

SARDA ENERGY & MINERALS LIMITED

34th Annual Report 2006-07



Power Plant Expansion

SARDA ENERGY & MINERALS LIMITED

BOARD OF DIRECTORS

Mr. K. K. Sarda	Chairman & Managing Director
Mr. G. K. Chhanghani	Executive Director
Mr. G. D. Mundra	Wholetime Director
Mr. P. R. Tripathi	
Mr. Rakesh Mehra	
Mr. A. K. Basu	

COMPANY SECRETARY

Mr. P. K. Jain

AUDITOR

Mr. M.M. Jain, Chartered Accountant
Shreemohini, Kingsway, Nagpur

BANKERS

Union Bank of India
Bank of Baroda
UCO Bank
UTI Bank Limited

REGISTERED OFFICE

73/A, Central Avenue, Nagpur 440 018, (M.H.)

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd.

Satam Estate, 3rd Floor,
Cardinal Gracious Road,
Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099
Phone : 022-67720325, Fax: 022-28202365, E-mail: sharepro@vsnl.com

WORKS

Industrial Growth Centre, Siltara
Raipur 493 111 (C.G.)
Tel.: 07721-264204-09
Fax No. 07721-264214

NOTICE TO MEMBERS

Notice is hereby given that the Thirty Fourth Annual General Meeting of members of the Company will be held at its registered office at 73/A, Central Avenue, Nagpur-440 018 on Saturday, 29th September, 2007 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditor thereon.
2. To consider declaration of dividend on equity shares.
3. To appoint a Director in the place of Mr. G.K. Chhanghani, who retires from office by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Mr. A.K. Basu, who retires from office by rotation and being eligible offers himself for re-appointment.
5. To appoint auditor and fix his remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting clause (c) after the existing clause (b) in Article 89 of the Articles of Association of the Company as under:

"(c) M/s. LB India Holdings Mauritius II Ltd. (LB) and M/s. Infrastructure Development Finance Company Ltd. (IDFC) are empowered to nominate one director each on the Board of the Company. Any such nominee shall not be liable to retire by rotation and shall remain in office until his nomination is withdrawn or he is replaced by the nominating body or unless the shareholding of the nominating body falls below 25% of its holding."

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 Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") , the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory amendment, modification or re-enactment to the Act or the Guidelines for the time being in force) and subject to such approvals, permissions, sanctions and subject to such conditions and modifications as may be prescribed or imposed by the above authorities while granting such approval, permissions and sanctions, approval and consent of the company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which terms shall be deemed to include any committee include ESOP Compensation Committee of the Board), to the proposed ESOP Scheme 2007 and to create, offer, issue and allot in one or more tranches under the said proposed ESOP Scheme 2007 at any time to or for the benefit of employees and directors of the company such number of equity shares and /or equity linked instruments including options and / or other instrument or securities which could give rise to the issue of equity shares (hereinafter collectively referred to as "securities") of the Company initially not exceeding 2% of the paid up equity share capital of the company as on 30th August, 2007 i.e. 680902 options in aggregate, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the guidelines or other applicable provisions of any law as may be prevailing at that time.

RESOLVED FURTHER that the Board be and is hereby authorised to formulate, evolve, decide upon and bring into effect any Scheme (hereinafter referred to as "the ESOP Scheme - 2007") on such terms and conditions as contained in the relevant Explanatory Statement to this notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in terms and conditions of the scheme from time to time including but not limited to amendments with respect to vesting period, exercise price, eligibility criteria, vesting schedule or to suspend, withdraw or revive the ESOP Scheme 2007.

RESOLVED FURTHER that the said securities may be allotted in accordance with the ESOP Scheme 2007 through an existing trust or a trust which may be set up in any permissible manner and that the ESOP Scheme 2007 may also envisage for providing any financial assistance to the trust to acquire, purchase or subscribe securities of the Company.

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RESOLVED FURTHER that the new equity shares to be issued and allotted by the company in the manner aforesaid shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER that the Board be and is hereby authorised to take all necessary steps for listing of the securities allotted under the ESOP Scheme 2007 on the Stock Exchanges where the existing securities of the company are listed as per the provision of the Listing Agreements with the concerned stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the members of the company in this regard."

By Order of the Board

P.K. Jain
Company Secretary

Place : Mumbai

Dated : 30th August, 2007

Notes

1. The relevant explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of item nos. 6 & 7 of the notice set out above is annexed hereto.
2. **A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.**
3. Members are requested to take note that dividends which remain unclaimed / un-encashed over a period of 7 years have to be transferred by the Company to the Investors Education & Protection Fund constituted by the Central Government under Sections 205A and 205C of the Companies Act, 1956. Members who have not yet encashed their dividend warrants for the financial year ended 2003-04, 2004-05, 2005-06 and 2006-07 are requested to make their claims to the Company / Registrar & Transfer Agents without any delay, because once the unpaid dividend is transferred to Investors Education & Protection Fund, the members shall not be able to register their claim in respect of their unencashed dividends.
4. Members holding physical shares are advised to forward the particulars of their bank account, name, branch and address of the bank immediately, if not sent already, so as to enable us to incorporate the same on dividend warrants and investors holding shares in electronic form may please note that the bank details as furnished by the respective depositories to the company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the company will not entertain any direct request from such members for deletion / change in such bank details.
5. As mandated by SEBI, the company is providing Electronic Clearing System (ECS) to ensure faster and safe remittance of dividend than customary cheque mode in the RBI notified centers. Members desirous of availing Electronic Clearing System (ECS) may return the format attached with the annual report accurately filled in and signed. A photocopy of a leaf of your cheque book bearing your bank account number may also be sent along with the Mandate Form to the Registrar and Share Transfer Agent. In absence of availing of this option by the members, the company shall send warrants for disbursing dividend.
6. Members are requested to kindly inform the company about their address to enable the company to update the same. All requests received from Members for change of address will be entertained only when shareholders' signatures on the letter intimating change of address tally with the specimen signatures recorded with the Company. While notifying change in address please ensure that the address is complete and the pin code number is clearly mentioned. Incorrect / incomplete address may lead to non-delivery of documents /communications sent to you from the Company.
7. Members holding shares in physical form can avail of the nomination facility by filing form 2 B (in duplicate) as prescribed under the Companies (Central Government's) General Rules and Forms, either with the Registrar & Transfer Agents or with the Company. In case of demat holding, the nomination has to be lodged with members' Depository Participants.

8. Members are requested to quote Folio Numbers in all correspondence. Members holding shares in identical order of names in more than one folio are requested to write to Company to consolidate their holding in one folio.
9. Shareholders intending to require information about accounts to be explained at the meeting are requested to furnish the queries to the Company at least 10 (Ten) days in advance of the Annual General Meeting.
10. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

Explanatory Statement as required by Section 173 (2) of the Companies Act, 1956

Item No. 6

Pursuant to the approval by the shareholders in the Extraordinary General Meeting held on 24th July 2007, the Company has issued 4473684 equity shares on preferential basis to LB India Holdings Mauritius II Ltd. and Infrastructure Development Finance Company Ltd. (Investors) and has entered into Share Subscription and Shareholders Agreement (SSSA) with the above parties. As per the terms of the SSSA, each of the Investors have the right to appoint one representative as Director, not liable retire by rotation, on the Board of your Company.

The Articles of the Company provides for the appointment of director by a financial institution, but does not provides for the appointment of a Director by any Investor or Shareholder. In order to comply with the requirements of the SSSA, it is proposed to amend the Articles of Association of the Company to empower the investor to nominate their representative on the Board.

Section 31 of the Companies Act, 1956 provides that except with the approval of the members by a Special Resolution accorded in the General Meeting, the Articles of Association of the Company cannot be amended. Accordingly, consent of the members for altering the Articles is sought by means of a Special resolution.

None of the directors of the Company are interested in the resolution. A copy of the SSSA is available at the Registered Office of the Company for inspection from 3rd August, 2007 till 29th August, 2007.

Your Directors recommend the resolution for your approval.

Item No. 7

ESOP Scheme 2007 : The Company has always believed in rewarding its employee for their continuous hard work, dedication and support, which has led the company on a growth path. To enable more and more employees to enjoy the fruits of the phenomenal growth that the company has witnessed in the recent past, it is proposed to implement an ESOP Scheme. The main objective of the scheme is to give employees, who are performing well, a certain minimum opportunity to gain from the Company's performance thereby acting as a retention tool and to attract best talent available in the market.

Stock Options have long been recognized internationally, as an effective instrument, to align the interest of employees with those of the company and its shareholders, providing an opportunity to employees to share the growth of the company, and to create long-term wealth in the hands of employees.

Stock Options create a sense of ownership between the company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholder value.

The Board therefore proposed to evolve an Employee Stock Option Scheme (hereinafter referred to as "the ESOP Scheme-2007") for the benefit of permanent Employees and Directors of the Company and such other persons/entities as may be prescribed by SEBI from time to time, and in accordance with the provisions of prevailing regulations.

The following explanatory statement sets out the various disclosures as required by clause 6 of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (herein after referred to as "the Guidelines").

The salient features of the ESOP Scheme are as under:

A) Total number of options to be granted	
i)	The total number of options to be granted under this scheme shall initially not exceed 2% of the total paid up equity share capital of the company as on 30 th August, 2007 i.e. 680902 options (2% of 34045109 equity shares)
ii)	The Board may with the approval of the shareholders increase the maximum number of options under the ESOP Scheme 2007 at any time
iii)	One option entitles the holder of the options to apply for one equity share of the company.
B) Identification of classes of employees entitled to participate in the ESOP	
i)	The Employees and Directors, of the Company
ii)	Employees <ol style="list-style-type: none"> a) Who are either promoter or belong to promoter group as defined in the Guidelines: or b) Holding 10% of the outstanding share capital of the Company's equity share capital at any time after the commencement of this Scheme Will not be eligible for grant of options under this Scheme
C) Requirements of vesting, period of vesting and maximum period of vesting	
i)	There shall be a minimum period of one year between the grant of options and vesting of options.
ii)	The vesting period may extend upto 4 years.
iii)	The vesting shall happen in one or more tranches as may be decided by the ESOP Compensation Committee.

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D) Exercise price or price formula	The exercise price for the purposes of the grant of options will be decided by the ESOP Compensation Committee, provided that the Exercise Price per option shall not be less than the par value of the equity share of the company and shall not be more than the price prescribed under chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000, Relevant Date being the date of grant.
E) Exercise Period and the Process of Exercise	<ul style="list-style-type: none"> i) Exercise period will commence from the vesting date and extend upto the expiry period of the option as decided by the ESOP Compensation Committee. The expiry period may extend upto 7 Years from the date of grant of options. The ESOP Compensation Committee will decide on the Expiry period of options for Employees leaving the Company after grant of options in their favour. ii) The Options will be exercisable by the employees by a written application to the designated officer of the company to exercise the Options, in such manner and on execution of such documents as may be prescribed by the ESOP Compensation Committee under the Scheme. iii) The Options will lapse if not exercised within the specified exercise period.
F) Appraisal Process for determining the eligibility of employees to the ESOP Scheme	<ul style="list-style-type: none"> i) The company has a formal performance appraisal system established wherein the performance of the employees is assessed each year on the basis of various functional and managerial parameters. The appraisal process is revised at regular intervals. ii) Employees and Directors would be granted Stock Options based on performance-linked parameters such as work performance, technical knowledge, period of service, designation and such other parameters as may be decided by the ESOP Compensation Committee from time to time. iii) The ESOP Compensation Committee may at its discretion extend the benefits of the ESOP Scheme-2007 to a new entrant or any existing employee on such other basis as it may deem fit.
G) Maximum number of options to be issued per employee and in aggregate	<ul style="list-style-type: none"> i) The maximum number of options to be granted to each employee will depend upon the rank / designation of the employee as on the date of grant of options. However no employee shall be entitled to more than 10,000 options in any financial year. ii) The aggregate number of options to be granted under this scheme shall not exceed initially 2% of the total issued & paid up capital of the Company as on 30th August, 2007, i.e.680902 options (2% of 34045109 Equity shares) iii) The ESOP Committee shall decide on the number of options to be granted to each employee within this limit
H) Accounting Methods	The Company shall confirm to the accounting policies specified in Clause 13.1 of the Guidelines, and /or such other guidelines as may be applicable from time to time.
I) Method of Valuation of these options	The Company shall use the fair value method for valuation of the options

Clause 6 of the ESOP guidelines requires that any ESOP Scheme for offering stock options to the employees of the Company must be approved by the shareholders by way of a Special Resolution. Furthermore, as the Scheme will entail further shares to be offered to person other than the existing shareholders of the company, consent of the members is required by way of a Special Resolution pursuant to the provisions Section 81 (1A) of the Companies Act, 1956

Accordingly, the resolution set as item no.7 is being placed for the approval of the shareholders pursuant to the provisions of Section 81 (1A) of the Companies Act, 1956 and Clause 6 of the ESOP guidelines and all other applicable provisions of the law for the time being in force.

The Board of Directors recommends the Special Resolution as set out in item no.7 for the approval of the members.

None of the Directors of the Company is in any way concerned or interested in the resolution except to the extent of the shares that may be offered to him / her under the Scheme.

By Order of the Board

P.K. Jain
Company Secretary

Place : Mumbai

Dated : 30th August, 2007

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Thirty Fourth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2007.

MERGER

As approved by the members in the General Meeting held on 15th February 2007, the merger of Chhattisgarh Electricity Company Ltd. and Raipur Gases Pvt. Ltd. with the Company is completed which is effective from 1st April 2006. As such the figures for the financial year 2006-07 includes the performance of merging companies.

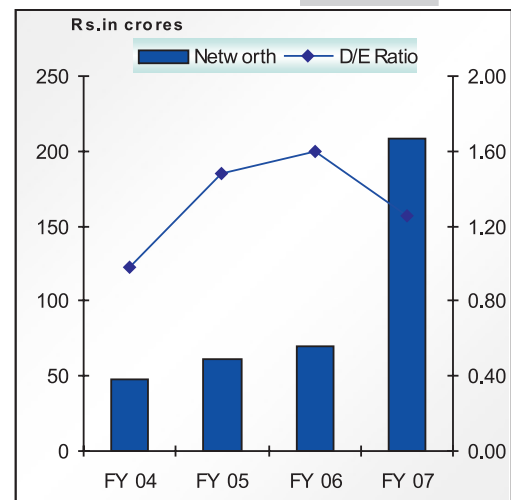
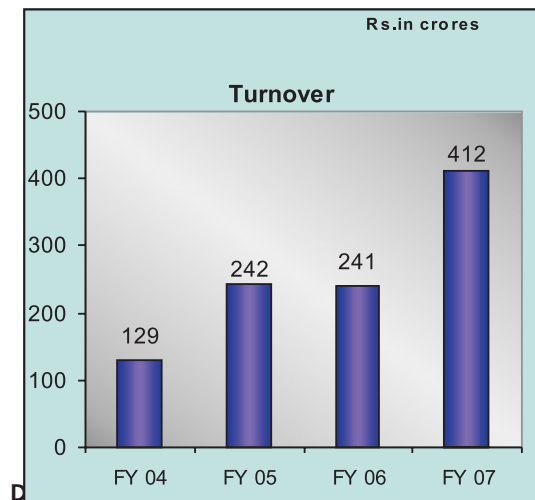
CHANGE IN NAME

The name of the Company has also been changed from Raipur Alloys & Steel Limited to **Sarda Energy & Minerals Limited** with a view to truly reflect the vision and mission of the Company. The focus of the Company is on harnessing of natural resources, particularly minerals and energy to produce value added products. The Company is creating core competencies in this field.

The all-round operational & financial performance of the Company has shown a definite improvement over the previous year, which is discussed in detail in the following paragraphs.

FINANCIAL RESULTS

Particulars	2006-07	2005-06
Turnover	41176	24119
Export of Ferro Alloys	5947	—
EBIDTA	8079	2090
Interest	747	307
Depreciation	2257	661
Profit before tax for the year	5075	1122
Less: Provision for current taxation	547	84
Less: Deferred Tax Liability / (Asset)	247	167
Less: Fringe Benefit Tax	19	8
Add: Exceptional Items	(5)	339
	4257	1202
<u>Appropriations:</u>		
Transfer to General Reserve	1150	125
Transfer to Debenture Redemption Reserve	250	75
Dividend (including tax on dividend)	674	298
Balance carried over to next year	2183	704



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Your Company has paid an interim dividend @ 20% in March 2007. Considering the need to conserve resources for capital commitments on the projects undertaken by the Company, your directors recommend to consider the same as the final dividend for the year.

OPERATIONS

Members are requested to refer to the Management Discussion and Analysis forming part of this Annual Report.

EXPORTS

The merged company enjoys status of Star Export house and is a leading exporter of ferro alloys in the country. During the year under review the company exported 18656 MTs of ferro alloys valued at Rs.59.47 crores as against 6466 MTs of Rs.17.25 crores. The Company's product has been well accepted across the globe because of quality. Majority of the Company's exports are to the developed countries. To take advantage of goodwill created, during the year Company also started merchant export with a quantity of 4000 MTs.

PROJECTS

As informed in the last Report, the Company has taken up installation of two more induction furnaces of 15 Tonnes each and will be ready by 3rd quarter of the current financial year as per schedule.

The Company has also taken up expansion projects of Rs.450 crores which included Sponge Iron Plant, Iron Ore Pelletisation Plant, Thermal Power Plant, Coal Mining, Coal Washery and Infrastructure facilities. The financial closure for the projects has already been achieved and work on the projects has already been started. The Sponge Iron Project is in advance stage of installation and is expected to be commissioned by the end of current financial year. The Pellet Plant is being put up in technical collaboration with SDM, China. The project is expected to be commissioned in the next financial year. The coal mines are expected to become operational during the current financial year.

FINANCE

The above expansion projects undertaken by the Company are proposed to be financed at a debt equity ratio of 2:1. Axis Bank, Singapore has sanctioned External Commercial Borrowing equivalent to USD 66 Million. To maintain the pace of the projects, during the year the Company was sanctioned a short-term loan of Rs.60 crores by State Bank of India, repayable within one year.

During the year under review, the Company repaid term loan of Rs.24.09 crores and Non Convertible Debentures of Rs.22.50 crores-. The Company met all its Loan repayment and interest payment commitments on time.

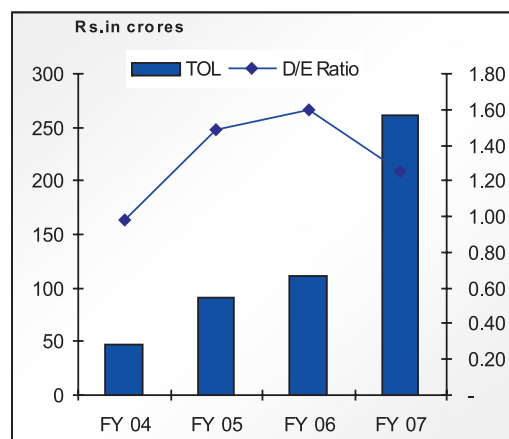
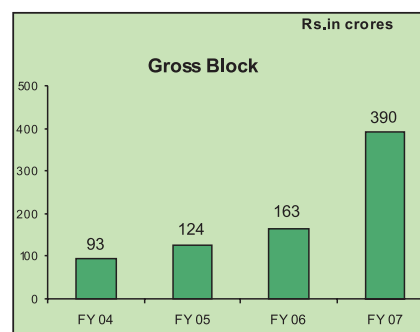
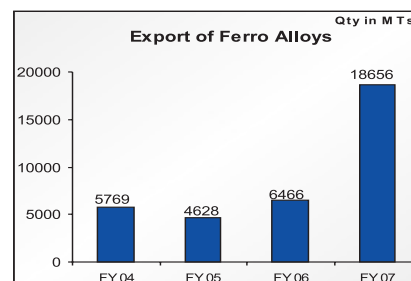
During the current financial year, the Company has issued 4473684 Equity Shares of Rs.10/- each at a premium of Rs.180/- per share on preferential basis to LB India Holdings Mauritius II Ltd. (LB) and Infrastructure Development Finance Company Ltd. (IDFC), thus raising Rs.85 crores to part finance the expansion projects. The Company has also issued 263158 Equity Share Warrants, which entitles the warrant holder to subscribe one equity share for each warrant at the same price at which shares have been issued on preferential basis.

INVESTMENTS

The Company has identified Hydro Power as a potential area of growth. The Company has made investments in companies whom Hydel Projects have been allotted in Uttaranchal, Sikkim and Chhattisgarh. The hydro power project of Uttaranchal will be operational during current year. During the year, the company has also promoted a joint venture company M/s. Madanpur South Coal Company Limited, an SPV, for mining of coal block allotted in consortium, where the Company has got a share of 36 million tonnes.

MINES

During the year under review the Company produced 1,52,713 MTs of iron ore as against 1,69,820 MTs produced during the previous year. The Company is taking steps to increase the production of iron ore from captive iron ore mines. The fines generated in the mines will be utilized after commissioning of Company's Pelletisation Plant.



All approvals required to start operation in the coal mine of the Company have been received. The Company plans to start development of the mine after rainy season in the 3rd quarter of the current financial year. The Company expects to start getting coal during the current year.

The Company has also received Prospecting Licence and Resonance Permits for iron ore and manganese ore mines at different locations to meet future requirements of the Company. The exploration work is going on.

The Company has acquired manganese ore and iron ore mines in Goa also. Steps have been taken for acquisition of more mines to ensure long term sustainable & uninterrupted availability of raw materials.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits within the meaning of Section 58 A of the Companies Act, 1956 and the rules made thereunder during the year under review.

ENVIRONMENTAL PROTECTION AND POLLUTION CONTROL

Company is not only committed to sustainable economic growth but is also cautious towards protecting environment by relentlessly pursuing the development of cleaner production processes that reduce pollution levels.

The Company has installed new improved pollution control systems in its Ferro Alloys Plant in place of waste gas boiler. It has been endeavor of the Company to productively utilize the waste generated in the production process. The waste heat of the Sponge Iron Plant is utilized for power generation. The Company has achieved 100% utilization of fly ash by using it for manufacturing bricks and supplying to the cement plants. The Company has planned substantial investments in fly ash brick making facility to take care of increased generation of fly ash. The orders for equipments have already been placed and the project is expected to be commissioned by 3rd quarter of the next financial year. The slag generated in the Ferro Alloys Plant and Steel Plant has been used in land filling, road and building construction. The dolochar generated in the Sponge Iron Plant is used in the Power Plant for steam generation. Various other methods and practices have been adopted to ensure better waste management and control dust and harmful gases from entering into the atmosphere. The cooling water blow downs are used for plantation and dust suppression ensuring zero waste water discharge from the plant. Electrostatic Precipitators have been installed with all the sponge iron kilns and steam generators.

Extensive plantation has been done in and around the plant premises of the Company and also at the mining site to ensure the maintenance of the environmental purity.

CLEAN DEVELOPMENT MECHANISM (CDM)

Your Company has taken initiatives to conserve the environment and has been working under the guidelines of UNFCCC (United Nations Framework Convention on Climate Change) as a part of its Clean Development Mechanism (CDM) initiative. The Company's CDM Project for 25 MW of clean power has already received host country approval and is expected to be registered soon with Executive Board of UNFCCC.

CORPORATE SOCIAL RESPONSIBILITY

Being a corporate citizen the company has the responsibility of contributing to the welfare of the society in which it operates. The company organises various awareness programmes for its employees and the general public of the area where it operates to ensure a better, sustainable way of life for the weaker sections of society.

Education

The Company has also adopted 180 single teacher schools and has contributed to various trusts engaged in arranging / providing education to the tribal students. The company has contributed to upgrading infrastructure in schools in villages near its production and mining site, which include construction / expansion of school building and computer training classes. The company is among the founder members of "Siksha Deep Trust", to extend financial assistance to deserving needy students for higher education.

Health Care

The mobile dispensary service of the company operated in the deep tribal areas starved off of the basic medical facilities has received warm response. The company is providing free medical aid and medicines to the tribals. Various health camps have also been organized in the areas near plant and mining site of the company.



Corporate Social Responsibility

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Community Development

The Company has developed Moti Bagh public garden in the Raipur city with substantial investment. The company has also undertaken to provide for basic amenities like, drinking water and roads in and around company's plant site and Khadgaon village.

The Company has also adopted star performer player of Chhattisgarh State Tennis Association and the entire expenses are borne by the company. Apart from the above, the company has also extended financial assistance for various other social services.

DIRECTORS

Mr. G.D.Mundra, Director of the Company since December 2000 was appointed as Wholetime Director of the Company w.e.f. 1st April 2007. Mr. G.D. Mundra is a senior Chartered Accountant having experience of 24 years.

Mr. A.K. Basu and Mr. G.K. Chhanghani, Directors of the Company, retire by rotation and being eligible, offer themselves for re-election. The brief Resume / details of Directors who are to be reappointed are given in the Corporate Governance Report.

As per Shareholders' Agreement executed with IDFC and LB, they are empowered to appoint one Director each on the Board. So far they have not proposed any person for appointment on the Board of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation.
- ii) that the directors have selected such accounting policies and applied them consistently and made 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 at the end of the financial year and of the profit of the Company for that year;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the Annual Accounts on a going concern basis.

AUDITOR

Mr. M. M. Jain, Chartered Accountant, Auditor of the Company holds office till the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a letter from Mr. M. M. Jain to the effect that his appointment as auditor, if made, would be within the limits u/s 224 (1-B) of the Companies Act, 1956.

AUDITOR'S REPORT

The observations made in the auditor's report, read with the relevant notes thereon are self-explanatory and hence, do not call for any comments under section 217 of the Companies Act, 1956.

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

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

PARTICULARS OF EMPLOYEES

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

On Behalf of Board of Directors,

Place : Mumbai

(K.K. Sarda)

Dated : 30th August, 2007

Chairman & Managing Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

- a) Energy conservation measures taken : i) Steps taken for utilisation of solid wastes collected from dedusting system. About 75% of the waste could be used for generation of steam.
ii) Trials conducted with 'F' grade coal and process was stabilised accordingly.
iii) Entire dust from the Bag filters are now getting injected into A.B.C. Steam Generation has increased to +8.5 T/Hr from 6.5T/Hr. in both Kiln A & B.
iv) Provision for T-5 Tubular Fluorocent light fixtures in control room and Energy efficient motor for condensate Extraction.
- b) Additional Investment and proposals if any, being implemented for reduction of consumption of energy. : NIL
- c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods. : i) The generation of steam per tonne of sponge iron production has gone up.
ii) The cost of coal consumption per MT of sponge iron is on lower side as compared to the cost, using better grade of coal.
iii) Requirement of Pay loaders, Dumpers has come down to zero to handle the dust, thus savings of Diesel etc and at the same time now there is no pollution on the ground level along with improvement in Power generation.
iv) Saving of 90000 Kwh of Energy per year
- d) Total energy consumption and energy consumption per unit of production in Prescribed Form 'A'. : As per Form "A" attached

B. TECHNOLOGY ABSORPTION

Research & Development

1. Specific areas in which R & D carried out by the Company : Use of soft & flaky ore in production of sponge iron.
2. Benefits derived as a result of above R & D. : It enabled use of low cost iron ore from captive iron ore mines.
3. Future plan of action : Beneficiation of captive iron ore for better reducibility.
4. Expenditure on Research & Development : Not accounted for separately.
5. Technology absorption adaptation and innovation :
- a) Efforts in brief made towards Technology absorption, adaptation and innovation : NIL
- b) Benefits derived as a result of above efforts : NIL
- c) Information regarding technology imported during the last five years : NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports initiatives taken to increase exports, development of new export markets for products and services and export plans. : i) The Company has developed ICD at Raipur to save time and cost of availing services of railways for containers, which will also be helpful in avoiding pilferage/ theft.
ii) For export, bulk quantities are required and for this the company has started trading activities also.
iii) As part of development of new export market / customers, we have expanded our customer base in Europe.
iv) We have made development in the quality of products and services by way of using prime grade of raw materials of domestic / international market and we are following strict quality checks and committed timely deliveries.
2. Total Foreign Exchange used and earned
- a) Foreign Exchange Used : Rs.2056.94 Lacs
- b) Foreign Exchange Earned : Rs.5120.61 Lacs

On Behalf of Board of Directors,

Place : Mumbai
Dated : 30th August, 2007

(K.K. Sarda)
Chairman & Managing Director

FORM 'A'

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	STEEL	
A. POWER AND FUEL CONSUMPTION:	2006-07	2005-06
1. ELECTRICITY		
a) <u>Purchase</u>		
Units (KWH)	NIL	24444093
Total Amount (Rs. in lakhs)	NIL	907.48
(Rs./KWH)	NIL	3.71
b) <u>Own Generation</u>		
i) Through diesel Generator		
Units (KWH)	NIL	NIL
Units per litre of diesel	NIL	NIL
Cost / Unit (Rs.)	NIL	NIL
ii) Thorough Steam Turbine / Generator		
Units	53296061	NIL
Units per litre of fuel - oil / gas	N.A.	NIL
Cost / Units (Rs.)	3.40	NIL
2. Coal for Domestic Use		
Quantity (M.T.)	NIL	NIL
Total Cost (Rs.)	NIL	NIL
Average Rate (Rs.)	NIL	NIL
3. Furnace Oil		
Quantity (K. Litres)	NIL	NIL
Total Cost (Rs. in lakhs)	NIL	NIL
Average Rate (Rs. / K. Litre)	NIL	NIL
4. Other internal Generation		
Units	NIL	NIL
Total Cost (Rs. in Lakhs)	NIL	NIL
Rate/unit	NIL	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Electricity (Units)	877	839
Coal	NIL	NIL
Furnace Oil	NIL	NIL
Other (Specify)	NIL	NIL
Own Power	NIL	NIL

Note: Form A is not applicable to Sponge Iron, Power & Ferro Alloys Industry

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2007

Employed throughout the financial year under review and were in receipt of remuneration for the Financial Year in the aggregate of not less than Rs.24,00,000/- per annum:

a) Name	:	Mr. K.K. Sarda
b) Age	:	55 years
c) Qualification	:	B.E. (Mech.)
d) Designation	:	Chairman & Managing Director
e) Nature of duties	:	Overall Management & Administration
f) Commencement of Employment	:	16.12.1978
g) Experience (years)	:	31
h) Remuneration (gross)	:	Rs.30,92,046/-
i) Particulars of last employment, last post, employer (No. of years)	:	—

Notes:

1. The employment is contractual in nature.
2. Other terms and conditions are as per Company's Rules / Scheme
3. Remuneration as shown above includes Salary, Allowance, Commission, Contribution to Provident Fund, and other perquisites as per company's Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The Company operates into steel and ferro alloys industry backed by power plant, mainly to meet the captive power requirement. In steel, the Company has got captive iron ore mines, coal mines, sponge iron plant and steel ingot & billet making facility. In ferro alloys, the Company produces manganese based alloys i.e. silico manganese and ferro manganese.

Sponge Iron & Steel Industry

The sponge iron (direct reduction) route of making steel is most suitable and economical in Indian conditions because of availability of high grade iron ore and non-coking coal in the country. Difficult and reduced availability of Steel Melting scrap in the international and domestic markets and limited reserves of coking coal for making steel through blast furnace route has made the steel industry turn to sponge iron for metallic. This is reflected in the growth recorded by the industry during the year under review as tabulated hereunder.

(Quantity in. Tonnes)

Sponge Iron production		2005-06	2006-07	Change %
1	Gas based	45,42,457	52,64,781	15.90
2	Coal Based	72,78,862	1,10,12,366	51.29
	Total	1,18,21,319	1,62,77,147	37.69

(Source: SIMA)

The export of the sponge iron was 55,603 MTs as against 41,454 MTs in the previous year which is quite negligible in overall production / consumption. High growth achieved and projected by the steel industry promises good demand growth for the sponge iron industry.

The global steel production during the year 2006 rose by 9% from 1.137 billion MTs to 1.238 billion MTs with China contributing 1/3rd of total global output at 421.50 million metric tonnes against 355.8 MnMTs in 2005, recording a growth of 18%. India has been ranked at 7th position (previous year 8th position) with a total output of 44 million metric tonnes recording a growth of 8%. In India major capacity addition has come up in the sponge iron and secondary steel-making route. The industry still remains largely fragmented in relation to its suppliers of raw materials and end consumers. Consolidation in Europe, and strong demand growth (primarily from China) have reduced the impetus to close unviable capacities and instead propelled most steel manufacturers into a capacity expansion mode. India, contributing approximately 3.5% to overall steel demand, has attracted global attention not only due to its huge demand potential but also as one of the major suppliers of iron-ore to the global steel industry. With concerns on availability of iron-ore and coal and the associated volatility in their prices, most Indian manufacturers of secondary steel propose to integrate backwards to have greater control over these scarce commodities. Consequently, a large proportion of capital outlays are directed towards backward integration projects while others towards moving up the value chain and ramp up existing capacities to meet the targeted 100mtpa domestic consumption estimates of the Ministry of Steel.

The international price of iron ore was increased by 71% for the year 2005-06 and 19% in the year 2006-07. This year again annual contracts have been signed with an increase of 9%. The growth in the iron ore production has not been able to keep pace with growth in production of steel, resulting into pressure on supply of iron ore. As per indications the prices will again be increased by 10 to 20% in the next year. The prices of sponge iron grade iron ore saw sharper increase with increase in demand and control over supplies. Demand for sponge iron and steel is likely to pick up in the coming years in line with the revised domestic steel production and consumption of 80 million tonnes by 2011 and 120 million tonnes by 2020 projected by JPC / Ministry of Steel.

Consolidation is taking place in the steel industry across the globe. The merger of Arcelor with Mittal and takeover of Corus by Tata Steel has accelerated the process of consolidation. India is also no exception. The existing plants are integrating their operations and also expanding their capacities. Posco and Tatas have planned huge capacity buildup in Orissa, Jharkhand and Chhattisgarh. The secondary steel producers are also increasing capacities and going for backward integration to meet the increased demand of long products for fast growing infrastructure sector.

The industry is also facing a severe shortage of good quality coal. Coal blocks have been allotted to the sponge iron plants but it will take time to get all the approvals in place and to develop the blocks. Coal imported from Indonesia is also being blended but economically that is costlier.

Steel being a bulk product requires strong logistic support. The port and inland transport infrastructure has not been able to cope up with the increased demand and has proved to be a major bottleneck in growth of the industry. Railway rucks are not available for movement of the iron ore. Industries are going for their own wagons but the supply time of wagons is also quite long.

Ferro Alloys Industry

The Ferro Alloys industry in the country is divided into two major segments, manganese based ferro alloys and chrome alloys. Your Company is a leading player in manganese based alloys The manufacturing facilities of the ferro alloys plants in the country are located

in concentrated pockets where power is conveniently available at affordable prices. Most of the manganese ore reserves are controlled by the Public Sector Undertakings i.e. Manganese Ore (India) Ltd. and Orissa Mining Development Corporation Ltd. The demand of manganese ore in the country is far more than the production and industry's dependence on imported ore is increasing. Tatas & Rungtas have stopped supply of manganese ore in the market. During the current year, the prices of manganese ore have gone up drastically from USD 2.5 to 3 per DMTU to USD 6.5 to 7 per DMTU. Coke requirement is also met, mainly through imported coke. The prices of coke have also seen upward trend due to restrictions placed by China on export of coking coal / coke.

Anti dumping duty of 36% imposed by European union on Chinese ferro silicon has landed support to the prices of manganese alloys. China has imposed export duty of 10% on export of ferro alloys, resulting into increase in the prices of manganese alloys in the international market. This has boosted the demand of ferro alloys from India. The export realizations were under pressure because of strengthening of the Indian Rupee vis-à-vis US Dollar but the same was compensated by better prices. During the current year, the Central Govt. has also increased the DEPB benefit from 3% to 6% maintaining the value cap. This has boosted exports and domestic prices have also improved because of reduced availability of the product for the domestic market. The long-term domestic supply contracts for the current year have been signed at much better prices.

OPPORTUNITIES & THREATS

The high growth rate of GDP and increased emphasis on development of infrastructure has given impetus to the steel industry and the Company is well placed to take advantage of the situation.

The Company has consolidated and integrated its operations over the years. Post merger the Company has emerged stronger and vibrant. Company has secured reasonable control over raw material requirement for near future. The Company has also developed good infrastructure to support emerging opportunities. Sound investors have shown keen interest in the Company and have made substantial investments in the Company.

Any adverse change in consumption of steel in China and resulting export / dumping there from may put pressure on prices, however, China's dependence on imported iron ore will work as deterrent. Delay in implementation of infrastructure projects and substantial capacity addition in the country may result into demand supply mismatch, which may affect realisations, but the control over raw material resources and sound infrastructure give competitive advantage to the company.

RISK & CONCERNS

The transport infrastructure, particularly non-availability of railway wagons for movement of bulk raw material, is a serious concern. Further, appreciation of rupee may also adversely affect exports. To mitigate the risks, the Company has applied under WIS so that it gets priority in wagon allocation. The effect of Rupee appreciation will be offset from benefit in import of raw material.

PRODUCT-WISE PERFORMANCE

Sponge Iron

During the year under review the company produced 139283 MT of sponge iron as against 139904 MT in the previous year. 56187 MT (Previous Year 26820 MT) of sponge iron was captively consumed for manufacturing of steel.

Steel

During the year under consideration company produced 29800 MT of ingots and 30979 MTs of billets against 29127 MT ingots in Previous Year.

Ferro Alloys

The Company produced 52263 MTs of Ferro Alloys (35014 MT Silico Manganese and 17249 MT Ferro Manganese) as against 40375 MT in the previous year (33467 MT Silico Manganese and 6908 MT Ferro Manganese) registering a growth of 29.44%. The Company exported 18656 MT of Ferro Alloys as against 6466 MTs in the previous year registering a growth of 189 %.

Power

During the year the power plant generated 32.94 crore KWH of power as against 24.67 crore KWH in the previous year, registering a growth of 33.5%.

OUTLOOK

During current year, prices of finished goods have firmed up and demand in export market is also buoyant. The margins have improved. The sponge iron expansion project and coal mining will also start in near future, which will add to the top-line & bottom-line. The Company will move up in the value chain and the sale of sponge iron will gradually be replaced by the value added products. Barring unforeseen circumstances, the outlook of the segments in which the Company is operating is positive.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Adequate internal controls have been put in place which provides reasonable assurance that transaction in significant areas are properly authenticated and monitored to prevent any misuse. Checks & balances have been built in the ERP system of the Company. Operations are closely monitored through Budgets, costs and variance analysis. Authorities, responsibilities and job descriptions have been properly

Sarda Energy & Minerals Limited

defined. Proper policies, rules and work flows have been defined with exceptional reporting for smooth functioning & adequate internal controls. To further strengthen the systems in line with the expanding activities the Company is implementing SAP ERP System across the organisation with the help of Tier 1 implementing agency. Internal audit system is also being strengthened.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance of the Company also improved in line with the operational performance with better capacity utilisation of power and ferro alloys plant. The price realisation across the products was also better which has added to the profitability. The turnover of the Company has gone up from Rs.241 crores to Rs.412 crores. The EBIDTA has gone up from Rs.21 crores to Rs.81 crores.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

Employee relations continue to be cordial. Training and development needs are identified, organised and progress monitored as part of human resource development activities. The Company has, with the help of external experts, implemented scientific Performance Appraisal System for objective assessment, performance linked reward and motivation. Staff members are also sent to attend short duration courses / programmes. The Company is also implementing HR & Pay Roll Module in ERP.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the company's objectives, projections, estimates, 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 economic conditions affecting demand/supply and price conditions in the domestic markets in which the company operates, changes in the raw material prices, changes in the Government regulations, tax laws and other statutes and other incidental factors.

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Corporate Governance

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

- a) commitment to excellence and high standards of business practices,
- b) total customer satisfaction,
- c) optimising long term shareholder values,
- d) socially valued organisation,
- e) caring for people and environment,
- f) integrity including intellectual honesty, openness, fairness and trust.

The Company believes in transparency, professionalism and accountability, which are the basic principles of Corporate Governance and would constantly endeavour to improve these aspects.

2. Board of Directors

2.1 Composition

The Board of Directors comprises of six Directors, consisting of three Non-Executive as well as Independent Directors. The board composition is in accordance with the requirements of the Listing Agreement. The Non-Executive and Independent Directors are eminent professionals having rich and sound experience in business, industry and finance.

The names and categories of the Directors on the Board and also the number of Directorships and Committee Memberships held by them in other companies are as under: -

Name of the Directors	Category	No. of other Directorship held*	No. of other Board Committees member/ chairman	No. of Board Meetings attended	Last AGM attended
Mr. K.K. Sarda	PromoterExecutive	3	-	7	No
Mr. G.K. Chhanghani	Wholetime DirectorExecutive	1	-	2	No
Mr. G.D. Mundra#	Wholetime DirectorExecutive	1	-	7	No
Mr. Rakesh Mehra	IndependentNon-Executive	1	-	5	No
Mr. A.K. Basu	IndependentNon-Executive	1	-	6	Yes
Mr. P.R. Tripathi	Independent Non-Executive	5	3	4	No

* excluding Pvt. Ltd. companies.

Wholetime Director w.e.f. 1st April, 2007

As required by the Companies Act, 1956 and Clause 49 of Listing Agreement, none of the Directors hold directorship in more than 15 public companies, membership of Board Committees (Audit / Remuneration / Investor Grievance Committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

2.2 Number of Board Meetings held

Seven Meetings of the Board of Directors were held during the year ended 31st March, 2007 as under:

Date of Meeting	No. of Directors Present
30 th June, 2006	6
1 st August, 2006	4
29 th September, 2006	5
30 th October, 2006	3
7 th December, 2006	3
27 th January, 2007	5
13 th March, 2007	5

Sarda Energy & Minerals Limited

2.3 Particulars of Directors seeking re-appointment

As required under Clause 49 VI (A), particulars of Directors seeking re-appointment at the ensuing Annual General Meeting are as under:

1	a)	Name	:	Mr. G.K. Chhanghani
	b)	Age	:	55 Years
	c)	Qualification	:	B.E. (Mech.)
	d)	Director of the Company	:	Since November, 1997
	e)	Experience	:	He has more than 32 years experience in the Steel industry
	f)	Other Directorships	:	1. Madanpur South Coal Company Ltd. 2. Raipur Infrastructure Company Pvt. Ltd.
	g)	Chairman / Member of Committees	:	NIL
2	a)	Name	:	Mr. A.K. Basu
	b)	Age	:	59 Years
	c)	Qualification	:	BME
	d)	Director of the Company	:	Since January, 2003
	e)	Experience	:	He is Ex-CGM IDBI. He has more than 38 years of experience in the field of finance and industry
	f)	Other Directorships	:	1. Online Capital Markets Ltd. 2. EM financial Advisory Services (India) Pvt. Ltd.
	g)	Chairman / Member of Committees	:	Chairman of Audit and Shareholders / Investors' Grievance Committee and member of Remuneration Committee in Sarda Energy & Minerals Ltd.

2.4 Remuneration

Executive Directors have been paid remuneration as per terms of their appointment as explained in note no.7 of Notes to accounts of Schedule "P" showing all elements of remuneration.

3. Audit Committee

The Audit Committee of the Company comprises of three Directors. Mr. A.K. Basu is the Chairman of the Committee and Mr. Rakesh Mehra and Mr. G.D. Mundra are the members of the Committee. The terms of reference of the Committee are as per the provisions of Section 292 A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement. The Company Secretary acts as secretary to the Audit Committee.

Four meetings of the committee were held during the year 2006-2007 on 30.06.2006, 01.08.2006, 30.10.2006 and 27.1.2007. The attendance particulars are as under:

Name of Chairperson / Member	Meetings	
	Held	Attended
1. Mr.A.K. Basu – Chairman	4	3
2. Mr. Rakesh Mehra – Member	4	3
3. Mr.G.D. Mundra – Member	4	4

4. Remuneration Committee

The Remuneration Committee of the Company consists of three directors, with Mr. Rakesh Mehra as its Chairman. Mr. P.R. Tripathi and Mr. A.K. Basu are the members. All the members of the Committee are non-executive Independent Directors. No meeting of the Remuneration Committee was held during the year under review.

5. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee, consisting of Mr. A.K. Basu (Chairman), Mr. Rakesh Mehra and Mr. G.D. Mundra as members, has the specific task of looking into / resolving the Shareholders'/Investors' Grievances. The Chairman is Non-Executive Director.

Name & Designation of the Compliance Officer	:	Mr. P.K. Jain, Company Secretary.
The number of complaints received during the year	:	104 complaints were received which were attended to in time. Apart from the above, requests for issue of duplicate shares / share transmissions / revalidation of warrants / change in bank account details, etc. were also received which were attended promptly.
The number of complaints not redressed at the end of the year	:	All the complaints have been attended satisfactorily and no complaints were pending at the end of the year.
Number of pending share transfers	:	All the requests for transfer received during the year were duly attended.

6. General Body Meetings

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

Date	Time	Location
29 th September, 2004	4.30 p.m.	73-A, Central Avenue, Nagpur (Regd. Office)
30 th September, 2005	4.30 p.m.	Same as above
30 th September, 2006	4.30 p.m.	Same as above

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

1. Resolution for appointment of Dr. K.K. Rathi to place of profit – Section 314(1B) in the AGM held on 30th September, 2005
2. Resolution for alteration of Articles of Association pursuant to alteration in the Capital clause of the Memorandum of Association – Section 31 in the AGM held on 30th September, 2006

In the Extraordinary General Meeting held on 3rd May, 2007 two resolutions were passed through Postal ballot detailed as under:

1. Approval for increase in borrowing limits — section 293(1) (a) — passed by 99.99% majority
2. Alteration in the Object Clause – Section 17 – passed by 100% majority

Mr. S.G. Kankani, practicing company secretary was appointed as the scrutiner for the postal ballot exercise.

7. Disclosure

Related Party transactions during the year have been disclosed in detail in note no.18 of Schedule "P", as required under Accounting Standard 18 issued by the Institute of Chartered Accountants of India. These transactions are not likely to have any conflict with the company's interest.

Compliance of SEBI, Stock Exchange Requirements: The Company has complied with all the requirements of Companies Act, 1956, the Regulations of the Securities Exchange Board of India (SEBI) and the Listing Agreements with the Stock Exchanges. The Company's application for delisting is pending with the Kolkata Stock Exchange, for long. The matter has been reported to SEBI also. In view of the pendency of delisting application with Kolkata Stock Exchange, the company has stopped sending the information to Kolkata Stock Exchange. There were no defaults or non-compliance relating to any of the statutory requirements.

8. Means of Communication

Half yearly Report / Quarterly Results: Quarterly, half yearly and annual results are submitted to the Stock Exchanges in accordance with the Listing Agreement and published in English and Vernacular newspapers. The financial results and other relevant information is available on the Company's website - www.seml.co.in Neither official news releases have been made during the year nor any presentations have been made to the Institutional investors or to the analysts.

Sarda Energy & Minerals Limited

9. General Shareholder Information

Annual General Meeting:

Date: 29th September, 2007 Time: 3.30 p.m.

Venue: 73-A, Central Avenue, Nagpur 440 018

Financial Calendar for 2007-2008:

(Tentative)

Financial Results for the Quarters ended:

30th June, 2007

4th week of July, 2007

30th September, 2007

4th week of October, 2007

31st December, 2007

4th week of January, 2008

31st March, 2008

4th week of April, 2008 (if unaudited)

4th week of June, 2008 (if audited)

Annual General Meeting

September, 2008

Listing on Stock Exchanges

Equity Shares

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

1) The Bombay Stock Exchange Ltd., Mumbai (504614)

2) The Calcutta Stock Exchange Association Ltd.

ISIN no. NSDL & CDSL INE385C01013

The Company's application for delisting of its shares from The Calcutta Stock Exchange Association Ltd is pending and the matter has been reported to SEBI.

Non-Convertible Debentures

The Non-Convertible Debentures of the company are listed on the Bombay Stock Exchange Limited, Mumbai.

Particulars	8.00% NCDs	7.90% NCDs*
Market Lot	1	1
Code Number	945237	945033
Scrip ID on Bolt	RASL20FEB06	CECL21MAR05
ISIN Number	INE385C07010	INE934G07016
Credit Rating	CARE A+	CARE AA-

*NCDs of erstwhile Chhattisgarh Electricity Company Ltd., which has merged with the Company w.e.f. 1st April, 2006, pursuant to the Order of Hon'ble High court of Bombay – Nagpur bench dt.4th June, 2007,

The Company has paid annual listing fees to the Bombay Stock Exchange Ltd., Mumbai for the financial year 2007-08 for the Equity Shares and also for the NCDs.

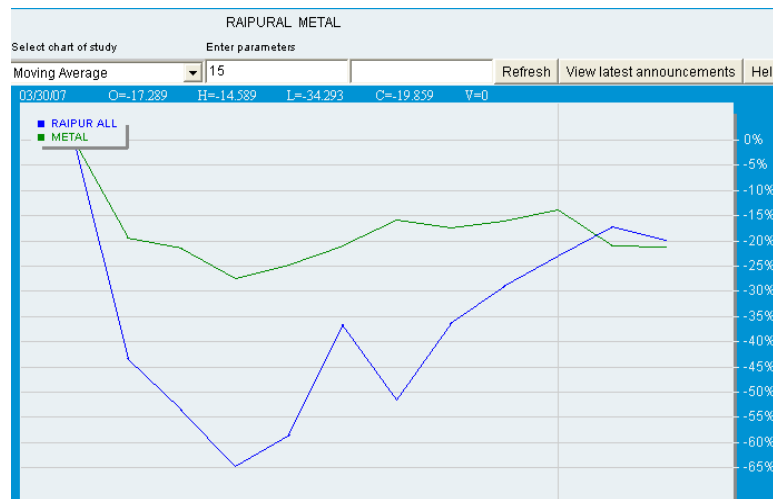
Trustees for NCDs(8% & 7.90%)

UTI Bank Limited, 111, Maker Tower F, Cuffe Parade, Colaba, Mumbai 400 005

Market Price Data: High/ Low during the year 2006-2007

Month	SEML on Stock Exchange Mumbai (in Rs.)		BSE Sensex	
	High	Low	High	Low
Apr-06	192.60	94.00	12102.00	11008.43
May-06	199.40	109.10	12671.11	9826.91
Jun-06	113.00	67.00	10626.84	8799.01
Jul-06	93.00	60.55	10940.45	9875.35
Aug-06	86.00	66.30	11794.43	10645.99
Sep-06	127.25	76.05	12485.17	11444.18
Oct-06	123.35	87.65	13075.85	12178.83
Nov-06	122.70	93.05	13799.08	12937.30
Dec-06	154.50	124.50	14035.30	12801.65
Jan-07	165.80	128.50	14325.92	13303.22
Feb-07	173.00	121.85	14723.88	12800.91
Mar-07	164.50	126.55	13386.95	12316.10

Performance of the Share price v/s BSE Metal Index



Registrar & share Transfer Agents:
(for Physical & Electronic)
(for Equity shares & NCDs)

Sharepro Services (India) Pvt. Ltd.
Satam Estate, 3rd Floor, Cardinal Gracious Road
Above Bank of Baroda, Chakala
Andheri (East), Mumbai – 400 099
Email: sharepro@vsnl.com

Share Transfer system:

Share transfers in physical form can be lodged with the R & T Agents at the above address. Transfers are processed within the stipulated time, if the documents are complete in all respects. All share transfer requests are approved by the share transfer committee or the persons authorised by the Board.

Shareholding Pattern as on 31st March, 2007

S.No.	Category	No. of Shares	Percentage
1	Promoters (including Persons acting in concert)	7990379	61.09%
2	Institutional Investors	1484549	11.35%
3	Corporate Bodies	1075555	8.22%
4	NRIs / OCBs	20346	0.16%
5	General Public	2509171	19.18%
	TOTAL	13080000	100.00%

Sarda Energy & Minerals Limited

Distribution of Shareholding as on 31st March, 2007

Shareholding of Nominal Value (Rs.)	Shareholders		Share Amount	
	Number	% to total	Rs.	% to total
Upto 5000	10244	93.08%	12170960	9.30%
5001 - 10000	370	3.36%	3076440	2.35%
10001 - 20000	168	1.53%	2619680	2.00%
20001 - 30000	57	0.52%	1487310	1.14%
30001 - 40000	17	0.15%	599470	0.46%
40001 - 50000	27	0.25%	1291130	0.99%
50001 - 100000	58	0.53%	4330490	3.31%
100001 and above	64	0.58%	105224520	80.45%
Total	11005	100.00%	130800000	100.00%

Dematerialisation of Securities	:	The Company has arrangement with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for demat facility. As on 31.03.2007 out of the total 13080000 equity shares held by about 11005 shareholders, approximately 9690649 equity shares held by 5429 shareholders representing 74.09% of the total paid up equity capital have been dematerialised. Debentures are also issued in Dematerialised form.
Outstanding Convertible Instrument	:	During the current financial year (2007-08) the Company has allotted 263158 equity warrant to SAB Trading Private Ltd. Each warrant is convertible into one equity share, of Rs.10/- each at a premium of Rs.180/- per share, within a period of 18 months from the date of allotment, i.e.4 th August, 2007. The above warrants have been issued on preferential basis, pursuant to the approval given by the members in the EGM held on 24 th July, 2007.
Plant Location	:	The plant of the company is located at "Industrial Growth Centre" Siltara, Raipur.
Address for Correspondance	:	Sarda Energy & Minerals Limited Industrial Growth Centre, Siltara,Raipur [C.G.] 493 111 Ph.: 07721-264204-09Fax: 07721-264214 e-mail: cs@seml.co.in

CERTIFICATE

To The Members of
Sarda Energy & Minerals Limited

I have examined the compliance of conditions of Corporate Governance by Sarda Energy & Minerals Limited, for the year ended 31st March 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination has been limited to a review of procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and the representations made by the Directors and the management, I certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

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

(M.M. JAIN)
Chartered Accountant

Place : Nagpur
Date : 31st August, 2007

AUDITORS' REPORT

To The Members of
Sarda Energy & Minerals Ltd.
(Formerly Raipur Alloys & Steel Ltd)

I have audited the attached balance sheet of Sarda Energy & Minerals Ltd (Formerly Raipur Alloys & Steel Ltd) as at 31st March, 2007 and also the profit and loss account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

1. I have conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, I enclose in the Annexure, a statement on the matter specified in paragraphs 4 and 5 of the said order.
3. Further to my comments in the Annexure referred to above, I report that :
 - (i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit;
 - (ii) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In my opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on 31st March 2007, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of the affairs of the Company, as at 31st March, 2007.
 - (b) in the case of the profit and loss account, of the profit for the year ended on the date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

(M.M. JAIN)
Chartered Accountant
M No. 05727

Place : Nagpur
Date : 31st August, 2007

Annexure referred to in paragraph 2 of my report of even date

On the basis of such checks as I considered appropriate and in terms of information & explanations given to me I state that: -

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, however the entries related to the period under consideration are to be updated.
- (b) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in my opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off are not substantial so as to affect going concern concept.
- (ii) (a) The inventories have been physically verified at reasonable intervals by the management.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub clause (b), (c) and (d) of clause 4(iii) are not applicable to the company.
- (b) The company has taken unsecured loan from two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 173.48 lacs and the year-end balance of loans taken from such companies was Rs.170.89 lacs.
- (c) In my opinion, the rate of interest and other terms & conditions on which loans has been taken from the companies listed in the register maintained u/s 301 are not prima facie, prejudicial to the interest of the company.
- (d) The company is regular in repaying the principal amount as stipulated and has been regular in payment of interest.
- (iv) In my opinion and according to the information & explanations given to me, there is adequate internal control system commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There is no major weakness in internal control system requiring correction.
- (v) (a) According to the information & explanations given to me, the transactions that need to be entered into a register in pursuance of section 301 of the companies Act, 1956 have been so recorded.
- (b) In my opinion and according to the information & explanations given to me, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5 Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public.
- (vii) The company is having an in-house internal audit system, which needs to be widened and strengthened to make it commensurate with the size of the company and nature of its business.
- (viii) I have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Govt. for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and I am of the opinion that prima facie the prescribed accounts and records have been made and maintained. I have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to me, the company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, Service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to me, no undisputed amount payable were in arrears as at 31/3/2007, for a period of more than six months from the date they become payable, except the following amount of sales tax :

Nature of Liability	Amount not yet deposited (Rs.in Lacs)	Period to which it relates
Sales tax	1.52	1992-93
	0.07	2000-01
	3.26	2002-03
	0.65	2003-04
	0.18	2004-05

- (b) According to the information and explanation given to me dues of income tax, custom duty, wealth tax, Service tax and cess have not been deposited on account of dispute. The particulars of amount of sales-tax and excise duty not deposited on account of dispute and the forum where the dispute is pending are as follows:

Nature of the Statute	Nature of Dues	Amount	Period to	Forum
Central Excise Act	Excise Duty	19.51	1989	High Court
		7.62	1990	Commissioner Appeals
Central Excise Act	Excise Duty	63.42	2001 to 2003	CESTAT, Delhi
	Penalty	63.42		
Central Excise Act	Excise Duty	9.00	2004-05 & 2005-06	Appeal to be filed with CESTAT
Income Tax Act	Income Tax	15.82	A Y 2004-05	ITAT, Nagpur Bench
Income Tax Act	Income Tax	0.19	A Y 2005-06	CIT CIB ,Bhopal
Sales Tax & Entry Tax Act	Sales tax (including Local and Central sales tax) and Entry tax	0.96	1992-03	Appellate Authority –upto Commissioner's level
		0.61	1995-96	
		0.16	2000-01	
		1.66	2002-03	

- (x) The company has no accumulated losses at the end of the financial year and has not incurred cash losses during such financial year and in immediately preceding financial year.
- (xi) In my opinion and according to the information and explanations given to me, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holder.
- (xii) According to the information and explanations given to me, the company has maintained adequate documents and records in respect of loans and advances granted on the basis of security by way of pledge of shares.
- (xiii) On the basis of information and explanation given to me the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly the provision of clause 4 (xiii) of the companies (Auditor Report) order 2003 are not applicable to the company.
- (xiv) On the basis of information and explanation given to me, the company has maintained proper records of the transactions related to dealing or trading in shares, securities, debentures and other investments, and timely entries have been made therein and the shares, securities, debentures and other investments have been held by the company in its own name.
- (xv) According to the information and explanations given to me, the company has given corporate guarantee for loans taken by a joint venture company from banks/financial institutions which in my opinion is not prima facie prejudicial to the interest of the company.
- (xvi) On the basis of information and explanation given to me, the term loans have been applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to me and on an overall examination of balance sheet of the company, I report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares during the year.
- (xix) According to the information given to me the required security or charge has been created during the year in respect of debentures issued by the company during the preceding years.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of my Audit.

(M.M. JAIN)

Chartered Accountant

M No. 05727

Place : Nagpur
Date : 31st August, 2007

Sarda Energy & Minerals Limited

BALANCE SHEET AS AT 31st MARCH 2007

PARTICULARS	SCHEDULE	AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	A	130,800,000	130,800,000
b) Share Capital Suspense Account	A-1	164,914,250	-
c) Reserves & Surplus	B	1,785,893,201	568,278,904
		<u>2,081,607,451</u>	<u>699,078,904</u>
2. LOAN FUNDS			
a) Secured Loans	C	1,925,135,901	864,329,122
b) Unsecured Loans	D	162,268,756	170,504,197
		<u>2,087,404,657</u>	<u>1,034,833,319</u>
3. DEFERRED TAX LIABILITY(NET)		170,840,239	131,727,013
TOTAL		<u>4,339,852,347</u>	<u>1,865,639,236</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS	E		
a) Gross Block		2,954,485,842	1,262,044,242
b) Less : Depreciation/Amortisation		999,159,576	400,793,819
c) Net Block		1,955,326,266	861,250,423
d) Add : Capital Work in Progress		946,455,681	366,065,179
		<u>2,901,781,947</u>	<u>1,227,315,602</u>
2. INVESTMENTS	F	218,521,577	1,045,810
3. CURRENT ASSETS,LOANS &ADVANCES			
a) Inventories	G	682,819,196	335,880,180
b) Sundry Debtors	H	482,546,331	196,343,132
c) Cash & Bank Balances	I	214,465,940	10,266,560
d) Loans & Advances	J	364,194,118	153,064,085
		<u>1,744,025,585</u>	<u>695,553,958</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
a) Current Liabilities	K	520,837,549	55,816,144
b) Provisions		8,667,698	29,828,940
		<u>529,505,247</u>	<u>85,645,085</u>
NET CURRENT ASSETS		<u>1,214,520,338</u>	<u>609,908,873</u>
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
Preliminary Expenses		97,584.00	-
Project Expenses		4,930,901	27,368,951
		<u>5,028,485</u>	<u>27,368,951</u>
TOTAL		<u>4,339,852,347</u>	<u>1,865,639,236</u>
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	P		

AS PER MY REPORT OF EVEN DATE ATTACHED

(M. M. JAIN)
Chartered Accountant

(K. K. SARDA)
Chairman &
Managing Director

(G. D. MUNDRA)
Director

(P. K. JAIN)
Company
Secretary

NAGPUR
DATED : 31st August 2007

MUMBAI
DATED : 30th August 2007

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

	SCHEDULE	YEAR ENDED 31.03.2007 (Rupees)	YEAR ENDED 31.03.2006 (Rupees)
INCOME			
Sales (Gross)		4,117,623,187	2,411,873,180
Less: Excise Duty		475,622,437	255,437,199
Sales (Net)		3,642,000,750	2,156,435,981
Other Income		121,334,678	9,963,112
Closing Stock of Finished Goods		314,476,509	129,542,029
TOTAL		4,077,811,937	2,295,941,122
EXPENDITURE			
Opening Stock of Finished Goods		189,733,681	66,183,589
Purchase of Trading Goods		193,895,672	509,369,758
Raw Materials Consumed	M	2,326,467,497	1,190,308,544
Stores & Spares Consumed		130,616,690	54,012,918
Power		24,859,234	136,302,025
Payments & Other benefits to employees	N	72,010,911	40,464,007
Manufacturing & Other Expenses.	O	338,962,600	90,180,859
Other Taxes & Duties		275,181	143,067
Interest(net)		74,667,403	30,702,797
Depreciation / Amortisation		225,657,372	66,053,875
TOTAL		3,577,146,241	2,183,721,439
Less: Trail Run Expenses (net of revenue) Capitalised		6,797,445	-
		3,570,348,796	2,183,721,439
PROFIT BEFORE EXCEPTIONAL ITEMS		507,463,141	112,219,683
Liability no longer required written back		96,911	32,755,582
PROFIT BEFORE TAXES		507,560,052	144,975,265
Provision for Taxation			
Current Tax (Minimum Alternate Tax)		54,700,912	8,350,000
Deferred Tax		24,762,947	16,759,189
Fringe Benefit Tax		1,950,000	805,000
Total Tax		81,413,859	25,914,189
		426,146,193	119,061,076
Income Tax Related to Earlier Years		(480,756)	1,120,782
PROFIT AFTER TAXES		425,665,437	120,181,858
Balance brought forward from last year		332,237,238	261,884,320
Add: Transferred on Amalgamation (See Note 3)		641,536,595	-
PROFIT AVAILABLE FOR APPROPRIATION		1,399,439,270	382,066,178
APPROPRIATIONS			
Interim Dividend Paid		59,142,572	26,160,000
Dividend Distribution Tax		8,294,746	3,668,940
Transfer to Debenture Redemption Reserve		25,000,000	7,500,000
Transfer to General Reserve		115,000,000	12,500,000
		207,437,318	49,828,940
Surplus Carried to Balance Sheet		1,192,001,952	332,237,238
Basic/Diluted Earning Per Share		14.39	9.19
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	P		

AS PER MY REPORT OF EVEN DATE ATTACHED

(M. M. JAIN)
Chartered AccountantNAGPUR
DATED : 31st August 2007**(K. K. SARDA)**
Chairman &
Managing DirectorMUMBAI
DATED : 30th August 2007**(G. D. MUNDRA)**
Director**(P. K. JAIN)**
Company
Secretary

Sarda Energy & Minerals Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2007

PARTICULARS	Year ended 31.03.07 (Rupees)	Year ended 31.03.06 (Rupees)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Profit & Loss Account	507,560,052	112,219,683
Adjustment for :		
Depreciation	225,657,372	66,053,875
Interest (Net)	74,667,403	30,702,797
(Profit) / Loss on sale of fixed assets	689,637	(2,140,174)
	<u>301,014,412</u>	<u>94,616,498</u>
Operating Profit before Working Capital changes	808,574,464	206,836,181
Adjustment for :		
Inventories	(154,603,417)	(52,612,674)
Trade and other receivable	(228,888,499)	103,696,417
Loans and Advances	(10,568,864)	28,049,233
Trade Payable	423,914,078	(18,304,804)
	<u>29,853,298</u>	<u>60,828,172</u>
Cash generated from Operations	838,427,763	267,664,353
Amalgamation expenses paid	(2,813,863)	-
Direct Taxes (Net)	(66,928,317)	(51,692,412)
Net cash from Operating Activities	768,685,582	215,971,941
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Project exploration expenses	(4,906,505)	(22,643,660)
Investment in Fixed Assets including Capital WIP	(904,834,971)	(422,146,705)
Sale of Fixed Assets	33,064,478	6,857,210
(Increase) / Decrease In Investments	202,739,579	(1,015,810)
Net Cash used in Investing Activities	(673,937,418)	(438,948,965)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest Paid (Net)	(74,667,403)	(30,702,797)
Dividend & dividend tax paid	(104,036,218)	(44,015,658)
Term loans received	400,000,000	500,000,000
Repayment of Term Loans	(478,156,404)	(89,227,378)
Unsecured Loan	108,887,155	(17,959,456)
Sales tax Defferment	7,148,669	14,829,843
Bank Borrowings	175,382,838	(119,371,918)
Loan Against hire purchase	-	7,435,283
Net Cash from financing Activities	34,558,635	220,987,919
Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)	129,306,799	(1,989,105)
CASH AND CASH EQUIVALENTS AS AT 01/04/2006 (Opening Balance)	10,266,560	12,255,666
CASH AND CASH EQUIVALENTS taken over on amalgamation	74,892,581	85,159,141
CASH AND CASH EQUIVALENTS AS AT 31/03/2007 (Closing Balance)	214,465,940	12,255,666
Increase/(decrease) in Cash and Cash equivalents	129,306,799	(1,989,105)

Notes: (a) The amalgamation of Chhattisgarh Electricity company Ltd. and Raipur Gases Ltd. Is a non cash transaction

(b) Previous year figures have been recast/restated wherever necessary.

(c) Figures in brackets represent outflows.

AS PER MY REPORT OF EVEN DATE ATTACHED

(M. M. JAIN)
Chartered Accountant

(K. K. SARDA)
Chairman &
Managing Director

(G. D. MUNDRA)
Director

(P. K. JAIN)
Company
Secretary

NAGPUR
DATED : 31st August 2007

MUMBAI
DATED : 30th August 2007

AUDITORS' CERTIFICATE

I have examined the attached Cash flow Statement of M/s Sarda Energy & Minerals Limited for the year ended 31st March,2007. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the company.

NAGPUR
DATED : 31st August 2007

(M.M JAIN)
Chartered Accountant

**SCHEDULE 'A' TO 'P' ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

	AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
SCHEDULE 'A' - SHARE CAPITAL		
AUTHORISED		
3,50,00,000 Equity shares of Rs.10/- each	350,000,000	150,000,000
ISSUED, SUBSCRIBED AND PAID UP		
1,30,80,000 (1,30,80,000)Equity shares of Rs.10/- fully paid up (Of the above shares 6,00,000 shares are allotted as fully paid-up by way of bonus shares by capitalisation of reserves.)	130,800,000	130,800,000
Total	130,800,000	130,800,000
SCHEDULE 'A-1' - SHARE CAPITAL SUSPENSE ACCOUNT		
1,64,91,425 Equity Shares of Rs 10 each Fully paid up Above Shares are allotted as fully paid-up shares to the Shareholders of erstwhile Chhattisgarh Electricity Company Ltd and Raipur Gases Private Limited as on 4th August 2007 on amalgamation with the company (See Note 3)	164,914,250	-
Total	164,914,250	-
SCHEDULE 'B' - RESERVES & SURPLUS		
A. CAPITAL RESERVE		
Opening Balance	22,941,166	22,941,166
Add : Transferred on Amalgamation (See Note 3)	12,536,675	-
	35,477,841	22,941,166
B. SECURITIES PREMIUM ACCOUNT		
Add : Transferred on Amalgamation (See Note 3)	123,100,500	123,100,500
	85,984,000	-
	209,084,500	123,100,500
C. GENERAL RESERVE		
Opening Balance	82,500,000	70,000,000
Add : Transferred on Amalgamation (See Note 3)	95,000,000	-
Add : Transfer from Profit	115,000,000	12,500,000
Less : Utilised for issue of equity shares to shareholders of transferor companies as per scheme of amalgamation (See Note 3)	172,857,229	-
Less : Amalgamation expenses (See Note 3)	2,813,863	-
Closing Balance	116,828,908	82,500,000
D. DEBENTURE REDEMPTION RESERVE		
Opening Balance	7,500,000	-
Add : Transferred on Amalgamation (See Note 3)	200,000,000	-
Add : Transfer from Profit	25,000,000	7,500,000
Closing Balance	232,500,000	7,500,000
E. PROFIT AND LOSS ACCOUT		
Balance carried forward	1,192,001,952	332,237,238
TOTAL	1,785,893,201	568,278,904

Sarda Energy & Minerals Limited

	AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
SCHEDULE 'C' - SECURED LOANS		
(A) DEBENTURES		
i) 500 - 8% Secured Redeemable Non -Convertible Debentures of Rs 8 Lac each (P.Y. F.V. Rs.10 lac each)	400,000,000	500,000,000
ii) 500 - 7.9% Secured Redeemable Non -Convertible Debentures of Rs. 6,87,500/- each	343,750,000	-
(B) TERM LOAN		
i) From Banks	547,231,361	211,348,006
ii) From Financial Institutions	240,500,000	-
ii) From others	8,855,754	19,142,908
	1,540,337,115	730,490,914
(C) WORKING CAPITAL LOANS FROM BANKS		
TOTAL	384,798,786	133,838,208
	1,925,135,901	864,329,122
SCHEDULE 'D' - UNSECURED LOANS		
From Bodies Corporate	125,419,701	140,900,722
Sales Tax Defferment Account	36,849,055	29,603,475
TOTAL	162,268,756	170,504,197

SCHEDULE "E" - FIXED ASSETS

PARTICULARS	GROSSBLOCK				DEPRECIATION				NETBLOCK		
	As on 01.04.2006	Additions	Transfer/ Sales	As on 31.03.2007	Upto 01.04.2006	During the Year	Transfer / Adjustments	As on 31.03.2007	As on 31.03.2007	As on 31.03.2006	
1. FREE HOLD LAND	39288121	3862262	0	43150383	0	0	0	0	43150383	7205213	
2. LEASE HOLD LAND	9198161	12667074	0	21865235	284450	24382	0	308832	21556403	4365818	
3. IRON ORE MINES	44315781	1674941	0	45990722	1870206	1634788	0	3504994	42485728	42445575	
4. BUILDING	328316474	205648222	3974299	529990397	78684667	20253454	629541	98308580	431681817	127397506	
5. PLANT & MACHINERY	1850357993	408823394	43059469	2216121918	678538672	187248711	18694318	847093065	1369028853	634653543	
6. FURNITURE, FIXTURE & EQUIPMENTS	27718996	2415690	0	30134686	18954419	2547363	0	21501782	8632904	6459987	
7. VEHICLES :	70971717	11797371	15536587	67232501	20461092	13948674	5967443	28442323	38790178	38722781	
TOTAL	2370167243	646888954	62570355	2954485842	798793506	225657372	25291302	999159576	1955326266	861250423	
PREVIOUS YEAR	1174859027	124635325	37450110	1262044242	367473018	66053875	32733074	400793819	861250423	807386009	
Capital Work in Progress*				946455681					946455681		

*(Including advances for capital expenditure and Stock of capital items)

	AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
SCHEDULE 'F' - INVESTMENTS		
Long Term Investments (at Cost)		
Trade Investments Unquoted (of Rs.10/- each fully paid up unless otherwise stated)		
NIL (100) Equity Shares of Chhattisgarh Electricity Company Ltd.	-	1,000
46200 (2500) Equity Shares of Raipur Infrastructure Co.Pvt.Ltd.	4,170,000	25,000
612500 Equity Shares of Parvatiya Power Pvt. Ltd.	61,250,000	-
39640 Equity Shares of Chhattisgarh Hydro Power Pvt.Ltd.	5,560,000	-
4000 Equity Shares of Chhattisgarh Bricks Pvt. Ltd.	40,000	-
95510 Equity Shares of Madanpur South Coal Co. Ltd.	9,551,000	-

	AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
SCHEDULE 'F' - (Contd.)		
Current Investments (at Cost)		
Quoted Investments (of Rs.10/- each, fully paid up, unless otherwise stated)		
NIL (9271) Equity Shares of Union Bank of India	-	1,019,810
32813 Equity Shares of Abhishek Mills Ltd.	3,281,300	-
27500 Equity Shares of Abhishek Industries	787,586	-
7500 Equity Shares of Balrampur Chini Mills	702,277	-
998508 Equity Shares of Can Fin Homes Ltd.	49,574,375	-
371406 Equity Shares of Dena Bank	13,688,617	-
4067 Equity Shares of Entertainment Network India Ltd.	1,102,404	-
217075 Equity Shares of Essar Steel Ltd.	7,498,375	-
20573 Equity Shares of Garden Silk Ltd.	1,322,342	-
10000 Equity Shares of GIC Housing Ltd.	560,151	-
152440 Equity Shares of Gujarat Industries Power Co. Ltd.	10,372,012	-
22185 Equity Shares of Re. 1/- each of Hindalco Industries Ltd. (partly paid up Rs.0.50 per share paid up)	1,064,880	-
107500 Equity Shares of IDBI	10,399,052	-
118150 Equity Shares of Indian Charge Chrome Ltd.	1,362,712	-
2500 Equity Shares of ITC Ltd.	464,319	-
15893 Equity Shares of Kanoria Chemicals Ltd.	2,007,402	-
12400 Equity Shares of Mangalam Cement Ltd.	2,446,464	-
18500 Equity Shares of Nagarjuna Fertilisers Ltd.	277,198	-
500 Equity Shares of Orient Press Ltd.	16,770	-
24782 Equity Shares of Pix Transmission Ltd.	979,661	-
7800 Equity Shares of Shakti Sugars Ltd.	1,048,287	-
2500 Equity Shares of Shipping Corporation Ltd.	396,586	-
19420 Equity Shares of Tata Steel Ltd.	9,259,951	-
8000 Preference Shares of Rs.10/- each of Essar Steels Ltd.	80,000	-
<u>Share Application Money Pending Allotment</u>		
Chhattisgarh Ispat Bhumi Ltd.	2,910,000	-
Star Orchem International Pvt. Ltd.	7,000,000	-
Chhattisgarh Hydro Power Pvt. Ltd.	3,590,000	-
Chhattisgarh Bricks Pvt. Ltd.	100,000	-
Madanpur South Coal Co. Ltd.	5,657,856	-
TOTAL	218,521,577	1,045,810
Aggregate book value of quoted investments	118,692,721	1,019,810
Aggregate book value of unquoted investments	99,828,856	26,000
Aggregate market value of quoted investments	121,576,676	1,129,671
SCHEDULE 'G' - INVENTORIES		
(As certified by the management)		
Stores and Spares	134,191,354	48,056,018
Raw materials	234,151,333	158,282,133
Finished goods	314,476,509	129,542,029
TOTAL	682,819,196	335,880,180
SCHEDULE 'H' - SUNDRY DEBTORS		
Exceeding six months	7,977,614	1,839,828
Other Debts	475,127,667	195,299,998
	483,105,281	197,139,826
Less : Provision for Doubtful Debts (Unsecured and considered good)	558,950	796,694
TOTAL	482,546,331	196,343,132

Sarda Energy & Minerals Limited

	AS AT 31.03.2007 (Rupees)	AS AT 31.03.2006 (Rupees)
SCHEDULE 'I' - CASH AND BANK BALANCES		
Cash in hand	2,271,985	2,535,479
Balance with Scheduled Banks	212,193,955	7,731,081
TOTAL	214,465,940	10,266,560
SCHEDULE 'J' - LOANS AND ADVANCES		
(Unsecured and considered good)		
Loans to Employees	287,768	223,357
Advances recoverable in cash or in kind or for value to be received :		
To Suppliers net of Doubtful Advances	193,514,804	47,237,442
To Others	46,712,122	2,426,957
Cenvat Credit & PLA (unutilised)	30,072,102	18,098,246
Security and other deposits	33,312,795	53,822,616
Income-tax advance and TDS (Net of provision)	60,294,527	60,294,527
TOTAL	364,194,118	153,064,085
SCHEDULE 'K' - CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	413,852,794	28,591,939
Other liabilities	73,046,858	21,758,419
Interest accrued but not due	2,262,284	-
Unclaimed Dividend	5,636,103	1,414,182
Advances and deposits	26,039,510	4,051,604
	520,837,549	55,816,144
PROVISIONS		
For Income Tax (Net of Advance Tax)	50,000	-
For Proposed Dividend	-	26,160,000
For Tax on dividend	5,487,728	3,668,940
For Gratuity	3,129,970	-
	8,667,698	29,828,940
TOTAL	529,505,247	85,645,084
SCHEDULE 'L' - OTHER INCOME		
Miscellaneous Income	7,170,148	3,685,120
Profit on Sale of Shares	19,777,018	287,818
Surplus on sale of Fixed assets (Net)	-	2,140,174
DEPB Claim	14,522,730	-
Dividend	7,253,376	-
Proceeds from Surrender of Keyman Insurance Policy	71,911,978	-
Rent	464,135	3,850,000
Sundry balances written back (Net)	235,293	-
TOTAL	121,334,678	9,963,112
SCHEDULE 'M' - RAW MATERIAL CONSUMED		
Opening Stock	261,088,106	186,571,917
Add:Purchases	2,278,787,280	1,130,528,468
Add:Cost of Material Produced (Mining expenses)	20,743,444	31,490,292
	2,560,618,830	1,348,590,677
Less : Closing Stock	234,151,333	158,282,133
TOTAL	2,326,467,497	1,190,308,544

	YEAR ENDED 31.03.2007 (Rupees)	EYAR ENDED 31.03.2006 (Rupees)
SCHEDULE 'N' - PAYMENTS AND OTHER BENEFITS TO EMPLOYEES		
Salaries, Wages, Bonus and Other allowances	64,256,168	34,455,975
Staff Welfare expenses	2,155,110	3,024,067
Contribution to Provident and other funds	5,599,633	2,983,965
TOTAL	72,010,911	40,464,007
SCHEDULE 'O' - MANUFACTURING AND OTHER EXPENSES		
Plant Operation Expenses	10,720,013	5,950,877
Travelling and Conveyance	6,015,239	3,451,798
Rents, rates and taxes	2,389,199	1,176,662
Insurance	6,307,093	3,444,283
<i>Repairs and Maintenance to -</i>		
Building	2,881,329	1,262,304
Plant and Machinery	29,603,726	6,300,121
Others (including vehicles)	3,263,205	1,605,161
Conversion Charges	74,193,784	5,457,682
Bank charges and commission	11,852,943	1,134,167
Carriage outwards	141,605,033	30,952,141
Selling Commission and Brokerage	14,395,861	5,815,200
Professional & legal charges	5,227,116	1,832,840
Loss on sale of Fixed Assets(Net)	689,637	-
Establishment and other Expenses	23,478,832	15,722,475
Charity & Donation	2,231,652	1,040,101
Directors remuneration	3,564,895	3,685,666
Provision for Doubtful Advances	-	180,190
Irrecoverable balances and bad debts written off(net)	58,021	886,826
Payment to Auditors	485,022	282,366
TOTAL	338,962,600	90,180,859

Sarda Energy & Minerals Limited

SCHEDULE "P": ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I) SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention and Revenue Recognition

The accounts of the Company are prepared under the historical cost convention using the accrual method of accounting in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

2. Fixed Assets

Fixed Assets are stated at cost of acquisition / construction, net of Cenvat and State VAT Credit less accumulated depreciation / amortisation. Cost includes interest on specific borrowings and other funds utilised during construction and all other expenditure and costs incurred on development and construction.

3. Impairment of Fixed Assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

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

4. Depreciation / Amortisation

Depreciation/Amortisation on fixed assets are provided as under-

On Building and Plant & Machinery related to Steel Division, on Straight Line Method and on other assets including vehicles & office equipments, on Written Down Value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act.

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

On Building and Plant & Machinery related to Ferro Alloys & Power division, on the written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act.

Leasehold lands are amortised over the period of lease.

On fixed assets related to Oxygen Gas Division, on the Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act.

5. Investments

Long term investments are stated at cost. Current investments are stated at lower of cost and fair value determined by category of investment.

6. Valuation of Inventories

Inventories are valued as under :

- | | | |
|----------------------|---|--|
| i) Stores and Spares | : | At cost net of Cenvat and State VAT on Weighted Average basis. |
| ii) Raw Materials | : | At cost net of Cenvat, on FIFO basis in case of Steel Division and at cost net of Cenvat on weighted average basis in case of Ferro and Power Divisions. |
| iii) Finished Goods | : | At lower of cost and net realisable value. |

7. Borrowing Cost

Borrowing Cost attributable to the acquisition, development and construction of qualifying assets are capitalised and added to the cost of related assets. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

8. Retirement Benefits to Employees

Company's contribution to Provident Fund is charged to Profit & Loss Account on accrual basis. The liability of gratuity in respect of steel division is covered under group gratuity scheme of LIC and premium payable is charged to revenue on accrual basis. The liability of gratuity in respect of Ferro Alloys & Power divisions is provided according to the valuation done by Life Insurance Corporation of India for inclusion under existing Group Gratuity Scheme.

The liability for encashable leaves as estimated is provided on accrual basis.

9. Sales

Sales comprises of sale of goods and exports including exchange fluctuations relating thereto and are recognized, on dispatch of goods to customers and are reflected in the accounts at gross realizable value i.e. inclusive of excise duty and net of returns and value added tax.

10. Excise

Excise duty is paid on clearance of goods but is accounted for in the books on accrual basis. Accordingly provision for excise duty is made for goods lying uncleared.

11. Foreign Currency Transactions

- a) Year end balance of foreign currency transactions except transactions covered by Forward Foreign Exchange contracts is translated at the year end rates and the corresponding effect is given in the respective accounts. Transactions completed during the year are adjusted on actual basis.
- b) In respect of transactions covered by Forward Foreign Exchange contracts, the difference between the forward rate and exchange rate at the inception of contract is recognised as income or expense over the life of the contract except for contracts relating to liabilities incurred for purchase of Fixed Assets, the difference thereof is adjusted in the carrying amount of respective Fixed Assets.

12. Taxes on Income

Current Tax is determined as the amount of income tax (including MAT) payable in respect of taxable income and FBT payable for the year are calculated as per the provisions of the Income Tax Act, 1961.

Deferred tax is recognized subject to consideration of prudence, on timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax can be realized.

13. Capital Work in Progress / Project Expenses

Projects under commissioning including other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses, attributed cost and advances for capital goods. Expenses incurred on exploration of new projects are capitalized in the relevant project on materialization of the project. If project is dropped, the expenditure incurred till date is to be charged to Profit & Loss Account.

II) NOTES TO ACCOUNTS

1. Estimated amount of contracts remaining to be executed on Capital Account, net of advance given – Rs.3971 lacs (prev. year – Rs.1532.11 lacs).
2. Contingent Liabilities not provided for in respect of:
 - i) Guarantee given by Company's bankers – Rs.441 lacs (prev. year Rs.78 lacs)
 - ii) Guarantee (equal to Company's share in Joint Venture) given by the Company to Industrial Development Bank of India Ltd. against guarantee issued by IDBI Ltd. in favour of Government of India on behalf of Madanpur South Coal Company Ltd (The Joint Venture Company for Coal Mining) – Rs.1096.04 lacs.
 - iii) Outstanding Letters of Credit – Rs.2431 lacs (prev. year – Rs.3.93 lacs)
 - iv) Bills discounted with the Company's bankers under Letters of Credit – Rs.360.18 lacs (prev. year – Rs.162.39 lacs)
 - v) Claim against the Company not acknowledged as debt & disputed in appeal – Rs.38.56 lacs (prev. year Rs.154.54 lacs)
 - vi)
 - a) Excise duty demand of Rs.38.96 lacs (prev. year Rs.20.56 lacs) raised on account of Cenvat credit availed, which the company has disputed in High Court and CEGAT.
 - b) Excise Duty demand of Rs.7.83 lacs (prev. year Rs.7.62 lacs) raised on account of modvat credit availed which the company has disputed and has filed Appeal with Commissioner Appeals, Raipur.
 - c) Excise Duty demand of Rs.126.85 lacs (prev. year Rs.NIL lacs) raised on account of modvat credit availed which the company has disputed and has already received stay from CESTAT
 - vii) Sales Tax / Entry Tax demand of Rs.5.84 lacs (prev. year Rs.8.06 lacs) are pending in appeal against assessment of various years.
 - viii) Income Tax Demand Rs.15.82 lacs (prev. year NIL) disputed in ITAT.
 - ix) Uncalled Liability on partly Paid Shares of Hindalco Ltd Rs 10.65 Lacs.

3. Amalgamation

The High Court of Judicature of Bombay and High Court of Judicature of Chhattisgarh have sanctioned the scheme of Amalgamation of Chhattisgarh Electricity Company Limited and Raipur Gases Private Limited, the Transferor Companies, with the Company on 4th June 2007 and 11th May 2007, respectively. Pursuant to the amalgamation, the business of the Transferor Companies has ceased to be in existence and have become divisions of the company with effect from 1st April 2006.

Information in terms of Accounting Standard (AS-14) on Accounting for Amalgamations issued by The Institute of Chartered Accountants of India.

- (a) Nature of Business of amalgamating companies-
 - i. Chhattisgarh Electricity Company Limited - Generation of Power and Manufacturer of Ferro Alloys.
 - ii. Raipur Gases Private Limited - Production of Oxygen Gas (Operations Suspended).

- (b) Effective date for amalgamation for accounting purpose (Appointed date) – 1st April 2006.

Method of Accounting and particulars of scheme to reflect the Amalgamation:

- (i) The amalgamation has been accounted for under the "pooling of interest method" as prescribed by Accounting Standard 14 (AS-14) issued by the Institute of Chartered Accountants of India. In terms of the scheme all assets, liabilities and reserves of the Transferor Companies have been taken over at their book values as per the audited accounts of the transferor companies after making adjustments for transactions amongst the company and the transferor companies.
- (ii) As per the scheme of amalgamation, 3072804 nos. of equity shares of Rs.10/- each of Sarda Energy & Minerals Limited held by Chhattisgarh Electricity Company Limited and 100 nos. of equity shares of Rs.10/- each of Chhattisgarh Electricity Company Limited held by Sarda Energy & Minerals Limited stands cancelled and has been adjusted from General Reserve.

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- (iii) Pursuant to the scheme of amalgamation, 19564090 nos of equity shares of Rs.10/- each of the company are to be issued to the shareholders of Chhattisgarh Electricity Company Limited in the ratio of 91 fully paid up equity shares of the company for every 10 fully paid up equity shares of Rs.10/- each held in Chhattisgarh Electricity Company Limited, and 139 equity shares of Rs.10/- each of the company are to be issued to the shareholders of Raipur Gases Private Limited in the ratio of 1 fully paid up equity share of the company for every 117 fully paid up equity shares of Rs.100/- each held in Raipur Gases Private Limited, which pending allotment has been disclosed under "Capital Suspense Account"; an amount of Rs.16,49,14,250/- has been included in the share capital suspense account; as at March 31, 2007 in Schedule 'A-1'. The Issued & Paid up Equity Share Capital of erstwhile Chhattisgarh Electricity Company Limited and Raipur Gases Pvt. Ltd. amounting to Rs.2,15,00,000/- and Rs.16,30,000/- respectively, has been cancelled and adjusted from General Reserve.
- (iv) Expenses incurred on Amalgamation amounting to Rs.28,13,863 has been adjusted against the General Reserve Account.

4. Securities given for Secured Loans

- i) 8% Non Convertible Debentures are secured by entire present and future fixed assets of the Sponge Iron / Steel Division of the Company at Raipur ranking pari passu with the charges created in favour of banks for their terms loans and additionally secured by unconditional & irrevocable personal guarantee of Shri K.K.Sarda.
- Besides, there is stipulation of additional security by way of assignment of all rights, title & interest into and/or exclusive mortgage of captive iron ore mines subject to prior consent of State Government in this regard. Pending creation of assignment, the company has created a negative lien on all movable and immovable assets of captive iron ore mines.
- These Debentures are redeemable in twenty equal quarterly installments commencing from June 2006.
- ii) 7.9% Secured Redeemable Non Convertible Debentures are secured by first pari-passu charge on fixed assets of the Ferro / Power Division of the company and additionally secured by unconditional & irrevocable personal guarantee of Shri K.K.Sarda. Debentures to be redeemed in 16 equal installments commencing from 31.03.2006 and ending on 31.12.2009.
- iii) Working Capital facilities from banks are secured by first charge on stocks & book debts and second charge on all present and future movable plant & machinery and by equitable mortgage of immovable properties of related divisions (excluding immovable properties of closed mini steel plant) located at Siltara Industrial Growth Centre, Raipur, for which credit facilities have been sanctioned. These facilities are also secured by personal guarantee of Mr. K.K.Sarda and Mr. Manish Sarda. The Working Capital facility of Ferro / Power Division is also secured by Corporate Guarantee of M/s. Chhattisgarh Investments Ltd.
- iv) Term loans from banks, except Short Term Loan of Rs.4000 lacs from State Bank of India, are secured by pari-passu charge by way of hypothecation of all movable assets of the Sponge Iron / Steel Division of the Company and equitable mortgage of immovable assets of Sponge Iron / Steel Division of the Company subject to prior charge in favour of bankers of Sponge Iron / Steel Division of the Company on stock and book debts to secure Working Capital facilities sanctioned by them. The term loans are also secured by personal guarantee of Mr. K.K.Sarda and Mr. Manish Sarda.
- v) Term Loan from State Bank of India is secured by Residual Hypothecation Charge on the entire fixed assets of Ferro / Power Division of the Company, present and future, after the charges of the other Lenders of the Company. This loan is also secured by Personal Guarantee of Mr. K.K.Sarda and Mr. Manish Sarda.
- vi) Term Loan from Financial Institution (IDFC) is secured on first pari-passu basis by hypothecation of movable assets of the Ferro / Power Division of the Company situated at Siltara Industrial Growth Centre, Raipur subject to prior charge on stocks & book debts of the company in favour of banks for working capital facilities sanctioned by them. The loan is additionally secured by first pari-passu charge by way of equitable mortgage of immovable properties of the Ferro / Power Division of the Company situated at Siltara Industrial Growth Centre. The Term Loan is also secured by personal guarantee of Shri K.K.Sarda & pledge of 51% shareholding of promoters in the company.
- vii) Other Loans are secured by hypothecation of vehicles.
5. Cost of iron ore produced from captive iron ore mines excludes amounts charged to various revenue heads in Profit & loss account.
6. During the year an amount of Rs.250 lacs has been appropriated towards Debenture Redemption Reserve in accordance with the requirements of Companies Act and SEBI guidelines for 8% Non Convertible Debentures. Adequate Debenture Redemption Reserve for 7.9% Non Convertible Debentures in accordance with the aforesaid guidelines has already been created in earlier years.
7. Directors remuneration is as under:-

(Amt. in Rs.)

	2006-07	2005-06
i) Salary, Allowances etc. to Managing Director & Whole Time Director	37,46,956	36,55,666
ii) Perquisites	3,02,090	3,16,942
iii) Contribution to Provident Fund	3,48,000	3,74,400
iv) Sitting Fees	1,47,500	40,000
Total	45,44,546	43,87,008

Notes:

- The above amount does not include contribution to gratuity fund, as separate figures are not available for the Managing Director and Whole Time Director.
- Out of the above figures Salary, Allowances & Perquisites amounting to Rs.12,73,000/- and Employer's Contribution to Provident Fund amounting to Rs.60,000/- of Mr. G.K.Chhanghani, Executive Director (Coal Mines) has been debited to Coal Mines Capital Work in Progress.
- The figures of Director's remuneration shown above are exclusive of director's remuneration pertaining to the transferee companies.

8. Computation of net profit in accordance with section 198 and 309 of the Companies Act, 1956

(Rs. In lacs)

	2006-07	2005-06
Profit before taxes and extraordinary items	5074.63	1122.20
Add: Managerial Remuneration debited to P/L A/c	45.44	43.87
Net Profit as per section 309 (5)	5120.07	1166.07

9. During the year the company has assessed an amount of Rs 25,42,590/- net of insurance claim received on account of Impairment loss assessed on few Plant & Machinery damaged during the year which has been charged to Profit & Loss Account and has been included above the line. The above said Plant & Machinery belongs to the Steel Division of the company.

10. Payment to Auditor represents:

(Amt. in Rs.)

	2006-07	2005-06
i) Audit Fees	3,00,000	*1,60,000
ii) Taxation Matters	60,000	60,000
iii) Other Services	6,000	15,000
iv) Reimbursement of traveling and out of pocket exp.	69,022	7,366
v) Tax Audit Fees (paid to a firm in which the statutory auditor is partner)	*50,000	*40,000
Total	4,85,022	2,82,366

*Net of service tax which is cenvatable and is accounted as and when paid.

The above figures are exclusive of payment to statutory auditors of transferee companies which have been debited to professional & Legal Charges.

11. (a) Investments (in equity shares of Rs.10/- each) purchased and sold during the year:

S. No.	Purchased Qty.	Sold Qty.	Name of Company
1	56819	56819	The Associated Cement Companies Ltd.
2	1000	1000	Ajant Pharma Ltd.
3	50000	50000	Bongaigaon Refinery & Petrochemicals Ltd.
4	986113	12105	Can Fin Homes Ltd.
5	3810	3810	D.S.Kulkarni
6	9000	4933	Entertainment Network India Ltd.
7	567832	350757	Essar Steel Ltd.
8	4615	4615	Helios & Matheson Information Technology Ltd.
9	22500	22500	Hindalco Industries Ltd. (Face value Re.1/- per share)
10	20000	5000	IDBI Ltd.
11	10000	10000	Infrastructure Development Finance Company Ltd.
12	2549	2549	Indian Hotels Company Ltd.
13	11000	11000	Indian Petrochemicals Corporation Ltd.
14	7500	5000	ITC Ltd.
15	22500	10100	Mangalam Cement Ltd.
16	37500	37500	Mahanagar Telephone Nigam Ltd.
17	170000	151500	Nagarjuna Fertilizers & Chemicals Ltd.
18	1000	1000	Oil & Natural Gas Corporation Ltd.
19	6944	6944	Prithvi Information Solutions Ltd.
20	52	52	Tata Power Co. Ltd.
21	68040	68040	Tata Steel Ltd.
22	3900	3900	Tata Consultancy Services Ltd.
23	1223	1223	Tech Mahindra Ltd.
24	4040	4040	Voltamp Transformers Ltd.

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(b) Investments (in equity shares of Rs.10/- each) acquired on merger and sold during the year:

S. No.	Purchased Qty.	Sold Qty.	Name of Company
1	0	25146	Bank of Baroda
2	0	206000	Bombay Rayon Fashions Ltd.
3	0	25000	Essar Shipping Ltd.
4	0	2000	Indian Hume Pipe Company Ltd.
5	0	4491	Jagran Prakashan Ltd.
6	0	7000	Nagreeka Exports Ltd.
7	0	636	Pix Transmissions Ltd.
8	0	31000	Shipping Corporation of India Ltd.

12. There was no amount overdue & remaining unpaid to small scale and / or ancillary industrial suppliers on account of principal & for interest as at the close of the year. This disclosure is based on the information available with the company.

13. Interest includes:

(Amt. in Rs.)

	2006-07	2005-06
i) Interest on Term Loan and Debentures	*8,81,65,828	*1,87,62,012
ii) Interest on others	*3,49,39,202	3,93,34,368
iii) Less: Interest received	4,84,37,627	2,73,93,583
Total	7,46,67,403	3,07,02,797

* Net of interest capitalized Rs 4,40,33,082/- (prev. year Rs.1,26,00,062/-)

14. Capacity, Production, Sales and Stock Particulars of each class of Goods (as certified by the Management):

Capacity and Production (in MTs)

(in MTs)

Items	Installed	Production
i) Steel Ingots / Runner Riser	40,000 (40,000)	29,800 (29,127)
ii) Steel Billets	1,00,000 (NIL)	30,979 (NIL)
iii) Sponge Iron	2,10,000 (2,10,000)	1,39,283 (1,39,904)
iv) Iron Ore	N.A. N.A.	1,52,713 (1,69,820)
v) Ferro Alloys	66,000 (NIL)	52,263 (NIL)
vi) Power (MW/KWH)	48 MW (NIL)	32,94,44,218 KWH (NIL)
vii) Fly Ash Bricks, Blocks & Tiles (Nos.)		31,57,260 Nos. (NIL)

Note: No Licence is required for any of the items produced by the Company.

Purchases and Sales Particulars

Items	Unit	Purchase		Sale	
		Qty.	Amount Rs. In Lacs	Qty.	Amount Rs. In Lacs
i) Steel Ingot / RunnerRiser	MT	(—) (—)	(—) (—)	10,624 (26,530)	2201.32 (4811.17)
ii) Steel Billets	MT	(—) (3416)	(—) (684.18)	15,269 (—)	3351.31 (—)
iii) Rolled products	MT	3085 (19,016)	752.56 (4409.51)	29,447 (21,729)	7204.70 (5484.60)
iv) Sponge Iron	MT	(—) (—)	(—) (—)	82,180 (1,11,484)	9,493.61 (12,820.64)
v) By-products	MT	(—) (—)	(—) (—)	(—) (—)	451.90 (1002.32)

Items	Unit	Purchase		Sale	
		Qty.	Amount Rs. In Lacs	Qty.	Amount Rs. In Lacs
vi) Ferro Alloys	MT	4000 (NIL)	1186.40 (NIL)	55771 (NIL)	17934.03 (NIL)
vii) Power	KWH	(NIL) (NIL)	(NIL) (NIL)	22957289 (NIL)	453.78 (NIL)
viii) Fly Ash bricks	Nos.	(NIL) (NIL)	(NIL) (NIL)	4891748 (NIL)	85.58 (NIL)

Notes:

1. Sale of Runner Riser is exclusive of 673 MT (prev. year 422 MT) of Runner Riser consumed internally for manufacturing of Steel Ingots.
2. Rolled products sale includes 26,630 MT (prev. year 2331 MT) obtained on conversion of Steel Billets and Ingots through rerollers.
3. Sale of Sponge Iron is exclusive of 56,187 MT (prev. year 26,820 MT) of Sponge Iron consumed internally for manufacturing of Steel Ingots / Runner Riser & Billets.
4. Sale of By-products includes sales of 32,485 MT (prev. year 38,690 MT) of Iron Ore Fines, generated during production of Sponge Iron.
5. Sale of Ferro Alloys is exclusive of 820 MT consumed internally for manufacturing of Steel Ingots / Runner Risers and Billets.
6. Sale of power includes 128509 units capitalized during the year.

Stock Particulars of Goods Produced

(Value Rs. In lacs)

Items	Opening Stock		Closing Stock	
	Qty. (MTs)	Value	Qty. (MTs)	Value
i) Steel Ingots / Runner Riser*	2373 (198)	449.95 (41.73)	2217 (2373)	398.75 (449.95)
ii) Steel Billets*	962 (—)	195.98 (—)	7252 (962)	1335.70 (195.98)
iii) Rolled Products	61 (443)	15.27 (112.99)	(—) (61)	(—) (15.27)
iv) Sponge Iron**	5877 (4277)	634.22 (507.11)	6849 (5877)	757.52 (634.22)
v) Iron Ore (at mines)***	46180 (33130)	124.69 (206)	105029 (46180)	283.58 (124.69)
vi) Ferro Alloys**	1824	572.25	2316	645.42
vii) Fly Ash Bricks		29.66		7.35

* The Closing Stock of Steel Ingots includes 370 MT (Previous Year 2096.790 MT) and of Steel Billets 2681 MT out of material transferred for conversion to Rolled Products.

** Value includes value of By-products.

*** The stock of Iron Ore has been netted to arrive at Raw Material consumption.

15. Consumption of Important Raw Materials

Items	Quantity (MT)	Value (Rs. In Lacs)	%
(A) Indigenous			
i) Iron & Steel Scrap	15325 (7130)	2122.35 (866.34)	
ii) Iron Ore	289209 (283814)	7043.64 (6861.35)	
iii) Manganese Ore	81150 (NIL)	3274.80 (NIL)	
iv) Coal/Coke/Char Coal	603939 (250710)	8069.58 (4006.07)	
v) Others	(—)	693.18 (169.33)	
Total (A)		21203.55	91.14%

Sarda Energy & Minerals Limited

Items	Quantity (MT)	Value (Rs. In Lacs)	%
(B) Imported			
i) Manganese Ore	20359	1495.23	
ii) Coke	5734	565.89	
Total (B)		2061.12	8.86%
Total (A) + (B)		23264.67	100%

Notes:

- Consumption of iron & steel scrap excludes consumption of 56,187 MT (prev. year 26,820 MT) of Sponge Iron and 673 MT (prev. year 422 MT) of Runner Riser produced internally.
- Consumption of Iron Ore is inclusive of 36,462 MT (prev. year 49,525 MT) of Iron ore fines generated during the production of Sponge Iron.
- Consumption of Iron Ore is inclusive of 93,794 MT (prev. year 1,56,770 MT) Iron Ore received from mines.

16. FOREIGN EXCHANGE EARNING & OUTGO

(Rs. In lacs)

	2006-07	2005-06
(A) CIF Value of Imports		
Raw Materials	1633.73	320.76
Components & Spare Parts	25.76	16.99
Capital Goods	356.95	72.90
(B) FOB Value of Exports (direct)	5120.61	NIL
(C) Expenditure in Foreign Currency		
Machinery and components	382.71	89.89
Staff Training expenses	NIL	16.21
Traveling Expenses	19.25	3.02
Technical services	21.25	NIL
Raw Materials	1633.73	320.76

17. Deferred Tax

The Company has estimated the deferred tax charge using the applicable rate of taxation and the same has been charged to Profit & Loss Account. Accordingly Deferred tax liability (Net) of Rs. 247.62 lacs is disclosed under separate heading in the Balance Sheet as given below:

(Amt. in Rs.)

Particulars	Deferred tax liability / (asset) as at 01.04.2006	Charges / (Credit) during the year	Deferred tax liability / (asset) as at 31.03.2007
On account of Time difference:			
Depreciation	14,13,12,982	1,39,73,374	15,52,86,356
Excise Duty on closing stock	60,83,221	98,77,803	1,59,61,024
Liability of Leave Salary	(20,41,037)	9,11,771	(11,29,226)
	14,53,55,166	2,47,62,948	17,01,18,154

18. Related Party Disclosure

i) Names of related parties and description of relationship:

S.No.	Description of Relationship	Names of Related Parties
1.	Associates	Chhattisgarh Hydro Power Pvt. Ltd. Parvatiya Power Pvt. Ltd. Chhattisgarh Bricks Pvt. Ltd.
2.	Related Enterprises where significant influence exist	Prachi Agriculture & Properties Pvt. Ltd. R.R.Sarda & Co. Sarda Agriculture & Properties Pvt. Ltd. Madhya Bharat Power Corporation Ltd. Chhattisgarh Investments Ltd.
3.	Key Management Personnel	Mr. Kamal Kishore Sarda Mr. Gopal Krishna Chhanghani
4.	Relative of Key Management Personnel	Mrs. Shakuntala Devi Sarda Mrs. Uma Devi Sarda Ms. Prachi Sarda Mr Pankaj Sarda Master Anant Sarda Mrs. Chandrakanta Chhanghani
5.	Joint Venture	Raipur Infrastructure Co. Pvt. Ltd. Madanpur South Coal Co. Ltd.

II) Material Transactions with Related Parties (Rs. in lacs)

Particulars	Associates	Related Enterprises Where significant influence exist	Key Management Personnel	Relatives of Key Management Personnel	Joint Venture
Sale of Goods / Services		(—) (633.02)		(—) (0.27)	2.61 (—)
Purchase of Goods / Services Receive					8.76 (—)
Loans/Advances accepted		1829.41 (34.95)			
Loans/Advances Repaid		46.33 (314.85)			
Loans/Advances Given	2.06	923.99			
Loans/Advances Received Back	0.44 (—)	335.90 (—)			
Deposit Given					7.45 (—)
Deposit Received Back					7.65 (—)
Interest Paid/Provided		44.76 (309.96)			
Interest Received		42.36 (18.04)			2.48 (—)
Remuneration			43.97 (43.47)	8.71 (—)	
Rent Paid		8.40 (0.30)		2.16 (2.16)	
Rent Received		(—) (38.50)			
Services Offered					3.00
Guarantee Given					1096.04 (—)
Investments made	63.50 (—)				152.09 (—)
Dividend Paid		323.86 (122.11)	26.18 (4.67)	45.56 (1.49)	
Outstanding as on 31.03.2007					
Receivable		379.02 (NIL)		0.28 (0.27)	28.04 (—)
Investments	658.50 (NIL)				136.96 (NIL)
Share Application Money	36.90 (NIL)				56.58 (NIL)
Payable	0.44	1068.04 (1488.11)		0.01 (—)	(—) (—)

19. a) Interest in Joint Ventures:

Name of the Company	Proportion of ownership interest as on 31 st March	
	2007	2006
i) Raipur Infrastructure Company Pvt. Ltd.	33.33%	NIL
ii) Madanpur South Coal Company Ltd.	24.91%	NIL

Sarda Energy & Minerals Limited

- b) The above joint venture companies are incorporated in India. The company's share of the assets and liabilities as on 31st March, 2007 and income and expenses for the year ended on that date are given below which are based on unaudited figures of the joint venture companies.

(Rs. in Lacs)

Particulars	As on 31 st March	
	2007	2006
A. Assets		
Long term Assets	218.83	NIL
Short term Assets	68.29	NIL
Total	287.12	NIL
B. Liabilities		
Long Term liabilities	86.14	NIL
Current Liabilities and Provisions	5.29	NIL
Total	279.37	NIL
C. Contingent Liabilities	1086.57	NIL
D. Capital Commitments	19.71	NIL
E. IncomeF. Expenses	14.33	NIL

20) 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

(Rs. In Lacs)

Particulars	2006-2007			2005-2006	
	Steel	Ferro	Total	Steel	Total
Revenue					
Sales & other income	19724.35	16160.23	35884.57	21564.36	21564.36
Inter segment sales	732.12	283.63	1015.75	0	0.00
Others Unallocated			1748.78		
Total Revenue	20456.47	16443.86	38649.11	21564.36	21564.36
Result					
Segment Result	2933.64	3023.38	5957.03	1730.61	1730.61
Miscellaneous Income			1090.82		
Unallocated Corporate Expenses			1226.54		301.38
Operating Profit			5821.30		1429.23
Interest			746.67		307.03
Profit Before Tax & Extraordinary Item			5074.63		1122.20
Add: Extra Ordinary Item			0.97		327.56
Less:Provision for taxation					
For Current Year			547.01		83.50
For Deffered Taxation			247.63		167.59
For Fringe Benefit Tax			19.50		8.05
Income Tax for Earlier years			4.81		(11.20)
Profit After Taxation			4256.65		1201.82
Other Information					
Segment Assets	25898.63	6939.77	32838.41	18376.60	18376.60
Unallocated Assets			15855.17		1136.24
Total Assets			48693.58		19512.84
Segment Liabilities	1748.59	2426.51	4175.10	269.84	269.84
Unallocated Liabilities			1119.95		586.61
Total Liabilities			5295.05		856.45
Capital Expenditure	5840.30	182.49	6022.79	4221.47	4221.47
Depreciation / Amortisation	807.53	426.60	1234.13	631.00	631.00
Unallocated Capital Exp. & Depreciation			4669.18		29.54
Non -cash Expenditure other than depreciation /(amortisation)			NIL		NIL

21. **Earning Per Share**

Particulars	Year ended	
	31.03.2007	31.03.2006
Net Profit (Rs. in lacs)	4256.65	1201.82
Weighted average number of Equity Shares for Basic / Diluted EPS	2,95,71,425	1,30,80,000
Nominal Value of Equity Shares (Rs.)	10/-	10/-
Basic / Diluted earning per share (Rs.)	14.39	9.19

22. Provision for Contingencies - NIL

23. Previous year figures are shown in bracket and have been recast / regrouped / restated wherever necessary to make them comparable. Current year figures are for post merger entity, as such previous year's figures are not strictly comparable.

24 INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT 1956: BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I Registration Details**

Registration no. 16617 State Code 11 Balance Sheet date 31.03.2007

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue : NIL Right Issue : NIL
 Bonus Issue : NIL Private Placement : NIL

III Position of mobilisation and Deployment of Funds: (Amount in Rs. Thousands)

Total Liabilities 43,39,852 Total assets 43,39,852

Source of funds

Paid up Capital 1,30,800 Reserve and Surplus 17,85,893
 Share Capital Suspense A/c 1,64,914
 Secured loans 19,25,136 Unsecured loans 1,62,269
 Deferred tax liability 1,70,840

Application of funds

Net Fixed assets 29,01,782 Investments 2,18,522
 Net Current assets 12,14,520 Misc. Expenditure 5,028
 Accumulated Losses —

IV Performance of Company (Amount in Rs. Thousands)

Turnover 36,42,000 Total Expenditure 31,34,440
 Profit / (Loss) before tax 5,07,560 Profit / Loss after tax 4,25,665
 Earning per share in Rs. 14.39 Dividend rate % 20

V Generic Name of Three Principal Products / Services of Company (as per monetary terms)

Item Code No.(ITC Code) : 7203 Product Description Sponge Iron
 Item Code No.(ITC Code) : 7207 Product Description Steel Ingots/Billets
 Item Code No.(ITC Code) : 3322 Product Description Ferro Alloys
 Item Code No.(ITC Code) : 98010003 Product Description Thermal Power

SIGNATURE TO SCHEDULE "A" TO "P"

AS PER MY REPORT OF EVEN DATE ATTACHED

(M. M. JAIN)
Chartered Accountant**(K. K. SARDA)**
Chairman &
Managing Director**(G. D. MUNDRA)**
Director**(P. K. JAIN)**
Company
SecretaryNAGPUR
DATED : 31st August 2007MUMBAI
DATED : 30th August 2007

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ELECTRONIC CLEARING SERVICES (ECS) MANDATE

To,
Sarda Energy & Minerals limited
73/A, Central Avenue,
Nagpur 440 018, (M.H.)

Dear sir,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND/INTEREST

Please fill-in the information in CAPITAL LETTER in ENGLISH ONLY. Please tick (✓) wherever applicable.

FOR OFFICE USE ONLY

For shares held in physical form		
Folio No.	ECS Ref No.	
For shares held in electronic mode		
DP Id No	Client ID	
Name of first Holder :.....		
Bank Name.....		
Branch Name:.....		
Branch Code.....		
Account Type:	Saving ()	Current () Cash Credit ()
Account Number:.....		
Effective date of this Mandate		

Please attach a copy of a cheque or blank cheque of your bank duly cancelled for ensuring accuracy of the bank name, branch name and code number.

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

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

Date:

(Signature of First Holder)

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

SARDA ENERGY & MINERALS LIMITED

73-A, Central Avenue, Nagpur (M.H.) 440018

ATTENDANCE SLIP

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

Folio No./ DP ID Client ID _____

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

I hereby record my presence at the 34th ANNUAL GENERAL MEETING of members of the Company, will be held at 73/A, Central Avenue, Nagpur-440 018 on Saturday, 29th September, 2007 at 3.30 p.m. and at any adjournment thereof.

Name of the Member/proxy in Block Letter

Member's/Proxy's signature

NOTES:

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

----- Tear Here -----

SARDA ENERGY & MINERALS LIMITED

73-A, Central Avenue, Nagpur (M.H.) 440018

PROXY FORM

Folio No./ DP ID Client ID _____

I/We _____
of _____ in the district of _____ being a member/members of Sarda Energy & Minerals Limited hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ to act as my/our Proxy to attend and vote for me/us and on my/our behalf at the 34th ANNUAL GENERAL MEETING members of the Company, to be held on 29th September, 2007 and at any adjournment thereof.

Signed : _____

Place : _____

Dated : _____

Affix Revenue Stamp

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

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Motibaug Garden Developed by the Company



Motibaug Garden at Raipur



Motibaug Garden at Raipur



Amusement Park for children at Motibaug

Sarda Energy & Minerals Limited
Industrial Growth Centre
Siltara, Raipur (C.G.)