.50 |

c) Reconciliation of deferred tax assets/ Liabilities

Deferred tax relates to the following:

| | 31st March, 2020 | 31st March, 2019 |
|--|------------------|------------------|
| Opening balance as at 1st April | 71.03 | 68.09 |
| Accelerated depreciation for tax purposes | 0.46 | 16.30 |
| Expenses allowed on payment basis | 0.31 | (0.17) |
| DTA impact on indexation of land | (0.82) | (0.56) |
| DTA impact on net movement, Valuation & others | 1.95 | (9.56) |
| MAT Credit Adjusted | (12.03) | (3.07) |
| Closing balance as at 31st March | 60.90 | 71.03 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

39 CONTINGENT LIABILITIES

| | Year ended 31st March, 2020 | Year ended 31st March, 2019 |
|---|--------------------------------|--------------------------------|
| Guarantees given by group's bankers | 88.36 | 40.36 |
| Guarantees given to DGFT on behalf of wholly owned subsidiary for meeting export obligation | – | 0.99 |
| Guarantees given to Assistant Commissioner of Customs on behalf of wholly owned subsidiary | 0.43 | 1.51 |
| Bills discounted with the group's bankers under Letters of Credit | 40.97 | 7.04 |
| Claims against the group not acknowledged as debt & disputed in appeals | 21.50 | 68.05 |
| Excise Duty & Service Tax Demand | 16.45 | 16.45 |
| VAT, CST & Entry Tax | 9.45 | 10.85 |
| Income Tax | 14.87 | 1.77 |
| Electricity Duty | 8.84 | 8.84 |
| Energy Development Cess | 66.69 | 60.79 |
| Relinquishment Charges | 119.03 | – |
| | 386.59 | 216.65 |

i) Guarantee given to Director General of Foreign Trade ₹ Nil (P.Y. ₹ 0.99 Crore) and Assistant Commissioner of Customs ₹ 0.43 Crore (P.Y. ₹ 2.21 Crore) for fulfillment of Export Obligation against import of capital goods under Export Promotion Capital Goods Scheme.

ii) Claim against the group not acknowledged as debt comprises of:

- Suspension and damages claimed from Madhya Bharat Power Corporation Limited by erstwhile Electro Mechanical Contractor M/s. Voith Hydro Private Limited which is presently under arbitration and idle time claimed by main Civil Contractor M/s. SEW Infrastructures Limited which is presently under litigation in High Court amounting to ₹ 10.84 Crore (P.Y. ₹ 57.39 Crore) as on the Balance Sheet date. However, Claim against the Company in the previous financial year comprised of claims by erstwhile civil contractors, M/S SEW Infrastructure Limited. In the course of hearing before Hon'ble High Court of Delhi, both the Parties opted for amicable resolution of disputes through mediation and have settled their entire disputes in complete satisfaction of all the claims and/or counter claim. Final order passed by Delhi High Court Mediation and Conciliation Centre and the matter stands closed. The Arbitration Tribunal has passed an award on 31.07.2019 in the arbitration case with the erstwhile Electro-mechanical Contractor. In addition, the award carries interest until the date of payment. The Company has filed petition challenging the award in the High Court of Delhi and the matter is currently pending before the Delhi High Court. As directed by the High Court, the Company has already deposited ₹ 1.50 Crore against the awarded amount which shall be adjusted from the final amount payable to the contractor in case its petition is not allowed by the High Court.
- Commercial Tax demand from Sarda Metals & Alloys Limited for ₹ 4.24 Crore (PY ₹ 4.24 Crore) on account of disallowance of Input Tax credit of ₹3.39 Crore on equipments of Power Plant and Penalty of ₹ 0.85 Crore. The Company has filed appeal challenging disallowance of input tax credit with Appellate Tribunal. The Company has filed a writ petition for stay of recovery proceedings of penalty with the Hon'ble High court of AP.
- Besides this disputed claims of ₹ 6.42 Crore (P.Y. ₹ 6.42 Crore) are pending in various courts of law.

iii) Excise Duty & Service Tax

- Excise duty demand of ₹ 0.21 Crore (P.Y. ₹ 0.21 Crore) raised on account of Cenvat credit availed, which the Company has disputed in High Court, Jabalpur (MP).
- Excise Duty demand of ₹ 0.08 Crore (P.Y. ₹ 0.08 Crore) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- Service Tax demand of ₹ 16.17 Crore (P.Y. ₹ 16.17 Crore) raised on account of Service Tax on amount received in an international arbitration case settled out of court, which the Company has disputed and has filed appeal before Central Excise & Service Tax Appellate Tribunal (CESTAT).

Notes to consolidated financial statements for the year ended 31st March, 2020**iv) Value Added Tax/Central Sales Tax/Entry Tax**

Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 9.45 Crore (P.Y. ₹ 10.85 Crore) are pending in appeal against assessment of various years.

v) Income Tax

- a) During the financial year 2014-15, Income tax department has conducted a search operation U/s 132 of Income Tax Act, 1961, covering the block periods from AY 2009-10 to 2014-15. The assessment has been completed by the tax authorities and a demand has been raised for the A.Y. 2012-13 for ₹ 0.87 Crore on account of disallowance of expenditure and addition of Forex gain. For Assessment year 2015-16 addition of ₹ 7.97 Crore has been made on account of discrepancies in stocks and demand has been raised for ₹ 0.87 Crore after adjustment of advance tax. The Company has filed appeals with Commissioner Appeals for both the assessment years which is pending.
- b) ₹ 2.68 Crore (P.Y. Nil) for the Assessment Year 2017-18 on account of partial disallowance of deduction claimed under Section 80IA and other disallowances made by Assessing Office as per order passed under Section 143(3) of the Income Tax Act, 1961. For Assessment year 2017-18 the Company has filed appeal before Commissioner of Income Tax (Appeal) Bhopal and the matter is pending. ₹ 10.45 Crore (P.Y. Nil) for the Assessment Year 2018-19 on account of partial disallowance of depreciation, exempted income and other disallowances made by central processing cell as per order passed under Section 143(1) of the Income Tax Act, 1961. For Assessment year 2017-18 the Company has filed rectification application before Assessing Officer Raipur and the matter is pending.
- vi) Electricity Duty ₹ 8.84 Crore (P.Y. ₹ 8.84 Crore) for the period from January 2013 to March 2017 for sale of Electricity. The Company has sought legal opinion from experts and has been advised that the same is not applicable to the Company and hence no liability provided.
- vi) Energy Development Cess of ₹ 66.69 Crore (P.Y. ₹ 60.79 Crore) net of amount deposited ₹ 2.94 Crore (P.Y. ₹ 2.94 Crore) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to February 2019. 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.
- vii) Bank Guarantee of ₹ 5 Crore (P.Y. ₹ 5 Crore) given as security deposit against contract for disposal of old power project awarded to the Company was invoked by M/s. West Bengal Power Development Corporation Limited. The Company has challenged the wrongful invocation in the High Court of Kolkata. WBPDCCL has on the orders of the Hon'ble High Court deposited the amount of bank guarantee with the Court. The Company has been legally advised that it has a strong case in its favour, hence no liability provided.
- viii) Relinquishment charges of 156 MW LTA for Kolam Power Plant, Relinquishment Charges in accordance with the directions under petition no 92/MP/2015 vide order dated 08-03-2019 is ₹ 97.20 Crore. Petition filed before the Hon'ble Tribunal for Electricity at New Delhi against the Impugned Order dated 08.03.2019 read with the corrigendum dated 10.05.2019 passed by the Central Electricity Regulatory Commission in the Petition No. 92/MP/2015. Matter is pending before the Hon'ble Tribunal for Electricity at New Delhi. Madhya Bharat Power Corporation Limited has made relinquishment of long term open access for transfer of power from 96 MW Rongnichu HEP, East Sikkim under Bulk Power Transmission Agreement with POWERGRID in January 2019 as the plant could not be commissioned as per schedule committed to PGCIL. Due to non transmission of power from the power project, PGCIL's capacity remained stranded. Central Electricity Regulatory Commission (CERC) has issued Order dated 10.05.2019 for determination of relinquishment charges. In pursuance of the said Order, PGCIL (CTU) has imposed a relinquishment charge of ₹ 21.83 crores on MBPCL for the stranded capacity vide its letter dated 27.12.2019. Similar relinquishment charges have been levied on many other IPPs as well. Against the above stated CERC Order, MBPCL along with Association of Power Producers (APP) and other entities have filed appeal to APTEL (Appellate Tribunal for Electricity) for review of CERC order. Meanwhile the Company had re-applied for OPEN ACCESS for transmission of power from 96 MW RHEP and Long Term Access has been granted to it w.e.f 31st January 2021. As such the period (12 years) for which the capacity of transmission line will remain stranded will get reduced and the liability calculated by PGCIL will get proportionally reduced. (even if the appeal before APTEL gets rejected).

Notes to consolidated financial statements for the year ended 31st March, 2020

40 CONTINGENT ASSETS

- i) The Group has various pending insurance claims in lieu of machine break down adding up to ₹ 0.91 Crore as on 31st March, 2020.
- ii) Consequent to the deallocation of the coal block Gare Palma IV/7, the Group had filed a writ petition before the Hon'ble High Court of Delhi challenging the compensation amount and exclusion of washary from the mine infrastructure. Following the order of Hon'ble High Court of Delhi dated 09.03.2017, Ministry of Coal, Govt. of India had asked for resubmitting the compensation claim. Accordingly the Group has resubmitted compensation claim of ₹ 176.52 Crore. This includes compensation of ₹ 26.41 Crore already received in FY 2016-17. This matter is still pending with Ministry of Coal, Govt. of India.

41 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's principal financial liabilities comprise of loans and borrowings in foreign as well as domestic currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group companies also enter into derivative contracts.

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

Market Risk-

- Interest rate risk
- Currency risk
- Price risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note presents information about the risks associated with its financial instruments, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

CREDIT RISK

The Group is exposed to credit risk as a result of the risk of counter parties' non performance or default on their obligations. The Group's exposure to credit risk primarily relates to investments, accounts receivable and cash and cash equivalents. The Group monitors and limits its exposure to credit risk on a continuous basis. The Group's credit risk associated with accounts receivable is primarily related to party not able to settle their obligation as agreed. To manage this the Group periodically reviews the financial reliability of its customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivables.

Trade receivables

Trade receivables represent the most significant exposure to credit risk and are stated after an allowance for impairment and expected credit loss.

Loans and Advances

Financial assets in the form of loans and advances are written off when there is no reasonable expectations of recovery. Where recoveries are made, these are recognized as income in the statement of profit and loss. The Group measures the expected credit loss of dues based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on historical data, loss on collection of dues is not material hence no additional provisions considered.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to cash. These are subject to insignificant risk of change in value or credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

| | 31st March, 2020 | 31st March, 2019 |
|---------------------------------|------------------|------------------|
| Trade and other receivables | 123.89 | 92.56 |
| Loans and advances | 262.51 | 333.13 |
| Bank, cash and cash equivalents | 164.64 | 44.99 |

Impairment losses

| | 31st March, 2020 | 31st March, 2019 |
|---|------------------|------------------|
| Trade and other receivables (measured under life time expected credit loss model) | | |
| Opening balance | 2.71 | 2.88 |
| Provided during the year | 0.30 | (0.18) |
| Reversal of provision | - | - |
| Unwinding of discount | - | - |
| Closing balance | 3.01 | 2.70 |

Ageing analysis*

| | 31st March, 2020 | 31st March, 2019 |
|--------------------|------------------|------------------|
| Upto 3 months | 112.94 | 86.34 |
| 3-6 months | 4.87 | 3.86 |
| More than 6 months | 9.09 | 5.07 |
| | 126.90 | 95.27 |

*Gross trade receivables i.e. not including provision for doubtful debts/impairment

No significant changes in estimation techniques or assumptions were made during the reporting period

LIQUIDITY RISK

The Group is exposed to liquidity risk related to its ability to fund its obligations as they become due. The Group monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The Group has access to credit facilities and debt capital markets and monitors cash balances daily. In relation to the Group's liquidity risk, the Group's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions as they fall due while minimizing finance costs, without incurring unacceptable losses or risking damage to the Group's reputation.

Financing arrangements

The Group has access to following undrawn borrowing facilities and liquid investments at the end of the reporting period:

| | 31st March, 2020 | 31st March, 2019 |
|---------------------------------------|------------------|------------------|
| Term Loan - Union Bank of India (UBI) | 6.13 | 6.13 |
| Term Loan - PFC | 46.67 | 51.86 |
| Term Loan - PTC | 28.68 | 11.58 |
| Term Loan - IDBI/ IREDA | 37.30 | 102.92 |
| Cash Credit facility | 130.39 | 68.68 |
| Current investments | 41.90 | 52.42 |

Maturities of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

| As at 31st March, 2020 | Less than 1 year | 1-5 years | More than 5 years | Total |
|-----------------------------|------------------|---------------|-------------------|-----------------|
| Borrowings | 275.17 | 842.37 | 576.89 | 1,694.43 |
| Trade payables | 213.66 | - | - | 213.66 |
| Security deposits | 8.78 | 22.73 | - | 31.51 |
| Other financial liabilities | 94.88 | - | - | 94.88 |
| | 592.49 | 865.10 | 576.89 | 2,034.48 |

| As at 31st March, 2019 | Less than 1 year | 1-5 years | More than 5 years | Total |
|---------------------------------|------------------|---------------|-------------------|-----------------|
| Borrowings | 329.35 | 561.78 | 504.17 | 1,395.30 |
| Obligations under finance lease | - | - | - | - |
| Trade payables | 180.61 | - | - | 180.61 |
| Security deposits | 4.15 | 12.15 | 2.10 | 18.40 |
| Other financial liabilities | 89.16 | - | - | 89.16 |
| | 603.27 | 573.93 | 506.27 | 1,683.47 |

INTEREST RATE RISK

Interest rate risk is the risk that an upward movement in the interest rate would adversely effect the borrowing cost of the Group. The Group is exposed to long term and short-term borrowings, Commercial Paper Program. The Group manages interest rate risk by monitoring its mix of fixed and floating rate instruments, and taking action as necessary to maintain an appropriate balance.

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

MARKET RISK**a) Interest rate risk exposure**

| | 31st March, 2020 | 31st March, 2019 |
|--------------------------|------------------|------------------|
| Variable rate borrowings | 1,566.52 | 1,291.08 |
| Fixed rate borrowings | 127.92 | 104.22 |

b) Sensitivity analysis

Profit or loss estimate to higher/lower interest rate expense from borrowings as a result of changes in interest rates.

| | Impact on profit after tax | |
|--|----------------------------|---------|
| | 2019-20 | 2018-19 |
| Interest rates - increase by 70 basis points | (8.50) | (8.10) |
| Interest rates - decrease by 70 basis points | 8.50 | 8.10 |

CURRENCY RISK

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods in the respective currencies. The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Notes to consolidated financial statements for the year ended 31st March, 2020

Currency in Crore

| Particulars | Currency | 2019-20 | 2018-19 |
|-------------------------------------|----------|---------|---------|
| Bank Loans | USD | (0.50) | (0.44) |
| Trade & Other Payables | EURO | (0.60) | (0.52) |
| Trade & Other Payables | USD | (2.73) | (2.31) |
| Trade & Other Payables | AED | (1.02) | - |
| Investment held for Trading | USD | 1.13 | 1.64 |
| | AED | 0.58 | - |
| Investment in associate | USD | 0.29 | 0.32 |
| Trade & Other Receivables | USD | 0.99 | 1.28 |
| | AED | 0.03 | - |
| Cash & Cash Equivalents | USD | - | 0.08 |
| | AED | 0.01 | - |
| Forward Contract to Sell/Receivable | USD | (0.10) | 0.09 |

Profit or loss estimate to higher/lower as a result of changes in foreign exchange rates- (₹ in Crore)

| | Impact on profit after tax | |
|---|----------------------------|---------|
| | 2019-20 | 2018-19 |
| Foreign exchange rates - increase by 1% | (0.01) | (1.60) |
| Foreign exchange rates - decrease by 1% | 0.01 | 1.60 |

PRICE RISK

The Group is exposed to equity price risk, which arises out from FVTPL quoted equity shares & mutual funds and FVTOCI unquoted equity shares. The management monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the management. The primary goal of the Group's investment strategy is to maximize investments returns.

Sensitivity Analysis for Price Risk

Equity Investments carried at FVTOCI are not listed on the stock exchange. For equity investments and mutual funds classified as at FVTPL, the impact of a 2% increase in the index at the reporting date on profit & loss would have been an increase of ₹ 4.77 Crore (2018-19: ₹ 3.45 Crore); an equal change in the opposite direction would have decreased profit and loss. For equity investments classified as at FVTOCI, the impact of a 2% increase in the index at the reporting date on profit & loss would have been an increase of ₹ 0.44 Crore (2018-19: ₹ 0.34 Crore); an equal change in the opposite direction would have decreased profit and loss.

42 CAPITAL MANAGEMENT

The Group's main objectives when managing capital are to:

- ensure sufficient liquidity is available (either through cash and cash equivalents, investments or committed credit facilities) to meet the needs of the business;
- ensure compliance with covenants related to its credit facilities and secured debentures;
- minimize finance costs while taking into consideration current and future industry, market and economic risks and conditions;
- safeguard its ability to continue as a going concern; and
- to maintain an efficient mix of debt and equity funding thus achieving an optimal capital structure and cost of capital.

The Board has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Notes to consolidated financial statements for the year ended 31st March, 2020

For the purpose of Group's capital management, capital includes issued capital and all other equity reserves. The Group manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants.

The Group manages its capital on the basis of net debt to equity ratio which is net debt (total borrowings net of cash and cash equivalents) divided by total equity. (₹ in Crore)

| | 31st March, 2020 | 31st March, 2019 |
|---------------------------------|------------------|------------------|
| Total liabilities | 1,471.25 | 1,127.69 |
| Less : Cash and cash equivalent | 163.93 | 43.49 |
| Net debt | 1,307.32 | 1,084.20 |
| Total equity | 1,967.86 | 1,874.98 |
| Net debt to equity ratio | 0.66 | 0.58 |

The Group has complied with the covenants as per the terms of the major borrowing facilities throughout the reporting period.

43 FINANCIAL INSTRUMENTS

(₹ in Crore)

A. Accounting classification and fair values

| 31st March, 2020 | Carrying amount | | | Total | Fair value | | | Total |
|--|-----------------|--------------|-----------------|-----------------|---------------|--------------|---------|---------------|
| | FVTPL | FVTOCI | Amotized Cost* | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | | | | |
| Bank, cash and cash equivalents | - | - | 164.64 | 164.64 | - | - | - | - |
| Non-current investments | | | | | | | | |
| Unquoted Equity Investments | - | 21.79 | 29.78 | 51.57 | - | 21.79 | - | 21.79 |
| Quoted Mutual Funds | 0.11 | - | - | 0.11 | 0.11 | - | - | 0.11 |
| Current investments | | | | | | | | |
| Quoted Equity Investments | 139.18 | - | - | 139.18 | 139.18 | - | - | 139.18 |
| Financial Asset: Loans & others | - | - | 262.51 | 262.51 | - | - | - | - |
| Trade and other receivables | - | - | 123.89 | 123.89 | - | - | - | - |
| | 139.29 | 21.79 | 580.82 | 741.90 | 139.29 | 21.79 | - | 161.08 |
| Financial liabilities | | | | | | | | |
| Long term borrowings | - | - | 1,408.34 | 1,408.34 | - | - | - | - |
| Short term borrowings | - | - | 223.19 | 223.19 | - | - | - | - |
| Trade and other payables | - | - | 213.67 | 213.67 | - | - | - | - |
| Other financial liabilities | 0.14 | - | 189.16 | 189.30 | 0.14 | - | - | 0.14 |
| | 0.14 | - | 2,034.36 | 2,034.50 | 0.14 | - | - | 0.14 |

| 31st March, 2019 | Carrying amount | | | Total | Fair value | | | Total |
|--|-----------------|--------------|----------------|---------------|---------------|--------------|---------|---------------|
| | FVTPL | FVTOCI | Amotized Cost* | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | | | | |
| Bank, cash and cash equivalents | - | - | 44.99 | 44.99 | - | - | - | - |
| Non-current investments | | | | | | | | |
| Unquoted Equity Investments | - | 16.85 | 29.91 | 46.76 | - | 16.85 | - | 16.85 |
| Quoted Mutual Funds | 0.16 | - | - | 0.16 | 0.16 | - | - | 0.16 |
| Current investments | | | | | | | | |
| Quoted Equity Investments | 166.01 | - | - | 166.01 | 166.01 | - | - | 166.01 |
| Financial Asset: Loans & others | - | - | 333.13 | 333.13 | - | - | - | - |
| Trade and other receivables | - | - | 92.56 | 92.56 | - | - | - | - |
| | 166.17 | 16.85 | 500.59 | 683.61 | 166.17 | 16.85 | - | 183.02 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

| 31st March, 2019 | Carrying amount | | | Total | Fair value | | | Total |
|------------------------------|-----------------|--------|-----------------|-----------------|------------|---------|---------|-------|
| | FVTPL | FVTOCI | Amotized Cost* | | Level 1 | Level 2 | Level 3 | |
| Financial liabilities | | | | | | | | |
| Long term borrowings | - | - | 1,064.04 | 1,064.04 | - | - | - | - |
| Short term borrowings | - | - | 267.62 | 267.62 | - | - | - | - |
| Trade and other payables | - | - | 180.61 | 180.61 | - | - | - | - |
| Other financial liabilities | - | - | 171.21 | 171.21 | - | - | - | - |
| | - | - | 1,683.48 | 1,683.48 | - | - | - | - |

* The carrying value and the fair value approximates.

B. Measurement of fair values

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

C. Valuation techniques

The following methods and assumptions were used to estimate the fair values

- 1) Fair value of the cash and short term deposits, current loans and advances and other current financial liabilities, short term borrowing from banks and other financial institutions and other similar items approximate their carrying value largely due to short term maturities of these instruments.
- 2) Long-term receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- 3) The fair values of the quoted instruments and mutual funds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt of similar terms, credit risk and remaining maturities.
- 4) The fair values of the unquoted equity shares designated at FVTOCI have been estimated by using the most recent purchase price of such shares. (level 2)

44 PREVIOUS YEAR FIGURES HAVE BEEN RE-CASTED / REGROUPED / RESTATED WHEREVER NECESSARY TO MAKE THEM COMPARABLE.

Signatures to Notes 1 to 44
As per our report of even date attached
For **O. P. Singhania & Co.**
(ICAI FRN 002172C)
Chartered Accountants

Naitik Agrawal
Partner
Membership No. 441441
Raipur
20th June, 2020

K. K. Sarda
Chairman & Managing Director
DIN: 00008170
Raipur
20th June, 2020

For and on Behalf of the Board

P. K. Jain
Wholtime Director & CFO
DIN: 00008379

Manish Sethi
Company Secretary

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Joint Ventures / Associates.

| Name of the Enterprise | Net Assets i.e. total assets minus total liabilities | | Share in Profit and Loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|--|---------|-------------------------------------|---------|---|--------|---|---------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| Parent | | | | | | | | |
| Srda Energy & Minerals Limited | 39.28 | 772.91 | 114.53 | 147.11 | 597.94 | 1.53 | 115.49 | 148.64 |
| Subsidiary | | | | | | | | |
| Indian | | | | | | | | |
| SMAL - Sarda Metals & Alloys Limited | 12.42 | 244.37 | 2.22 | 2.85 | (27.60) | (0.07) | 2.16 | 2.78 |
| SEL - Sarda Energy Limited | 3.87 | 76.18 | 2.55 | 3.27 | - | - | 2.54 | 3.27 |
| CHPPL - Chhattisgarh Hydro Power LLP | 5.42 | 106.73 | 13.58 | 17.48 | (3.58) | (0.01) | 13.56 | 17.45 |
| MBPCL - Madhya Bharat Power Corporation Limited | 25.50 | 501.79 | (0.97) | (1.24) | (8.08) | (0.02) | (0.98) | (1.26) |
| PPL - Parvatiya Power Limited | 1.53 | 30.14 | 1.79 | 2.30 | (139.28) | (0.35) | 1.51 | 1.95 |
| SHP LLP - Sarda Hydro Power LLP | 0.02 | 0.49 | - | - | - | - | - | - |
| SRE LLP - Shri Ram Electricity LLP | 0.18 | 3.50 | 0.05 | 0.06 | - | - | 0.05 | 0.06 |
| NREPL - Natural Resources Energy Private Limited | 0.01 | 0.19 | 0.08 | 0.10 | - | - | 0.08 | 0.10 |
| Foreign | | | | | | | | |
| SEMHKL - Sarda Energy & Minerals Hongkong Limited | 6.44 | 126.81 | (23.52) | (30.22) | - | - | (23.48) | (30.22) |
| SGV - Sarda Global Venture Pte. Limited | 0.64 | 12.51 | 0.06 | 0.08 | (178.06) | (0.45) | (0.29) | (0.38) |
| SGT-Sarda Global Trading DMCC | (0.42) | (8.23) | (6.51) | (8.36) | - | - | (6.50) | (8.36) |
| Joint Venture | | | | | | | | |
| Indian | | | | | | | | |
| RICL - Raipur Infrastructure Company Limited | - | - | 0.04 | 0.05 | (5.87) | (0.02) | 0.03 | 0.04 |
| MSSCL - Madampur South Coal Company Limited | - | - | (0.04) | (0.06) | - | - | (0.04) | (0.06) |
| Associates | | | | | | | | |
| Foreign | | | | | | | | |
| PT. Tagadaya Mining, Indonesia | | | (5.51) | (7.08) | - | - | (5.50) | (7.08) |
| Minority Interest in all subsidiaries | 5.11 | 100.47 | 1.65 | 2.11 | (135.47) | (0.35) | 1.37 | 1.77 |
| Total | 100.00 | 1967.86 | 100.00 | 128.45 | 100.00 | 0.26 | 100.00 | 128.71 |

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

Statement pursuant to section 129(3) of the Companies Act, 2013 read with rule 5 part A of Companies (Accounts) Rules, 2014 in respect of the Subsidiary Companies and Joint venture

Summary of Financial Information of Subsidiary Companies As on 31.03.2020

| S. No. | Particulars/Name of the Subsidiary Company | SEMHKL Hongkong | SGV Singapore | SGT Dubai | SMAL India | CHP LLP India | PPL India | MBPCL India | SEL India | SRE LLP India | SHP LLP India | NREPL India |
|--------|---|-----------------|-----------------|------------------|-----------------|------------------|------------------|------------------|------------------|-----------------|-----------------|----------------|
| 1 | Financial year of the Subsidiary Company/LLP ended on | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 |
| 2 | Date from which it became Subsidiary Company/LLP | 17th Sep. 2007 | 12th June, 2008 | 06th March, 2018 | 15th June, 2009 | 31st March, 2010 | 31st March, 2010 | 31st March, 2010 | 31st March, 2010 | 1st March, 2011 | 21st Sept. 2010 | 10th Feb. 2015 |
| 3 | Capital | 0.56 | 20.75 | 1.88 | 21.02 | 106.67 | 1.54 | 219.34 | 0.72 | 3.53 | 0.51 | 0.01 |
| 4 | Reserves & Surplus | 126.25 | (8.24) | (10.11) | 223.36 | 0.06 | 28.61 | 282.45 | 75.47 | (0.03) | (0.02) | 0.18 |
| 5 | Total Assets | 158.74 | 22.57 | 12.73 | 744.71 | 240.48 | 53.54 | 1,483.88 | 104.59 | 4.14 | 0.49 | 0.37 |
| 6 | Total Liabilities | 126.81 | 12.51 | (8.23) | 244.37 | 106.73 | 30.14 | 501.79 | 76.18 | 3.50 | 0.49 | 0.19 |
| 7 | Investments | 85.35 | - | 11.93 | - | - | 20.34 | - | 87.81 | - | - | - |
| 8 | Turnover | (29.40) | - | (7.21) | 556.47 | 48.00 | 9.61 | - | 10.42 | 0.12 | 0.03 | 0.38 |
| 9 | Profit before Taxation | (30.22) | 0.08 | (8.36) | 4.67 | 27.40 | 4.56 | (1.50) | 3.27 | 0.12 | - | 0.25 |
| 10 | Provision for Taxation | - | - | - | 1.82 | 9.94 | 0.04 | - | - | - | - | 0.05 |
| 11 | Profit After Taxation | (30.22) | (7.00) | (8.36) | 2.85 | 17.46 | 4.52 | (1.50) | 3.27 | 0.12 | - | 0.20 |
| 12 | Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - |
| 13 | % of Shareholding | 100.00% | 100.00% | 100.00% | 100.00% | 72.00% | 51.00% | 73.84% | 100.00% | 51.00% | 60.00% | 100.00% |
| 14 | Whether commenced operation | Yes | Yes | Yes | Yes | Yes | Yes | No | No | No | No | No |

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 31.03.2020, i.e. 1US\$ = ₹ 75.68 [SGV and SEMHKL] and 1AED = ₹ 20.58 [SGT]

Notes :

- 1 SEMHKL - Sarda Energy & Minerals Hongkong Limited
- 2 SGV - Sarda Global Venture Pte. Limited
- 3 SGT - Sarda Global Trading DMCC
- 4 SMAL - Sarda Metals & Alloys Limited
- 5 SEL - Sarda Energy Limited
- 6 CHPPL - Chhattisgarh Hydro Power LLP
- 7 MBPCL - Madhya Bharat Power Corporation Limited
- 8 PPL - Parvatiya Power Limited
- 9 SHPLLP - Sarda Hydro Power LLP
- 10 SRE LLP - Shri Ram Electricity LLP
- 11 NREPL - Natural Resources Energy Private Limited

Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

Statement pursuant to section 129(3) of the Companies Act, 2013 read with rule 5 part B of Companies (Accounts) Rules, 2014 in respect of the Associates

Summary of Financial Information of Associates As on 31.03.2020

| S.No. | Particulars/Name of the Joint Ventures | PT. Tagadaya Minergy, Indonesia |
|-------|--|---------------------------------|
| 1 | Financial year of the Associate ended on | 31st March, 2020 |
| 2 | Share of Associate held by the company on the year end | |
| | No. | 39,646 |
| | Amount of Investment | 22.17 |
| | Extend of Holding % | 49.00% |
| 3 | Networth | 4.63 |
| 4 | Profit/(Loss) for the year | |
| | i. Considered in Consolidation | (7.08) |
| | ii. Not Considered in Consolidation | - |
| 5 | Whether commenced operation | Yes |

Statement pursuant to section 129(3) of the Companies Act, 2013 read with rule 5 part B of Companies (Accounts) Rules, 2014 in respect of the Joint venture

Summary of Financial Information of Joint Ventures As on 31.03.2020

| S.No. | Particulars/Name of the Joint Ventures | RICL India | MSCCL India |
|-------|---|------------------|------------------|
| | | 31st March, 2020 | 31st March, 2020 |
| 1 | Financial year of the Joint Ventures ended on | | |
| 2 | Share of Joint Ventrues held by the company on the year end | | |
| | No. | 1,30,800 | 1,30,742 |
| | Amount of Investment | 6.26 | 1.35 |
| | Extend of Holding % | 33.33% | 20.13% |
| 3 | Networth | 18.67 | 7.00 |
| 4 | Profit/(Loss) for the year | | |
| | i. Considered in Consolidation | (1.23) | 0.04 |
| | ii. Not Considered in Consolidation | - | - |
| 5 | Whether commenced operation | Yes | No |

Notes :

- 1 RICL - Raipur Infrastructure Company Limited
- 2 MSCCL - Madanpur South Coal Company Limited

As per our report of even date attached

For and on Behalf of the Board

For **O. P. Singhania & Co.**
(ICAI FRN 002172C)
Chartered Accountants

Naitik Agrawal
Partner
Membership No. 441441
Raipur
20th June, 2020

K. K. Sarda
Chairman & Managing Director
DIN: 00008170
Raipur
20th June, 2020

P. K. Jain
Wholtime Director & CFO
DIN: 00008379

Manish Sethi
Company Secretary

A glimpse of our operations





Sarda Energy & Minerals Limited
www.seml.co.in



Sarda Energy & Minerals Limited

CIN: L27100MH1973PLC016617

Registered Office

73-A, Central Avenue, Nagpur (M.H.) 440018

Ph: +91-712-2722407; Email: cs@seml.co.in; URL: www.seml.co.in

NOTICE is hereby given that the 47th Annual General Meeting of the members of Sarda Energy & Minerals Limited will be held on Thursday, 24th September, 2020 at 11.30 a.m. through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following business:

Ordinary Business

- To consider and adopt:
 - the audited standalone financial statements of the Company for the financial year ended 31st March, 2020, the reports of the Board of Directors and Auditors thereon.
 - the audited consolidated financial statements of the Company for the financial year ended 31st March, 2020.
- To declare dividend on equity shares for the financial year ended 31st March, 2020.
- To appoint a Director in place of Mr. Pankaj Sarda (DIN: 00008190), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.

Special Business

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

“RESOLVED that pursuant to the provisions of section 148 and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021, be paid a remuneration as set out in the Explanatory Statement annexed to the notice of this Annual General Meeting.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

- To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and any other applicable provisions of the Companies Act, 2013 (“the Act”) read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V to the Act (including any statutory modification(s), amendment(s), clarification(s), re-enactment(s) or substitution(s) thereof for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modification(s) thereof or supplements thereto (“SEBI Listing Regulations”) and subject to the Articles of Association of the Company and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be imposed or prescribed by any of the authorities while granting such approvals, permissions and sanctions and as recommended by Nomination and Remuneration Committee and approved by Board of Directors of the Company (hereinafter referred to as “the Board” which term shall deem to include the Nomination and Remuneration Committee or any other Committee constituted or to be constituted to exercise the powers including the powers conferred under this resolution), the consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Kamal Kishore Sarda (DIN: 00008170) as “Chairman & Managing Director” of the Company, not liable to retire by rotation, for five years, with effect from 1st April, 2020 on such terms and conditions and remuneration as set out in the statement annexed to this Notice.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 of the Act read with Schedule V to the Act, where in any financial year during the currency of the tenure of Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to Chairman & Managing Director, the above remuneration, excluding the commission, as the minimum remuneration for the aforesaid period, by way of salary, perquisites and other allowances and benefits and subject to receipt of the requisite approvals, if any.

RESOLVED FURTHER THAT the liberty be given to the Board of Directors/Nomination & Remuneration Committee

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to alter and vary the terms and conditions of the said re-appointment and/ or remuneration in such manner as may be agreed to by and between the Company and Mr. Kamal Kishore Sarda provided however, such alterations are within the maximum limits approved by the authorities / members / laid down in the Companies Act, 2013 for the time being in force.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all the acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution and settle any questions, difficulties or doubts that may arise in this regard without further referring to the Members of the Company.”

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 42,71 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, including any amendment, modification or variation thereof for the time being in force, and subject to all other applicable regulations, rules, notifications, circulars and guidelines prescribed by the Securities and Exchange Board of India (“SEBI”), as amended, and subject to the applicable regulations, rules, notifications, circulars and guidelines prescribed by the Reserve Bank of India (“RBI”), the Memorandum of Association and the Articles of Association of the Company, and subject to such approvals, consents, permissions and sanctions as may be required and subject to such conditions and/ or modifications as may be prescribed or imposed by the Appropriate Authority while granting such approvals, consents, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), subject to the total borrowings of the Company not exceeding the borrowing limits approved by the Members from time to time under Section 180(1) (c) of the Act, the consent of the Members of the Company be and is hereby accorded to the Board and the Board be and is hereby authorized to create, offer, invite for subscription, issue and allot, from time to time, in one or more tranches and/ or series, whether secured or unsecured, cumulative or non-cumulative, listed or unlisted, redeemable non-convertible debentures and/or other debt securities, denominated in Indian rupees or any foreign currency (“NCDs”), aggregating to an amount not exceeding ₹500 crore (Rupees five hundred crore only) or its equivalent in one or more currencies, at par or at premium or at a discount, either at issue or at redemption, on a private placement basis or through a public issue, during the period of one year from the date of this Annual General Meeting or such other period as may be permitted under the Act and other applicable laws, as the Board in its absolute discretion deems fit and on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized on behalf of the Company to determine the terms of issue including the class of investors to whom the NCDs are to be issued, time, the number of NCDs, tranches, issue price, tenor, interest rate, premium/ discount, listing (in India or overseas) and to do all such acts, deeds, matters and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds/ documents/undertakings/ agreements/ papers/ writings, as may be required in this regard and to resolve and settle all questions and difficulties that may arise at any stage from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred herein to any Committee of Directors or any Director(s) or executive(s)/ officer(s) of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary to give effect to this Resolution.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 42, 62, 71 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules and regulations made thereunder (including any amendments, statutory modification(s) and/ or re-enactment thereof for the time being in force) (“Companies Act”), the relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (including any amendment, modification, variation or re-enactment thereof) (“ICDR Regulations”) and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of the Foreign Exchange Management Act, 1999, including any amendments, statutory modification(s) and/ or re-enactment thereof (“FEMA”) and the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident outside India) Regulations, 2017, as amended, the Foreign Exchange Management (Transfer or Issue of Any

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Foreign Security) Regulations, 2004, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended, the Depository Receipts Scheme, 2014, as amended, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, (the "Debt Listing Regulations") including any amendments, statutory modification(s) and/ or re-enactment thereof and all other applicable statutes, rules, regulations, guidelines, notifications, circulars and clarifications as may be applicable, as amended from time to time, issued by the Government of India ('GOI'), Ministry of Corporate Affairs ('MCA'), the Reserve Bank of India ('RBI'), BSE Limited and National Stock Exchange of India Limited ('Stock Exchanges'), the Securities and Exchange Board of India ('SEBI'), Foreign Investment Promotion Board ("FIPB"), Department of Industrial Policy & Promotion ("DIPP") and/ or any other regulatory/ statutory authorities, in India or abroad from time to time, to the extent applicable and subject to the approvals, permits, consents and sanctions of any regulatory/ statutory authorities and guidelines and clarifications issued thereon from time to time and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any Committee of the Board of Directors of the Company constituted by the Board to exercise its powers including powers conferred by this resolution), the consent of the members be and is hereby accorded to the Board to offer, issue and allot (including with provisions for reservations on firm and/ or competitive basis, for such part of issue and for such categories of persons as may be permitted) such number of equity shares of the Company of face value of ₹10/- each ('Equity Shares'), Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"), Foreign Currency Convertible Bonds ("FCCBs"), Preference Shares convertible into equity shares, Fully Convertible Debentures/Partly Convertible Debentures, Non- Convertible Debentures ("NCDs") along with warrants, with a right exercisable by the warrant holder to exchange the said warrants with Equity Shares and/ or any other financial instruments convertible into Equity Shares (including warrants, or otherwise) and/ or other securities convertible into Equity Shares (including warrants, or otherwise), fully convertible debentures, partly convertible debentures, non-convertible debentures with warrants and/ or convertible preference shares or any security convertible into Equity Shares (hereinafter referred to as 'Securities'), or any combination thereof, in one or more tranches, whether Rupee denominated or denominated in foreign currency, in the course of Indian and / or International offering(s) in one or more foreign markets and /or domestic market, for cash, at such price or prices, in terms of the applicable regulations and as permitted under the applicable laws, in such manner, in consultation with the Merchant Banker(s) and/ or other Advisor(s) or otherwise, for an aggregate amount not exceeding ₹1,000 crore (Rupees one thousand crore only) by way of one or more public and/ or private offerings and/ or preferential issue and/ or by way of qualified institutions placement in accordance with the provisions of Chapter VIII of the ICDR Regulations, or any combination thereof, to such investors that may be permitted to invest in such issuance of Securities, including eligible qualified institutional buyers ('QIBs') (as defined in the ICDR Regulations), foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign institutional investors, foreign portfolio investors, Indian and/ or multilateral financial institutions, mutual funds, insurance companies, non-resident Indians, pension funds and/ or any other categories of investors, whether or not such investors are members of the Company, to all or any of them, jointly or severally through an offer/ placement document and/ or other letter or circular ('Offering Circular') as may be deemed appropriate, in the sole discretion by the Board in such manner and on terms and conditions, including the terms of the issuance, security, fixing of record date, and at such price, whether at a premium or discount to market price as may be permitted under applicable law and/ or as may be permitted by the relevant regulatory / statutory authority, in such manner and on such terms as may be deemed appropriate by the Board at its absolute discretion (the 'Issue') and without requiring any further approval or consent from the shareholders.

RESOLVED FURTHER THAT in the event the proposed issuance of Securities is undertaken by way of a QIP in terms of the ICDR Regulations (hereinafter referred to as "Eligible Securities" within the meaning of the ICDR Regulations):

- a) the allotment of Eligible Securities (or any combination of Eligible Securities as may be decided by the Board) shall be completed within 365 days from the date of passing of this resolution or such other time as may be allowed under the ICDR Regulations from time to time.
- b) the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares as Eligible Securities and in case Eligible Securities are eligible convertible securities, then either the date of the meeting in which the Board decides to open the

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proposed issue or the date on which holder of Eligible Securities become eligible to apply for Equity Shares, as may be determined by the Board or such date as may be permitted under ICDR Regulations, as amended.

RESOLVED FURTHER THAT any issue of Eligible Securities made by way of a QIP under ICDR Regulations shall be at such price which is not less than the price determined in accordance with the pricing formula provided under ICDR Regulations ('QIP Floor Price') and shall be subject to appropriate adjustments as per the provisions of the ICDR Regulations, as may be applicable. Furthermore, the Board may, at its absolute discretion, also offer a discount of not exceeding 5% (five per cent) or such other percentage as may be permitted under applicable law to the QIP Floor Price.

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as FCCBs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme, 1993 or such other date as may be prescribed under applicable law.

RESOLVED FURTHER THAT pursuant to the above mentioned resolutions:

- (a) the Securities proposed to be issued, offered and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company, the Companies Act and other applicable laws;
- (b) the Equity Shares that may be issued by the Company shall rank pari passu with the existing Equity Shares of the Company in all respects; and
- (c) Equity Shares to be issued on conversion of Securities convertible into Equity Shares shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, consolidation of stock, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate re-organization or restructuring.

RESOLVED FURTHER THAT the Board be and is hereby authorized to enter into any arrangement with any agencies or bodies for the issue of GDRs and /or ADRs represented by underlying equity shares in the share capital of the Company with such features and attributes as are prevalent in international / domestic capital markets for instruments of this nature and to provide for the tradability and free transferability thereof in accordance with market practices as per the domestic and / or international practice and regulations and under the norms and practices prevalent in the domestic/international capital markets and subject to applicable laws and regulations and the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities or Equity Shares on conversion of Securities, the Board be and is hereby authorized on behalf of the Company to seek listing of any or all of such Securities or Equity Shares as the case may be, on the Stock Exchanges in India.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the Board be and is hereby authorized in its absolute discretion, in such manner as it may deem fit, to dispose of such of the Securities that are not subscribed in accordance with applicable law.

RESOLVED FURTHER THAT the Board be and is hereby authorized to appoint merchant bankers, lead manager(s), underwriters, depositories, custodians, registrars, bankers, lawyers, advisors, debenture trustees and all such agencies as are or may be required to be appointed, involved or concerned and to remunerate them by way of commission, brokerage, fees or the like and also to reimburse them out of pocket expenses incurred by them and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with such agencies.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized, on behalf of the Company, to take all actions and do all such acts, deeds, actions and sign such documents as may be required in furtherance of, or in relation to, or ancillary to, the Issue, including the finalization and approval of the draft as well as final offer document(s), determining the form and manner of the Issue, identification and class of the investors to whom the Securities are to be offered, utilization of the issue proceeds, authorizing any Director(s) or Officer(s) of the Company to sign offer documents, execute any necessary documents, agreements, forms, deeds, appointment of intermediaries, open and close the period of subscription of the Issue, determine the issue price, premium amount on issue/conversion of the Securities, if any, rate of interest and all other terms and conditions of the Securities, utilization of the Issue proceeds, signing of declarations, file any necessary forms with regulatory authorities and allot the Securities and to amend, vary or modify any of the above as the Board may consider necessary, desirable or expedient and to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purposes of the Issue and resolve and settle all questions or

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difficulties that may arise in regard to such Issue without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of directors or any director(s)/executive of the Company, in such manner as they may deem fit in their absolute discretion with the power to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purposes of the Issue and settle any questions or difficulties that may arise in this regard to the Issue.”

By Order of the Board of Directors
For **Sarda Energy & Minerals Limited**

Sd/-
(Manish Sethi)
Company Secretary

Raipur
8th August, 2020

Registered Office

Sarda Energy & Minerals Limited
CIN: L27100MH1973PLC016617
73-A, Central Avenue
Nagpur (M.H.) 440018
Ph: +91-712-2722407
Email: cs@seml.co.in; URL: www.seml.co.in

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NOTES

1. In view of the continuing COVID-19 pandemic, social distancing is a norm to be followed. The Ministry of Corporate Affairs (“MCA”) has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as “MCA Circulars”) and SEBI vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by the Securities and Exchange Board of India (hereinafter referred to as “SEBI Circular”) has permitted the holding of the “AGM” through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the 47th AGM of the Company is being convened through VC / OAVM. Hence, Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the Meeting through VC/OAVM is given herein below.
2. The Company has appointed National Securities Depository Limited (“NSDL”), to provide VC/OAVM facility for the AGM and the attendant enablers for conducting of the AGM.
3. **Pursuant to the provisions of the MCA Circulars and SEBI Circular for conducting AGM through VC/OAVM:**
 - a. Members can attend the Meeting using the remote e-Voting login credentials provided to them to connect to Video conference.
 - b. Pursuant to the provisions of the Companies Act, 2013 (“the Act”), a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since, this AGM is being held pursuant to the MCA Circulars and SEBI Circular through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
 - c. Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through remote e-voting or e-voting during the Meeting.
 - d. In case of joint holders attending the AGM through video conferencing, only such joint holder who is higher in the order of names will be entitled to do the e-Voting.
4. Members are requested to participate on first come first serve basis, as participation through video conferencing will be available for 1,000 members and will be closed on expiry of 15 minutes from the scheduled time of the AGM. However, the participation of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors, etc. is not restricted on first come first serve basis. Members can login and join 15 (fifteen) minutes prior to the schedule time of meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time of the Meeting.
5. The attendance of the Members (members logins) attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. In line with the MCA Circulars and SEBI Circular, the Notice calling the AGM and Annual Report has been uploaded on the website of the Company at www.seml.co.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and is also available on the website of e-voting agency NSDL at the website address www.evoting.nsdl.com.
7. Procedure for obtaining the Annual Report, AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with Registrar & Transfer Agent on physical folios.

On account of threat posed by COVID-19 and in terms of the above mentioned MCA Circulars and SEBI Circular, the Company has sent the Annual Report, Notice of AGM and e-Voting instructions only in electronic form to the registered email addresses of the shareholders. Therefore, those shareholders who have not yet registered their email address are requested to get their email addresses registered by following the procedure given below:

- a. Those shareholders who have registered an incorrect email address /not registered their e-mail address and mobile numbers including address and bank details, may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with M/s Bigshare Services Private Limited, Registrar & Transfer Agent of the Company (“RTA”) in case the shares are held in physical form.

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- b. Shareholders who have not registered their e-mail address or registered an incorrect email address and in consequence the Annual Report, Notice of AGM and e-voting notice could not be serviced, may also temporarily get their email address and mobile number provided with the Company's RTA, by writing to Company's R & T Agent for sending the same.

8. Instructions for the Members for attending the AGM through Video Conference:

- a. Members will be provided with a facility to attend the AGM through video conferencing platform provided by NSDL. Members may access the same at www.evoting.nsdl.com under "shareholders/ members" login by using the remote e-Voting credentials. The link for AGM will be available in shareholder/members login where the EVENT and the name of the Company can be selected. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice. Further, Shareholders can also use the OTP based login for logging into the e-voting system of NSDL.
 - b. Members are encouraged to join the Meeting through laptops with Google Chrome for better experience.
 - c. Further, Members will be required to allow camera, if any, and hence use Internet with a good speed to avoid any disturbance during the Meeting.
 - d. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuations in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 - e. Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the speaker registration during the AGM.
9. An Explanatory Statement pursuant to Section 102 of the Act which sets out details relating to the Special Business at the Meeting is annexed hereto and forms part of the Notice.
 10. Details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) in respect of the Director seeking appointment/reappointment at the Annual General Meeting are provided in the Corporate Governance Report forming part of the Annual Report. The Directors have furnished the requisite declarations for their appointment/re-appointment.
 11. The Register of Members and the Share Transfer Books of the Company will be closed from Monday, 14th September, 2020 to Thursday, 17th September, 2020 both days inclusive for determining names of Members eligible for payment of dividend.
 12. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by updating the same with the Company / RTA.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from the shareholder, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible.

In view of the circular issued by SEBI, the Electronic Clearing Services ("ECS/NECS") facility should mandatorily be used by the companies for the distribution of dividend to its Members. In order to avail the facility of ECS/NECS, Members holding shares in physical form are requested to provide bank account details to the Company or its RTA. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

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13. SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA.
14. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Act, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Act will be available for inspection during the AGM, if the members so desire. All documents referred to in the Notice will also be available electronically for inspection, without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to queries_47agm@seml.co.in
15. The Company has transferred the unpaid or unclaimed dividends declared up to financial year 2011-12, from time to time on due dates to the Investor Education and Protection Fund (the IEPF) established by the Central Government. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company (www.seml.co.in) and also on the website of the Ministry of Corporate Affairs.
16. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer. Details of shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: <http://www.seml.co.in/shares.php>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.
17. Members holding shares in physical form may avail themselves of the facility of nomination in terms of Section 72 of the Act by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the R&T Agents of the Company.
18. In accordance with the proviso to Regulation 40(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April, 2019, transfers of shares of the Company shall not be processed unless the shares are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in various corporate actions.
19. **Procedure to raise questions/seek clarifications with respect to Annual Report:**
 - a. As the AGM is being conducted through VC/OAVM, Members are encouraged to express their views/ send their queries in advance mentioning their name, DP Id and Client Id/Folio No., e-mail id, mobile number at queries_47agm@seml.co.in to enable smooth conduct of proceedings at the AGM. Questions/Queries received by the Company on or before Saturday, 19th September, 2020 shall only be considered and responded to during the AGM.
 - b. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP Id and Client Id/Folio No., PAN, mobile number at queries_47agm@seml.co.in from Friday, 18th September, 2020 (9.00 a.m. IST) to Monday, 21st September, 2020 (5.00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.
 - c. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the AGM.
20. **The instructions for shareholders voting electronically are as under:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 47th AGM. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by National Securities Depository Limited (NSDL). Members who have voted through remote e-Voting will be eligible to attend the AGM but will not be eligible to vote thereat.

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- a. The remote e-voting period commences on Monday, 21st September, 2020 (9.00 a.m. IST) and ends on Wednesday, 23rd September, 2020 (5.00 p.m. IST). During this period, the Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, 17th September, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present at the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting, shall be eligible to vote through e-voting system during the AGM.
- b. Once the vote on a resolution is cast by the Member, such Member will not be allowed to change it subsequently.
- c. A person who is not a Member as on cut-off date should treat this Notice for information purpose only.
- d. A person, whose name is recorded in the register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, viz., Thursday, 17th September, 2020 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through electronic voting system.
- e. Mr. Kamlesh Ojha (ACS 39476, CP 14660) from M/s. S.G. Kankani & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same. The Results declared along with the report of the Scrutinizer will be placed on the website of the Company www.seml.co.in and on the website of NSDL i.e. www.evoting.nsdl.com immediately after the declaration of result by the Chairman & Managing Director or any other Director of the Company. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited, where the equity shares of the Company are listed.
- f. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the AGM i.e. 24th September, 2020.
- g. **How to vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

How to Log-in to NSDL e-voting website?

- i. Visit the e-voting website of NSDL. Open web browser by typing the following URL: www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
- ii. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- iii. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at www.eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

- iv. Your User ID details are given below:

| Manner of Holding shares Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) Members who hold shares in demat account with NSDL | Character DP ID followed by 8 Digit Client ID. For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID. For example if your Beneficiary ID is 12***** then your user ID is 12***** |

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|---|---|
| c) Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the Company. For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |
|---|---|

- v. Your password details are given below:
- a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c. How to retrieve your 'initial password'?
 - I) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - II) If your Email ID is not registered, please follow the process as given in Notice.
- vi. If you are unable to retrieve or have not received the 'initial password' or you have forgotten your password:
- a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- vii. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- viii. Now, you will have to click on "Login" button.
- ix. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-voting system

How to cast your vote electronically on NSDL e-voting system?

- i. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on "e-voting". Then, click on "Active Voting Cycles".
- ii. After clicking on "Active Voting Cycles", you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- iii. Select "EVEN" of "Sarda Energy & Minerals Limited".
- iv. Now you are ready for e-voting as the Voting page opens.
- v. Cast your vote by selecting appropriate options i.e. "Assent" or "Dissent", verify/ modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- vi. Upon confirmation, the message "Vote cast successfully" will be displayed.
- vii. You can also take the printout of the votes cast by you by clicking on the "print" option on the confirmation page.
- viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

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21. The instructions for Members for e-voting at the AGM:
- i. The procedure for e-Voting at the AGM is same as the instructions mentioned above for remote e-voting.
 - ii. As mentioned hereinabove, only those Shareholders, who will be present at the AGM through VC/ OAVM facility and who have not cast their vote by remote voting prior to the AGM and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.
 - iii. Shareholders who have voted through remote e-voting will be eligible to attend the AGM and their presence shall be counted for the purpose of quorum, however such Shareholders shall not be entitled to cast their vote again at the AGM.
22. General Guidelines for shareholders
- i. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to kamal@sgkindia.net with a copy marked to evoting@nsdl.co.in.
 - ii. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
 - iii. In case of any query, please refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.
23. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

By Order of the Board of Directors
For **Sarda Energy & Minerals Limited**

Sd/-
(Manish Sethi)
Company Secretary

Raipur
8th August, 2020

Registered Office
Sarda Energy & Minerals Limited
CIN: L27100MH1973PLC016617
73-A, Central Avenue
Nagpur (M.H.) 440018
Ph: +91-712-2722407
Email: cs@seml.co.in; URL: www.seml.co.in

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STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“ACT”)

The following Statement sets out all material facts relating to Item Nos. 4 to 7 mentioned in the accompanying Notice.

Item No.4

The Board, on the recommendation of the Audit Committee, has in its meeting held on 20th June, 2020, approved the appointment of M/s. S.N. & Co., Cost & Management Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021 at a remuneration of ₹1,75,000/- (Rupee one lakh seventy five thousand only) plus applicable tax plus reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought by way of an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

Item No.5

The Board of Directors of the Company on the recommendation of the Nomination & Remuneration Committee has in its meeting held on 1st February, 2020 re-appointed, subject to the approval of the members in the general meeting by way of special resolution, Mr. K.K. Sarda, S/o Late Shri R.K. Sarda as Chairman & Managing Director of the Company for a period of five years w.e.f. 1st April, 2020. Mr. K.K. Sarda is B.E. (Mech.) and has more than 44 years of experience in the iron & steel industry.

The proposed re-appointment of Mr. K.K. Sarda shall be on the following terms & conditions:

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|---------------------|--|
| Basic Salary | Based on the performance of the Company and evaluation of individual performance by the Nomination & Remuneration Committee [NRC]/ Board of Directors [Board], such sum as may be approved by the Board/ NRC, within the scale of ₹10,00,000/- p.m. to ₹25,00,000/- per month, as may be decided by the NRC/Board. |
| Perquisites | In addition to the basic salary, Mr. K.K. Sarda will be entitled to such perquisites/allowances in such form and manner as the NRC / Board may decide, including but not restricted to the following: <ul style="list-style-type: none"> a) Furnished accommodation / House Rent Allowance and/or House Maintenance Allowance with expenditure on gas, electricity, water and furnishings b) Leave Travel Assistance for self and family c) Medical expenses and medical insurance for self and family d) Personal Accident Insurance e) Club Fees f) such other perquisites and allowance in accordance with the Rules of the Company <p>The ceiling for the above perquisites will be equal to 100% of basic salary.</p> <p>For the purpose of calculating the ceiling of 100% as mentioned above, perquisites shall be evaluated as per the provisions of the Income Tax Act /Rules, wherever applicable and in the absence of any such Rules, perquisites shall be evaluated at actual cost.</p> <p>Provision for use of Company’s car and telephone at residence (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites for the purposes of calculating such ceiling.</p> <p>Company’s contribution, to Provident Fund and or Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable and encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites as aforesaid.</p> <p>Note - ‘Family’ for the purpose shall mean the spouse and the dependent children of Mr. K.K. Sarda.</p> |
| Commission | In addition to salary, perquisites and allowances payable, Mr. K.K. Sarda will be entitled to commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the NRC/Board of the Company at the end of each financial year, subject to the overall ceiling stipulated in the Companies Act, 2013 / Listing Regulations. |

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| Minimum Remuneration | Notwithstanding the above, where in any financial year during the currency of term of office of Mr. K.K. Sarda, the Company has made no profits or its profits are inadequate, the Company shall pay salary and perquisites and allowances (except commission) as specified above to Mr. K.K. Sarda. |
| Compensation for loss of office | In the event of loss of office of the Chairman & Managing Director, he shall be paid compensation in the manner and to the extent permissible under the provisions of Section 202 of the Companies Act, 2013. |

Mr. K.K. Sarda being Chairman & Managing Director would not be liable to retire by rotation in terms of the Articles of Association of the Company.

Mr. K.K. Sarda, subject to the superintendence, control and direction of the Board of Directors, shall perform such functions as may be conferred upon him by the Board of Directors from time to time. Mr. K.K. Sarda be also designated as Key Managerial Personnel as required under the Companies Act, 2013.

Since during the proposed tenure, Mr. K.K. Sarda shall attain the age of 70 years, necessary Special Resolution, as required under the provisions of the Companies Act and SEBI Listing Regulations, for re-appointment and payment of remuneration to the Chairman & Managing Director is set out herein.

The Board commends the Special Resolution set out at Item No.5 of the Notice for approval by the shareholders.

Except Mr. K.K. Sarda, Mr. Pankaj Sarda and Mrs. Uma Sarda and their relatives and also the promoters/promoter group, no other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item No.5 of the Notice.

This may also be treated as an abstract of the terms and conditions of the Agreement between the Company and Mr. Kamal Kishore Sarda, Chairman & Managing Director pursuant to Section 190 of the Companies Act, 2013.

Item No.6

The members of the Company, at the 46th Annual General Meeting held on September 21, 2019, had passed a special resolution authorizing the Board of Directors of the Company to offer or invite subscriptions for redeemable non-convertible debentures, in one or more series / tranches, on private placement. The said resolution is valid and effective for 1 (one) year from September 21, 2019. The members may note that the Company has not made any private placement of redeemable non-convertible debentures pursuant to the said authorization.

The Board may, at an appropriate time, consider offering or inviting subscriptions for secured/ unsecured redeemable non-convertible debentures, in one or more series / tranches on private placement, issuable / redeemable at par, in order to augment long-term resources for optimizing the borrowing cost and for financing inter alia the capital expenditure and for general corporate purposes. The flexibility to raise capital through issue of market instruments becomes more important in view of the changing regulatory landscape.

The provisions of Sections 23, 42 and 71 of the Act read with Rule 14(2)(a) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the 'PAS Rules'), provide that a company shall not make a private placement of its securities unless the proposed offer of securities or invitation to subscribe to the securities has been previously approved by the Members of the Company by a special resolution. The second proviso to Rule 14(2)(a) of the PAS Rules provides that in case of an offer or invitation to subscribe to Non-Convertible Debentures ('NCDs') on private placement basis, the Company can obtain prior approval by means of a special resolution once a year for all offers or invitations for such NCDs during the year.

Accordingly, the Company is seeking approval from its Members under Sections 23, 42, 71 and other applicable provisions, if any, of the Act, read together with the PAS Rules and Companies (Share Capital and Debentures) Rules, 2014, as amended, to issue securities, as set out in the Special Resolution at Item No. 6 of the Notice, not exceeding ₹500 crore through issuance of NCDs in the international and/or domestic capital markets, within a period of one year from the date of the 47th Annual General Meeting.

The Board recommends the Special Resolution set forth in Item No. 6 for the approval of the Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

Notice of 47th AGM

Item No.7

The members of the Company, at the 46th Annual General Meeting held on September 21, 2019, had passed a special resolution authorizing the Board of Directors of the Company to issue securities, in one or more series / tranches, on QIP basis. The said resolution is valid and effective for 1 (one) year from September 21, 2019. The members may note that the Company has not made any QIP of securities pursuant to the said authorization.

In order to enable the Company to access the capital market at the appropriate time, it is recommended to obtain the shareholder's approval for the proposal to create, offer, issue and allot Equity Shares and/or such other securities as stated in the resolution (the "Securities") at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest, etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made at the time of such offer, issue and allotment, considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead managers or advisors, either in foreign currency or equivalent Indian Rupees inclusive of such premium as may be determined by the Board, in any convertible foreign currency, as the Board at its absolute discretion may deem fit and appropriate in accordance with applicable law. The Company intends to issue Securities for a value not exceeding ₹1,000 crore (Rupees one thousand crore only) or its equivalent in any foreign currency.

The Special Resolution seeks to give the Board powers to issue Securities in one or more tranche or tranches, by way of one or more public and/or private offerings, and/ or including Qualified Institutions Placement ('QIP') or any combination thereof at such time or times, at such price or prices and to eligible person(s) including Qualified Institutional Buyers ('QIBs') as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICDR Regulations') in accordance with the ICDR Regulations, or otherwise, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors, Indian and/or multilateral financial institutions, mutual funds, insurance companies, non-resident Indians, stabilizing agents, pension funds and/or any other categories of investors, whether they be holders of equity shares of the Company or not as the Board in its absolute discretion may deem fit. The detailed terms and conditions for the offer will be determined by the Board in consultation with the Merchant Bankers, Advisors, Lead Managers, and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

The Board shall issue Securities pursuant to this Special Resolution and utilize the proceeds for business purposes, including but not limited to support to subsidiaries for business activities and general corporate purposes.

The pricing of the Securities to be issued to Qualified Institutional Buyers pursuant to the ICDR Regulations shall be freely determined subject to such price not being less than the floor price calculated in accordance with the ICDR Regulations. Further, ICDR Regulations now permit issuer companies to offer a maximum discount of 5% (five per cent) to the Floor Price determined in accordance with the ICDR Regulations. The Board may, at its absolute discretion, decide the pricing (either at a discount or premium to the floor price) for the shares to be offered, issued and allotted in the QIP. The relevant date for the purpose of pricing the Securities shall be the meeting in which the Board (including Capital Raising Committee of the Board) decides to open the proposed issue of Equity Shares as Eligible Securities. In the event that Eligible Securities are convertible securities then the relevant date shall be either the date of the meeting in which the Board (including Capital Raising Committee of the Board) decides to open the issue or the date on which the holders of such Eligible Securities becomes entitled to apply for the Equity Shares, as may be determined by the Board.

The issue/ allotment/ conversion would be subject to the applicable regulatory approvals, if any. The issuance and allotment of Equity Shares including Equity Shares to be allotted on conversion of Securities to foreign/non-resident investors would be subject to the applicable foreign investment cap.

Section 62(1)(c) of the Companies Act, 2013 provides, inter alia, that where it is proposed to increase the subscribed share capital of the Company by the issue of further shares, such further shares shall be offered to the persons who at the date of the offer are holders of equity shares of the Company, in proportion to the capital paid up on those shares as of that date unless shareholders decide otherwise by way of passing Special Resolution. The Special Resolution will be enabling resolution authorizing the Board to decide as and when it thinks it is appropriate to raise the funds.

The Special Resolution, if passed, will have the effect of allowing the Board to issue and allot Securities to the investors who may or may not be the existing shareholders of the Company. The Company with this resolution seeks the approval of the shareholders to undertake fund raising activity, through one or multiple modes including through an issue of

Notice of 47th AGM

QIP. The Company will make requisite disclosures to the stock exchanges under the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Accordingly, consent of the members is sought for passing the Special Resolution as set out in the said item of the Notice.

In view of this, the Board of Directors recommends the resolution as set out in Item No. 7 of the Notice for approval by the shareholders of the Company by way of a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

By Order of the Board of Directors
For **Sarda Energy & Minerals Limited**

Raipur
8th August, 2020

Sd/-
(Manish Sethi)
Company Secretary

Registered Office

Sarda Energy & Minerals Limited
CIN: L27100MH1973PLC016617
73-A, Central Avenue
Nagpur (M.H.) 440018
Ph: +91-712-2722407
Email: cs@seml.co.in; URL: www.seml.co.in



Sarda Energy & Minerals Limited

CIN: L27100MH1973PLC016617

Registered Office

73-A, Central Avenue, Nagpur (M.H.) 440018

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Email: cs@seml.co.in; URL: www.seml.co.in

Bigshare Services Private Limited

1st Floor, Bharat Tin Works Building

Opp. Vasant Oasis

Makwana Road

Marol, Andheri East

Mumbai - 400059 (M.H.)

Dear Sirs,

UPDATION OF SHAREHOLDER INFORMATION

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

General Information

| | | |
|--|---|-------|
| Folio no. / DP ID-Client ID | : | _____ |
| Name of first named shareholder | : | _____ |
| Address# | : | _____ |
| PAN* | : | _____ |
| CIN/Registration No.* (for corporate shareholders only) | : | _____ |
| Telephone No. (with STD Code) | : | _____ |
| Mobile No. | : | _____ |
| Email Id | : | _____ |

* Self attested copy of the document is enclosed

Self certified of address proof (Voter Id/ Telephone Bill/ Electricity Bill/ Bank Statement. Telephone bill/Bank Statement/Electricity should be of a latest date and in any even must not be older than 3 months)

Bank Details

| | | |
|--|---|-------|
| Bank Name | : | _____ |
| Branch Address | : | _____ |
| Branch Code | : | _____ |
| Account type (Savings/Current/Cash Credit) | : | _____ |
| Account No.@ | : | _____ |
| MICR Code (9 digit) | : | _____ |
| IFSC (11 digit) | : | _____ |

@ Please enclose a blank cancelled cheque to enable verification of bank details

I/We 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/any other reason beyond the control of the Company/R & T Agent, Sarda Energy & Minerals Limited and/or Bigshare Services Private Limited will not be held responsible. I/We undertake to inform any subsequent changes in the above particulars as and when changes take place.

Place :

Date :

Signature of Sole/First shareholder

