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enriching lives empowering growth

The concept of growth at most organisations has a single dimension and single direction. It is measured with a limited yardstick – numbers.

But there is much more to growth than just numbers.

At SEML, growth is as much about development and empowerment as it is about finance. Growth is as much about sharing and inclusiveness as it is about profits.

Growth at SEML has many dimensions and directions.

Since the last three decades, we have been following a growth strategy that is quite different from our peers – growth that EMPOWERS and ENRICHES lives.

Today, SEML is one of the lowest cost producers of steel, power and ferro alloys and among the largest manufacturers and exporters of ferro-alloys in India. We have diversified into energy and minerals, and are among the few companies in India to be self-sufficient in energy requirements. We have our own iron-ore and coal mines, and are on way to acquire mines of manganese ore to become self-sufficient in our mineral requirements.

We are the supplier of choice to over 60 customers across the globe and are expanding our global footprint through alliances and partnerships.

Even as we achieved this spectacular growth, we made sure that this growth directly enriched lives of – our employees, our customers, our partners and most of all, the society and communities we live and work in. Being a responsible company, we are sustainable and environment friendly.

At SEML, we have been

ENRICHING LIVES EMPOWERING GROWTH

chairman's message

Dear Shareholders,

Welcome to the 40th Annual General Meeting of your Company. It is always a pleasure to share with you a review of our performance last year as well as outlook for the future.

Growth continued to remain sluggish in most economies of the world during 2012. In the Eurozone, the Greek debt repayment crisis in the middle of 2012 followed by the more recent similar crisis in Cyprus in March 2013, cast their dark shadows on the entire global economy. In the Asian growth hot-spots of China and India, GDP growth came down to lowest in the decade as a result of slackness in demand. India faces its own economic challenges with high levels of current account deficit, sustained inflationary pressure and tight monetary policies. The falling Indian rupee against major international currencies added to an already difficult business environment.

In light of such challenging circumstances, most industries continued to struggle. In the steel industry, while consumption in India continued

to grow and demand for special grade of steel rose, the prices underwent a sharp correction. The Indian sponge iron industry had to contend with multipronged blows from high costs, poor availability of raw materials and cheaper import of scrap. Both demand and margins suffered badly, with the sponge iron production declining by 20 percent in the last two year.

In the ferro alloys space, consumption increased during the year but with over-supply, there was fierce competition in both domestic and export markets, leading to pressures on margins. The power sector continues to face a peculiar issue where there is a huge demand from consumers, but concessional prices are making buying and distribution of power un-remunerative.

Despite these tough operating conditions, your Company came up with another sterling performance during the year. On a standalone basis, we achieved a record turnover of ₹ 1,524 crores for the year compared to ₹ 1,197 crores in the previous year, an impressive growth of over 27 percent. On a consolidated basis, revenue from operations (gross) were ₹ 1,545 crores, up from ₹ 1,205 crores last year, an increase of over 28 percent.



In light of such challenging circumstances, most industries continued to struggle. In the steel industry, while consumption in India continued to grow and demand for special grade of steel rose, the prices underwent a sharp correction. The Indian sponge iron industry had to contend with multipronged blows from high costs, poor availability of raw materials and cheaper import of scrap. Both demand and margins suffered badly, with the sponge iron production declining by 20 percent in the last two year.

In line with this fine top-line performance, the bottom-line improved significantly. Our consolidated EBIDTA increased to ₹ 338 crores from ₹ 215 crores in the previous year, up by over 57 percent, and our consolidated net profit went up from ₹ 88 crores in the previous year to ₹ 162 crores this year, a jump of 84 percent.

Your Directors have recommended a dividend of ₹ 3 per share for the year.

This excellent performance was achieved due to sustained and relentless focus on improving internal efficiencies with remarkable improvement in reducing consumption of materials, fuel and power. This helped the Company remain competitive in a challenging scenario and maintain its margins.

During the year, the captive thermal power plant of 80 MW capacity installed by Sarda Metals & Alloys Ltd. (SMAL), subsidiary of your Company was successfully commissioned at Vishakhapatnam in March 2013. The project has reported profit in the very first month of its operation.

Your Company also achieved financial closure for its ₹ 550 crore de-bottlenecking, modernisation and expansion project for its manufacturing and mining facility. The project will be executed in the next two years.

The outlook for the Company remains positive as both global and Indian economies are entering a recovery phase. The Company is confident that

with its continued efforts of optimal utilisation of resources, sustained focus on cost savings and the zealous drive of all its employees will ensure another better performance in the near future.

Your Company, as a responsible corporate citizen, always ensures that it leads with initiatives in environment sustainability as well as corporate social responsibility. This year has been no different, and the Company continued to remain actively engaged in initiatives ranging from education, healthcare, improving livelihood and providing better amenities and facilities to communities and societies in and around its plants and facilities. On the environmental protection front, the Company has focussed on full utilisation of in-house waste by expanding the fly-ash brick plant capacity. Many other initiatives like rain-water harvesting, solar power generation and extensive tree plantation have been undertaken during the year.

In conclusion, I would like to assure you that your Company has always believed in a growth that is inclusive and multi-pronged, that is shared and inclusive. Growth becomes exponentially effective and meaningful only when it empowers a nation and enriches the lives of its people.

On behalf of the board, I thank you all for your trust and faith in the Company, and look forward to your continued support as we move ahead on our journey of

EMPOWERING GROWTH...ENRICHING LIVES.

Yours faithfully,

Kamal Kishore Sarda
Chairman and Managing Director

Directors' Report

Dear Members,

Your directors take pleasure in presenting the 40th Annual Report on business and operations of your company for the financial year ended 31st March, 2013.

Financial performance

(₹ in Crore)

Particulars	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Revenue from operations (Gross)	1,524	1,197	1,545	1,205
Less: excise duty	140	97	140	97
Revenue from operations (Net)	1,384	1,100	1,405	1,108
Export	120	117	120	117
EBIDTA	287	237	338	215
Depreciation	64	63	69	65
Finance cost (Net)	63	70	69	72
Profit before tax	160	104	200	78
Provision for taxation	35	(10)	38	(10)
Net profit	125	114	162	88

Dividend

Your directors have recommend a dividend of ₹ 3/- per equity share for the year ended 31st March, 2013. The total outgo on account of dividend including tax thereon will be ₹ 12.58 crore. The dividend shall be paid after approval of the members at the annual general meeting.

During the year, your company has transferred the unpaid dividend amount in respect of the F.Y. 2004-05 to the Investor Education and Protection Fund established u/s 205C of the Companies Act, 1956.

Operations

During the year under review, performance of the manufacturing facilities and coal mine was satisfactory and saw all-round improvement over previous year. This was achieved through constant endeavor at all levels for excellence. The operations at the iron ore mines remained suspended due to law and order problems in the surrounding area.

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

Projects

Debottlenecking, Modernization & Expansion project

Your company has achieved financial closure for its ₹ 550 crores project for debottlenecking, modernisation & expansion of existing manufacturing and mining facility. The project will be executed over next 2 years.

Pithead Thermal Power Plant

Your company has received Environmental Clearance for its 350 MW pithead thermal power plant, subject to receipt of Stage-1 forest clearance. Coal mining plan for enhanced capacity of coal mining has been prepared and submitted to concerned government authorities. Project execution will be started after approval of the mining plan.

Controlled entities

- **Sarda Energy & Minerals Hongkong Ltd, Hongkong (SEMHKL)**, is a wholly owned subsidiary, functioning as global investment arm of your company. During the year under review, the subsidiary reported a net profit of ₹ 32.43 crore.
- **Sarda Global Venture Pte. Ltd. Singapore (SGV)**, a wholly owned subsidiary, has acquired economic interest in coal mines in Indonesia. Land acquisition for mining is going on. During the year, the subsidiary reported a net profit of ₹ 0.21 crore.
- **Sarda Metals & Alloys Ltd.(SMAL)**, a wholly owned subsidiary has executed 2x33 MVA Ferro Alloys plant backed by 80 MW captive thermal power plant. In view of adverse market condition, SMAL is operating the power plant only. Commercial operation of Ferro Alloys will be started on improvement of economics of Ferro Alloys industry. Your company has made equity investment of ₹ 200 crores in the project. The project has reported profit in the very first month of its commercial operation in March, 2013.
- **Sarda Energy Ltd. (SEL)**, a wholly owned subsidiary, has taken up the project of 1320 MW super critical thermal power project in Chhattisgarh. Nearly half of the required land has already been acquired by the company. The matter of acquisition of balance land through compulsory acquisition route is pending before the Hon'ble High Court of Chhattisgarh and all activities have been deferred until the decision of the Hon'ble High Court of Chhattisgarh is pronounced in the matter.
- **Parvatiya Power Ltd. (PPL)**, is operating 4.8 MW Loharkhet Small Hydro Power Project in Bageshwar District of Uttarakhand since 2008. During the year 2012-13, the plant generated and supplied 192.70 lacs KWh power achieving 46% capacity utilization factor. The company earned a profit after tax of ₹ 1.78 crore. Your company continues to hold 51% stake in PPL.
- **Madhya Bharat Power Corporation Ltd. (MBPCL)**, is implementing 96MW Rongnichu Hydro Power Project near Gangtok in East Sikkim as a run-of-the-river scheme. During the year under review, civil works gained momentum at all construction fronts and the contracts for Hydro Mechanical Works were awarded. The Project has got successfully registered as a CDM Project with UNFCCC.

So far, your company has made an equity investment of ₹ 65 crores and holds 58.73% share in the company.

- **Chhattisgarh Hydro Power LLP** has been allotted four run-of-the river Small Hydro Power Projects in Chhattisgarh with a total generation capacity of 77 MW. The LLP has started work on first 24 MW Gullu Hydro power project. The project is entitled for CDM benefits; MOEF has conveyed Host Country Approval to Project for CDM registration on 29.06.2012. The project is currently under validation stage.

All these projects are entitled for benefits in the form of subsidy from Ministry of New & Renewable Energy, Clean Development Mechanism as well as Renewable Energy Certificates. Your company has contributed ₹ 13 crore towards its share in the LLP and holds 60.92% stake in CHP LLP.

- **Sarda Hydro Power Pvt. Ltd. (SHPPL)** has been allotted 24 MW Kotaiveera and 9MW Ganeshpur Small Hydro Power Project in Chhattisgarh. Land Acquisition and statutory approvals are in progress. Your company holds 60% stake in SHPPL.
- **Shri Ram Electricity LLP (SRELLP)** has been incorporated as a special purpose vehicle (SPV) for setting up a captive thermal power plant of 40 MW in the State of Chhattisgarh. Your company continues to hold 51% stake in SRELLP. Techno-economic viability study is being carried out.
- **Raipur Fabritech Pvt. Ltd. (RFPL)** has been incorporated to undertake Steel fabrication activities at the site of closed steel plant of your company. Your company holds 52.38% stake in RFPL.

- **Raipur Industrial Gases Pvt. Ltd. (RIGPL)** has been incorporated to undertake activities related to production of industrial gases at the site of Raipur Gases Private Limited. The company is yet to start its operations. Your company holds 51% stake in RFPL.

Joint ventures

- **Raipur Infrastructure Company Ltd. (RICL)** operates a private railway siding in Mandhar, Raipur. During the year 2012–13, the company has earned profit of ₹ 1.37 crore as against ₹ 1.38 crore in the previous year.

RICL is also in the process of developing a private railway siding allotted in Orissa. The process of approvals for land acquisition is under progress. Your company holds one third share in the Joint Venture.

- **Madanpur South Coal Co. Ltd. (MSCCL)** has been allotted a coal block in Madanpur area of Dist. Korba of Chhattisgarh in consortium. Most of the clearances required have been obtained however, the forest clearance is yet to be granted by the Ministry of Environment and Forest, Government of India and efforts are on to obtain the Forest Clearance at the earliest. Your company holds a 20.63% stake in the joint venture.

Awards/Appreciation

During the year, your company received an award from the Chhattisgarh State AIDS Control Society for the highest blood collection of 613 units at the Blood Donation Camp organized in association with “Red Cross Society & CII-Young Indians”.

Environmental conservation

Your company endeavors to adopt best practices for protection of environment keeping in mind the philosophy of co-existence and co-creation of Mother Nature and human activities. Impact of each production activity on nature is closely monitored. Your company has focused on utilization of waste in house. Your company is expanding fly ash brick plant capacity to fully utilize increased waste generation. Various corrective and preventive measures are taken to overcome the environmental issues and are supported with adequate budgetary measures. Your company continues to take numerous initiatives aimed at minimizing environmental issues.

During the year following initiatives were taken in this direction:

- various new instruments, equipments, like Turbine Ventilators, Fume Extraction System, etc. were installed and various equipments/instruments of low capacity were replaced with instruments/equipments of higher capacity so as to reduce/ control emissions
- independent Tapping Smoke Extraction System for individual furnaces and Pneumatic Conveying Dust Handling System for ESP & Hoppers were commissioned
- Water Sprinklers of 25mtr range covering new areas, dust suppression pumping station provided, road side paving was done
- Automatic Level Sensor and Shutoff Valve was installed to prevent over flow of water from tank thus eliminating wastage of drinking water
- Rain Water Harvesting was implemented resulting in collection of 640420 M³ of water
- 82746 units of solar power generated
- Plant waste of Ferro Alloys plant and other plants was utilized for making ECO bricks

In addition to the above, cleaning of ESP fields, filtration of ESP Transformer oil, and other maintenance work is being carried out for various equipments and machinery parts on a regular basis. Further, extensive tree plantation has been done to enhance the green cover in and around the plant area and during the year, around 1200 trees have been planted.

Corporate social responsibility

Your company believes in giving back to the society and contributes significantly to the socio-economic development of the society. Your company is committed to the holistic development of the villages around its operating areas & projects. A synopsis of the various activities undertaken by your company in the areas of education, healthcare, art, culture & sports, infrastructure and livelihood development is presented hereunder.

Education:

In the field of education, your company continues to support 90 single teacher schools run by the Friends of Tribal Society in tribal areas where education facilities are not in reach. Your company has also sponsored R. K. Sarda Vidya Mandir, a state-of-the-art CBSE school owned and run by Bharatiya Vidya Bhavan in Raipur. Your company had provided land for the school along with donation of ₹ 1 crore. Your company has given interest free loan of ₹ 10.35 crores for the school as such incurring cost of about 1.50 crore every year in the form of interest cost. We are happy to report that BVB school has come up as a model school in Raipur. Apart from the above, your company has contributed ₹ 14.40 lacs for single teacher schools and has also donated ₹ 5 Lacs to Visvesvaraya National Institute of Technology Alumni Association, Nagpur to support their activities in the field of education. Your company is also a founder member of the Shiksha Deep Trust in Chhattisgarh providing scholarship to the poor meritorious students.



Ekal Vidyalaya



Donation to Siltara Sikshan Samiti



Children's day celebration

In addition to the above, your company has also provided for regular bus services in villages for school students and teachers, financial assistance to poor and needy students and financial support for educational activities.

Healthcare:

Your company has transformed its role as a catalyst by empowering and making people responsible for their own health with the aim of improving 'quality of life' in the surrounding villages. Your company is maintaining two well-equipped mobile hospitals for providing free medicines and medical facilities in interior tribal areas. During the year, 51201 patients benefitted from the mobile hospitals.



Highest Blood Donation Award

In addition your company organizes on regular basis medical checkup camps – individually and in association with other organisations in the surrounding areas.



Blood Donation Camp

Infrastructure:

Your company has undertaken many activities for development of infrastructure facilities in the surrounding areas of its operation for providing basic facilities and improvement in quality of life. Few of the activities are as under:



- deepening of village pond at Rohinipuram
- construction of “Old Age Home” at Samdong
- construction, repair & renovation of school buildings, Anganbadi centers in nearby villages
- provision of drinking water facility in villages & schools



Bituminous Road at Murethi

Potable Water Supply to villages

The fire brigade of your company has been made available for attending exigencies in the nearby villages, industries and also in the city of Raipur and has played an important role in controlling fire hazards.

Art, Culture & Sports:

Your company actively promotes sports, arts and cultural activities of communities close to its operations. Your company has adopted lawn tennis in the State of Chhattisgarh and is organizing national level event of “Gondwana Cup” in association with Chhattisgarh State Association. Your company also works to bring about social reform through dowry-less marriages and poor girl mass marriage campaign.



Pataka Cup Winner team of SEML



Gondwana cup – tennis tournament

Your company organizes various awareness and development seminars on different topics which are addresses by eminent faculties from respective fields. Your company also generously supports various social and cultural activities. You will be glad to know that your company’s cricket team won the “Pataka Cup Corporate Cricket” tournament.

Livelihood

Unemployment, due to lack of suitable employment opportunities, training and experience is a serious issue in rural area. Your company’s objective is to train and develop the skills of the youth for suitable professions and give them proper platform and experience, thus aiding them to get gainful employment. Your company has worked in this direction:

- organized exposure visit of Women PRI members, Aganbadi workers, Self Help Group Members & Mitanin of Siltara village to SAMVET Godhi for awareness on Income Generation promotion



Chikankari exhibition



Career counseling to young girls

- organized “Chikankari Exhibition of ITC – Sunhara Kal (UP) a local handicraft promotion initiative of Self Help Group members
- celebrated “World Women Day” for the capacity building, training & income generation opportunities for girls/women in association with National Skill Development Council
- Adopted Government ITI of Saragaon, Janjgir-Champa of CG on Public Private Partnership

Consolidated accounts

The consolidated financial statements presented by the company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards. As permitted, your company is not attaching annual reports of its subsidiaries and has included prescribed particulars in this annual report.

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

Fixed deposits

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

ESOP Scheme

With a view to remain a preferred employer, your company has implemented SEML ESOP Scheme 2012 for the employees and directors of your company and its subsidiary companies. During the year, the company has granted 3,33,360 options. However, none of the options have been vested as on 31st March, 2013.

The disclosures required to be made in the Directors' Report in respect of the aforesaid ESOP Scheme, in terms of the SEBI (ESOP Scheme) Guidelines, 1999 are contained in Annexure "A" forming part of the Directors' Report.

Directors

During the year, Mr. G.K. Chhanghani, Executive Director of the company tendered his resignation from the directorship of the company, pursuant to his appointment as whole time director on the board of M/s Madhya Bharat Power Corporation Ltd., a subsidiary of the company. The Board places on record its appreciation for the services rendered by Mr. G.K. Chhanghani during his tenure as Director.

Further, Mr. G.D. Mundra, Mr. P.R. Tripathi and Mr. G.S. Sahni, Directors of your company, retire by rotation and being eligible, offer themselves for reappointment. The brief resumes/details of Directors who are to be appointed/reappointed are given in corporate governance report forming part of the Annual Report.

Directors' responsibility statement

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

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

Cost Auditors

The Central Government had approved the appointment of M/s. S.G. Kankani & Co., Cost Accountants, as the Cost Auditor of the company for audit of the cost accounting records of the steel and electricity business of your company for the financial year 2011-12. The Cost Audit Report was filed by the Cost Auditors on 22nd February, 2013.

Statutory Auditors

M/s. M.M. Jain & Associates, Chartered Accountants, the retiring statutory auditors of your company, hold office till the conclusion of the ensuing annual general meeting and are eligible for reappointment. Your company has received a letter from the retiring auditors to the effect that their appointment as auditors for the year 2013-14, if made, would be within the limits under section 224 (1-B) of the Companies Act, 1956.

Auditors' report

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

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

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

Particulars of employees

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

Corporate governance

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

Acknowledgement

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

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

Place : Visakhapatnam
Dated : August 10, 2013

Annexure 'A' to the Directors' Report

Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme) and (Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are set below:

S. No.	Particulars	ESOP Scheme 2012
1	Total Number of Options under the plan	7,17,000
2	Options Granted during the year	3,33,360
3	Exercise Price & the Pricing formula	₹ 125/-
4	Options vested (during the year)	NIL
5	Options exercised (during the year)	NIL
6	The total number of shares arising as a result of exercise of options during the year.	NIL
7	Options lapsed (during the year)	NIL
8	Variation in terms of options	---
9	Money realized by exercise of options (during the year)	NIL
10	Total number of options in force at the end of the year	3,33,360
11	Employee wise details of options granted to:	
	i Senior Management Personnel during the year	Please refer note 1 below
	ii Employees holding 5% or more of the total number of options granted during the year.	---
	iii Employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	---
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (Accounting Standard (AS) 20 "Earning per Share").	34.74
13	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employees compensation cost so computed and the employees compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Please refer point (f) of Note No.26.2
14	Weighted-average exercise prices and weighted – average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Please refer Note 2 below
15	A description of the method and significant assumptions used during the year to estimate the fair values of options including the following weighted average information:	
	i. risk free interest rate	8%
	ii. expected life	41 months
	iii. expected volatility	8%
	iv. expected dividend yield	30%
	v. the price of the underlying shares in market at the time of option grant	₹ 120.20

Note 1: Employee wise details of options granted to Senior Managerial Personnel:

S.No.	Name	Designation	No. of options
1	Mr. G.K. Chhanghani	Wholetime Director - Subsidiary	15,500
2	Mr. Rakesh Mehra	Independent Director	14,500
3	Mr. G.D. Mundra	Wholetime Director	14,000
4	Mr. R.T. Laddha	ED Projects	9,500
5	Mr. P.K. Jain	Chief Finance Officer & Company Secretary	9,000
6	Dr. B.M. Goswami	Wholetime Director – Subsidiary	6,250
7	Mr. A.K. Basu	Independent Director	6,000
8	Mr. P.R. Tripathi	Independent Director	5,500
9	Mr. G.S. Sahni	Independent Director	3,500
10	Mr. C.K. Lakshminarayanan	Independent Director	3,000
11	Mr. J. Balakrishnan	Independent Director	2,500

Note: 2

A. Weighted average Fair Value of Options granted during the year whose

- | | | |
|---|---|----------------|
| (a) Exercise price equals market price | : | Not applicable |
| (b) Exercise price is greater than market price | : | Not applicable |
| (c) Exercise price is less than market price | : | ₹ 126.43 |

B. Weighted average Exercise price of Options granted during the year whose

- | | | |
|---|---|----------------|
| (a) Exercise price equals market price | : | Not applicable |
| (b) Exercise price is greater than market price | : | Not applicable |
| (c) Exercise price is less than market price | : | ₹ 125.00 |

(as on the date of grant)

Annexure 'B' 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	: PELLET & GRINDING PLANT
	i) Installation of VVF Drive, Pneumatic Conveying System, stoppage of higher size compressor & pumps.
	SPONGE IRON PLANT
	ii) Installation of VVF Drive, new seal air fan and process changes
	POWER PLANT
	iii) Installation of 10 nos. of energy saver lighting feeders, stoppage of air fans in boilers
	FERRO ALLOYS PLANT
	iv) Regulation of the operation of cooling tower fans through temp controller, restriction on continuous operation of hydraulic power pack motors, restriction on operation of FD cooler.
b) Additional investment and proposals if any, being implemented for reduction of consumption of energy.	: FERRO ALLOYS PLANT To restrict the operation of FD cooler of GCP A&B after replacement of existing filter bags with "High temperature resistant " bags
c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.	: Reduction in annual power consumption by about 19.85 lakh Kwh
d) Total energy consumption and energy consumption per unit of production in prescribed Form 'A'.	: As per "Form A" attached

B. Technology absorption

Research and Development

1. Specific areas in which R & D are carried out by the company	: i) Kiln Inlet cone design changed and reduced by 700 mm to avoid back spillage of Pellet in turn feed rate increased. ii) Upgradation of existing grinding unit.
2. Benefits derived as a result of above R&D.	: Production of pellet increased by around 200 MT/Day.
3. Future plan of action	: Installation of producer gas Coal Gassifier for utilization of gas in Grate to eliminate oil.
4. Expenditure on R&D	: Expenditure on R & D is not specifically accounted for. Internal team undertakes the R & D activities.
5. Technology absorption, adaptation and innovation	
a) Efforts in brief made towards technology absorption, adaptation and innovation	: -
b) Benefits derived as a result of above efforts.	: -
c) Information regarding technology imported during the last five years	: -

C. Foreign exchange earnings and outgo

1. Activities relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans.	:	Your company organises and attends international level conferences and customer meets for closer interaction with the customers.
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2. Total foreign exchange used and earned (₹ in crore)		
a) Foreign exchange used	:	215.45
b) Foreign exchange earned	:	149.54

Place : Visakhapatnam
Dated : August 10, 2013

On behalf of the Board of Directors,
(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

1. Electricity	2012-13	2011-12
a) Purchase		
Units (Kwh)	NIL	NIL
Total amount (₹ in Lacs)	NIL	NIL
(₹ /Kwh)	NIL	NIL
b) Own generation		
i) Through diesel generator		
Units (Kwh)	NIL	NIL
Units per litre of diesel	NIL	NIL
Cost/Unit (₹)	NIL	NIL
ii) Through steam/turbine generator		
Units (Kwh)	10,59,58,351	8,98,01,629
Units per litre of fuel-oil/gas	N.A.	N.A.
Cost/Unit (₹)	2.75	2.35
2. Coal for domestic use		
Quantity (M.T.)	NIL	NIL
Total cost (₹)	NIL	NIL
Average rate (₹)	NIL	NIL
3. Furnace oil		
Quantity (K. litres)	NIL	NIL
Total cost (₹ in Lacs)	NIL	NIL
Average rate (₹ /K. litre)	NIL	NIL
4. Other internal generation		
Units	NIL	NIL
Total cost (₹ in Lacs)	NIL	NIL
Rate/Unit	NIL	NIL

B. Consumption per unit of production

Electricity (units)	944	949
Coal	NIL	NIL
Furnace oil	NIL	NIL
Other (specify)	NIL	NIL
Own power	NIL	NIL

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

Annexure 'C' to the Directors' Report

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 as amended till date, and forming part of the Directors' Report for the year ended 31st March, 2013

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

a) Name	:	Mr. Kamal Kishore Sarda
b) Designation	:	Chairman and Managing Director
c) Age	:	61
d) Qualification	:	B.E. (Mech.)
e) Experience (years)	:	39
f) Commencement of employment	:	16 th December, 1978
g) Nature of duties	:	Overall management and administration
h) Remuneration (gross)	:	₹ 3,18,49,836/-
i) Particulars of last employment, last post, employer (No. of years)	:	-

Notes:

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

Management Discussion & Analysis

INDUSTRY STRUCTURE & DEVELOPMENT

Global Economic Scenario- 2012

As reported by IMF, during 2012 world GDP witnessed growth of 3.2 percent against 4 percent achieved in 2011. A growing number of developed economies have fallen into a double-dip recession and those in severe sovereign debt distress moved even deeper into recession. The sovereign debt crisis and economic recession in the Euro zone, which recorded negative growth of 0.6 percent and continued financial deleveraging in most developed economies affected capital flows to emerging markets and other developing countries. These factors, combined with spillover effects of expansionary monetary policies in developed economies, also fueled volatility in primary commodity prices and exchange rates.

Indian Economic Scenario- FY 2012-13

In FY 2012-13, India's GDP grew at 5 percent as against 6.2 percent in FY 2011-12. The fiscal deficit could be contained to 4.9 percent against 5.80 percent in the previous year but current account deficit reached to 4.8 percent of GDP against 4.2 percent in the previous year mainly on account of oil and gold imports. Decelerating growth and increasing current account deficit put pressure on rupee which depreciated by 6.7 percent on a year on year basis from ₹ 50.87 to ₹ 54.28 against the US Dollar. During current fiscal, the Indian rupee has witnessed further depreciation breaking the psychological barrier of ₹ 60 to a US Dollar creating new lows. Manufacturing and core sector also faced challenges due to policy paralysis, uncertainties and increasing transaction costs. Manufacturing recorded meager growth of 1.1 percent. Mining recorded negative growth of 0.6 percent due to excessive regulation / control. High interest costs took its toll on industrial growth and NPAs of banks also increased substantially. Tax collections fell short of budgeted estimates.

In recent times, government has taken various initiatives to revive growth and to control deficit, the effect of which is yet to be felt. The US economy is showing signs of recovery and US Fed has indicated tapering of quantitative easing, news of which has hit capital flows to emerging economies like India. The government has targeted reduction in CAD by atleast 30 basis points.

Iron and Steel

The global steel output reached a new high of 1519 Mn tonnes in 2012 against 1490 Mn tonnes of 2011 while global industrial production dropped to its lowest since 2009. China produced 717 Mn tonnes of steel increasing its share in global production from 45.85 percent to 47.18 percent. India ranked fourth with an output of 77.56 Mn tonnes registering a growth of 7.43 percent over 72.2 Mn tonnes. The per capita consumption of steel in India was 59 Kg. as against 477 Kg. in China and global average of 217 Kg. The prices of steel saw sharp correction during the year. The steel consumption in India continued to grow and India continued to be net importer on account of increased demand of special grade of steel.

The Indian sponge iron industry suffered badly on account of high cost and poor availability of iron ore, natural gas and coal on the one side and increasing import of scrap due to lower prices in the global market on the other keeping prices of finished goods under pressure. In FY 2013, sponge iron production in India dropped to 18.67 Mn tonnes against 20.56 Mn tonnes in FY 2012 and 23.25 Mn tonnes in FY 2011, which is 20 percent fall in last two years. In last two years, capacity utilization fell from 66.56 percent to 50.05 percent. Capacity utilization of gas based plants fell from 64.48 percent to 40.90 percent. On account of supply side issues, the domestic price of iron ore, coal and gas remained high causing losses to the sponge iron plants which had to compete with falling global prices of scrap. In spite of these adverse conditions, India continues to remain the largest producer of sponge iron in the world. Increasing capacity of iron ore pellet in the country is expected to address issues on supply side of iron ore and help in improving viability of sponge iron industry.

In 2012-13, Indian Iron ore pellet industry did well. However, huge quantity of the material was imported in the western part of the country. Domestic prices dropped by around 20 percent as a result of poor margins and low iron ore lump

price. The pressure on margins is expected to continue with new capacity additions but iron ore lump prices will prove to be savior.

Ferro Alloys

Manganese is an essential non-substitutable element in steel making and with the increase in steel production the consumption of Ferro Alloys is also increasing. The global output of manganese alloys fell from 17.8 Mn tonnes in 2011 to 17.5 Mn tonnes in 2012 down by 2 percent. The Mn ore output also fell from 55 Mn tonnes (with Mn content of 17 Mn tonnes) to 53 Mn tonnes (Mn content of 16 Mn tonnes). The Indian capacity is nearly 10 percent of the world's Ferro Alloys production. About 1/3rd of the country's production is exported. India, South Africa, China and the CIS countries represent a large source for Ferro Alloys. Manganese alloys constitute about 62 percent of Ferro Alloys production. India has sixth largest reserves of manganese ore with MOIL Ltd. controlling major and premium quality reserves of country producing 42 percent of the total production. China continued to be by far the largest importer with around 13 million MT of Mn ore.

The fragile states of major economies and new capacity additions led the manganese alloy sector to suffer from over-supply inspite of increased consumption. Fierce competition amongst domestic producers and exporters in a weak demand environment continued to hamper the performance of ferro alloys. New capacities coming up in Malaysia, where power cost is low, will intensify the competition in the ferro alloys market.

Power

India has world's 5th largest power generation capacity. The segment wise distribution of power sector in India is as under

Segment	Capacity (In MW)	Share in%
1 Thermal (coal, gas, oil)	141714	66.91
2 Nuclear	4780	2.25
3 Hydro	39416	18.61
4 Other renewable	25856	12.20
Total	211766	100.00

India is blessed with immense amount of hydro-electric potential and ranks 5th in terms of exploitable hydro-potential in the world with the public sector having a share of 97 percent in this sector.

Fuel shortages and distribution losses are major challenges affecting the power sector besides poor financial health of power distribution utilities, clearances and linkages etc. The situation of power sector is quite precarious. The per capita consumption of power in India is one of the lowest in the world somewhere about 800 units as against more than 13000 units in the US and around 3000 units in China. On one hand, generation capacity is idle due to un-remunerative price while on the other hand, consumers are starved of power because the distributors are avoiding buying power to avoid losses from concessional/free power supply. The price of power on energy exchanges has seen sharp decline at the levels unviable for generation. This has discouraged fresh investment in the sector. All India Grid Connectivity is planned to be operational by 2015; this is expected to address issues of regional imbalances, stable grid and greater stability in pricing. The increasing demand of power and lower fresh investments augurs well for the power sector in the coming years.

OPPORTUNITIES AND THREATS

Opportunities

The strong manufacturing base, developed infrastructure, sufficient land in possession, environmental clearances and mineral resources available with the company provide a good opportunity and base for growth in the core area of its operation. The first phase of greenfield project at Vizag was commissioned successfully and has reported profit in

the very first month of its operation. The project has advantage of power shortage in the Southern Grid where price of power is much better over rest of the country. Complete infrastructure is readily available for capacity addition. The company is examining proposal for expansion. With the low gearing and strong cash flow, the company is in a position to take advantage of the opportunities emerging in the present economic scenario. The company has submitted mining plan for increase in the capacity of coal mining from 1.2 million tonnes to 5.9 million tonnes. Once approved, the increased capacity will support your company's future expansion plan particularly in the power sector. The low per capita consumption of steel and power in India provides huge potential in these sectors to meet the growing demand for infrastructure and growth.

Threats

The new capacity additions in the ferro alloys sector backed by low cost power in overseas market such as Malaysia and mineral resource may pose threat to the ferro alloys industry. The captive ferro alloys plants from steel producers will erode market of existing merchant ferro alloys plants. However, with its low cost production with low cost power, strategic location, economic size, prominent position in the market and established global clientele base, your company will be able to face the challenges.

The super critical thermal power plants and falling prices of electricity will threaten survival of smaller power plants supplying merchant power. Your company is captively consuming most of the power generated. With the use of captive coal and waste heat, your company will be able to compete with the new age power plants. The 80 MW power plant commissioned in Vizag gets advantage of power deficit in the zone.

EVERY CHALLENGE - AN OPPORTUNITY

Your company assessed that the industry segment in which it operates will face challenges due to pressure on costs, prices & consequently on margins in the short to medium term. To meet these challenges, the management motivated the operating units / departments to assess scope for improvements in operational efficiency, reduction in consumption of materials & energy & cost reduction in logistics & finance management. Funds required to meet these targets was provided, based on a cost-benefit evaluation. After detailed evaluation, targets were set by the employees themselves. The progress achieved by each unit/ department was evaluated by the Board of Directors periodically. We are happy & proud to acknowledge that the improvement in profits during the year, under very challenging market conditions, was as a result of this contribution by our employees. Encouraged by the success achieved, employees are gearing for further improvements.

PRODUCT-WISE PERFORMANCE

As compared to 2011-12, the year 2012-13 witnessed improved performance across the plants. In absolute terms the production of ferro alloys was lower than the previous due to closure of furnaces for long term overhauling. This also resulted in slightly lower power generation compared to the previous year. After completion of debottlenecking project during the year, the pellet plant has achieved the rated capacity. The product wise performance is summarized hereunder:

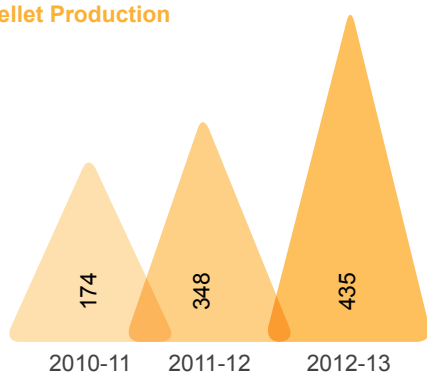
Product	Production (MTs)		Sales (MTs)		Captive consumption (MTs)	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Pellet	4,35,298	3,47,602	1,87,309	45,942	2,56,185	3,13,389
Sponge Iron	2,68,602	2,45,420	1,52,109	1,48,684	1,16,023	98,275
Steel Billet	1,12,300	94,670	21,839	25,282	90,218	69,413
Wire Rod	91,424	71,389	67,126	60,366	24,391	16,084
HB Wire	24,074	15,899	24,274	15,415	-	-

Ferro Alloys	62,894	64,372	64,512	65,078	1,018	1,121
Power (Mn Kwh)	564.12	576.15	97.34	127.64	466.79	448.51
Coal*	9,76,063	7,74,028	-	-	8,87,393	8,02,914

*for captive consumption only

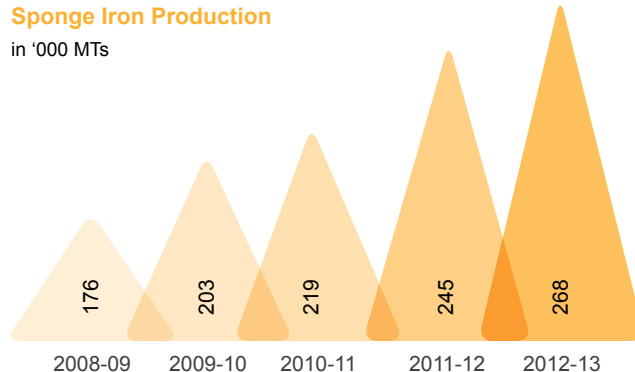
Iron Ore Pellet Production

in '000 MTs



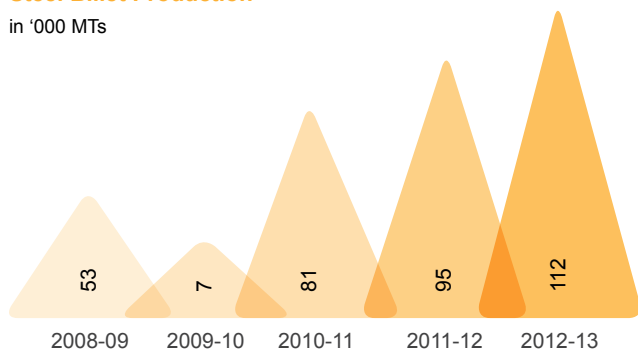
Sponge Iron Production

in '000 MTs



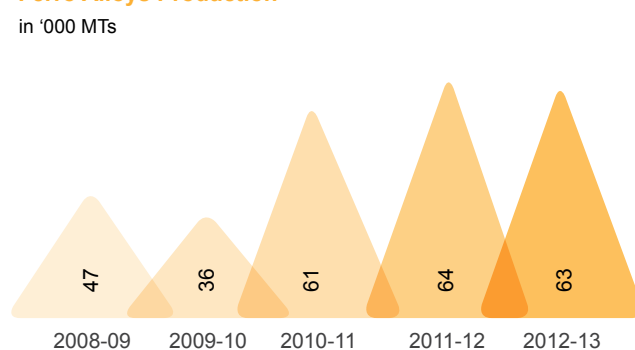
Steel Billet Production

in '000 MTs



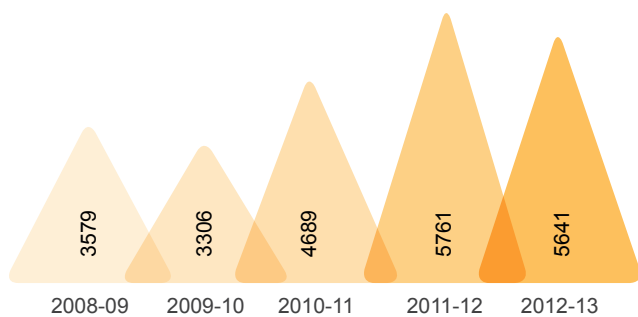
Ferro Alloys Production

in '000 MTs



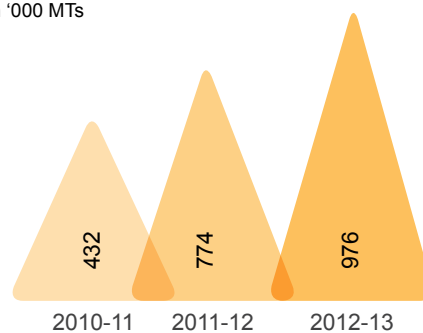
Power Generation

Units in lakhs Kwh



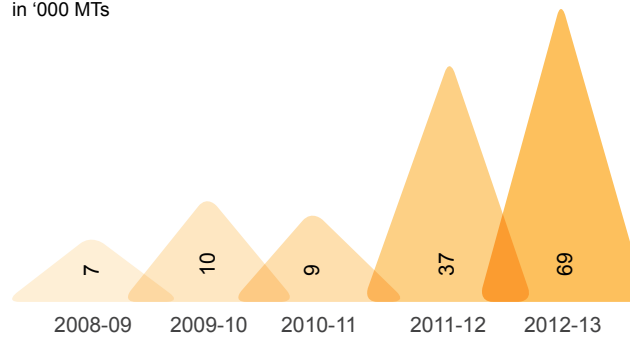
Coal Production

in '000 MTs



ECO Bricks/Blocks Production

in '000 MTs

**OUTLOOK**

Amid macro-economic risks, both global and Indian economies are on recovery path. According to the forecast of International Monetary Fund, the world GDP is expected to grow by 3.3 percent in 2013 with the advanced economies growing by 1.2 percent and emerging economies by a much faster rate of 5.3 percent. The Reserve Bank of India has projected India's GDP growth at 5.5 percent for the current financial year. The government is taking steps to boost the GDP growth and to contain the current account deficit. Infrastructure projects are being taken on fast track. In view of the impending elections, the government spending is also expected to go up. The production of crude steel in India is estimated to reach 126 million tonnes by FY 2016-17 and production of Ferro Alloys is expected to go up to 3 million tonnes in the same year. Power is expected to remain in short supply.

Against this backdrop, the outlook of sectors in which the company is operating appears to be stable / positive. However, substantial capacity addition may result in demand supply mismatch and may put pressure on the margins. Your company has taken cost optimization drive to sustain the pressure on the prices. The motivated team and cost reduction drive taken up by the company will bring in further savings. The 80 MW thermal power plant installed in a wholly owned subsidiary is operating satisfactorily and is expected to fetch reasonably good realisations in view of the shortage of power in the southern region of the country. The decision about production of Ferro Alloys in this plant will be taken depending upon realization from sale of power or its consumption in the production of Ferro Alloys.

RISKS AND CONCERNS

In the wake of slowing GDP growth and concerns around economic policy-making, steel industry in 2013 continues to face headwinds in the form of overcapacity and surge of imports. In addition to raw materials prices, the sustainability of higher steel prices will continue to depend on an increase in sustainable real demand, and no further worsening of the Euro-zone debt crisis. Scarce availability of key raw materials like iron ore, non-coking coal and natural gas at affordable prices coupled with imports of scrap will further aggravate the situation. New capacity addition in Pellet and Ferro Alloys may result into increase in price of raw materials and reduce the realization of finished goods, putting pressure on the margins. The State Distribution Utilities are reluctant to procure power from third party generators to meet the demand because of losses. This has resulted into peculiar situation where in spite of demand as well as suppliers, trading in power is not happening. This has brought down the price of power in the open market at unviable levels whereas the price of fuel is going up.

On the financial front, your company is exposed to exchange rate fluctuation risk due to External Commercial Borrowings availed by it but to some extent, the same is mitigated by low cost of funds and natural hedge, due to presence in the export market. The management does not perceive any major technological, environmental and/or financial risks for your company in the near future. Your company has contingent liabilities as disclosed in note no. 37 of the Notes to Financial Statements for the year ended 31st March, 2013.

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

Your company has embarked upon an integrated management system of three standards – namely – ISO 9001:2008, ISO 14000 and OHSAS 18000. This initiative is taken to broaden our base on safety/health/environment. Behavior Based Safety (BBS) journey has also been started to eliminate unsafe behavior patterns.

Your company has availed the services of independent professional firm for Internal Audit, which also checks the effectiveness of the internal controls with an objective to provide an independent, objective and reasonable assurance of the adequacy and effectiveness of your company's risk management, control and governance processes.

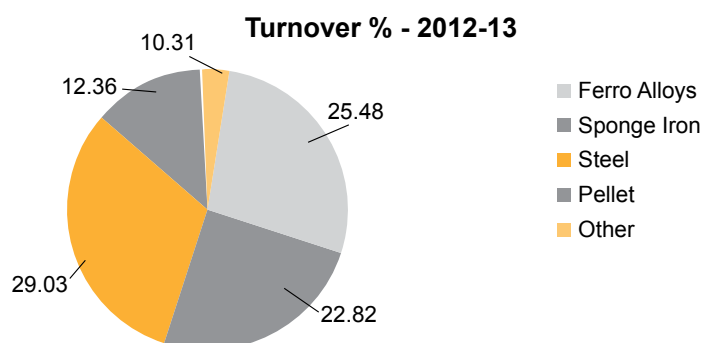
The Audit Committee also seeks the views/opinions of statutory auditors on the adequacy of the internal control systems in your company. The Audit Committee has majority of independent directors to maintain the objectivity.

Financial Performance with respect to Operational Performance

Turnover

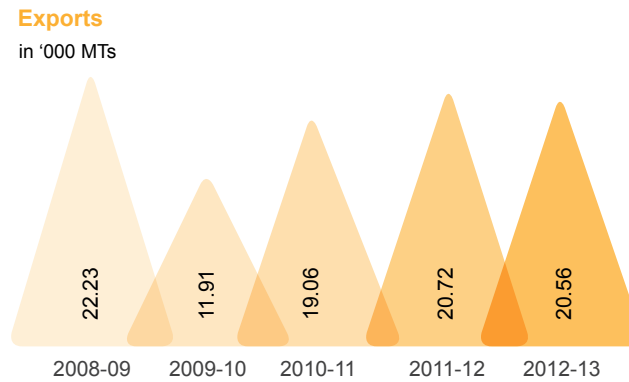
During 2012-13 your company achieved record turnover of ₹ 1,524 crore on standalone basis as against ₹ 1,197 crore in the previous year which was attributed to improved capacity utilization, particularly in the pellet plant. The consolidated turnover went up from ₹ 1,205 crore to ₹ 1,545 crore. The consolidated revenue includes revenue of Parvatiya Power Limited and the recently commissioned power plant of Sarda Metals & Alloys Limited. The table below gives the breakup of turnover:

Product	(₹ in crore)			
	2012-13	percent turnover	2011-12	percent turnover
Ferro Alloys	388.28	25.48	356.44	29.79
Sponge Iron	347.82	22.82	339.11	28.34
Steel – Billets, Wire Rod & HB Wire	442.44	29.03	382.41	31.95
Pellet	188.41	12.36	42.55	3.56
Others (incl. power, coal & Mn ore)	157.10	10.31	76.15	6.36



Exports

During the year, your company exported 20,566 MT of Ferro Alloys as against 20,725 MT in the previous year. Your company could maintain exports inspite of difficult economic scenario globally. Japan continues to be the main market for your company. Your company has taken a number of initiatives/steps to increase its exports.



Finance cost includes forex losses to the extent treated as adjustment to the interest cost. Due to repayment of term loans, the outgo on account of interest went down during the year.

Profitability

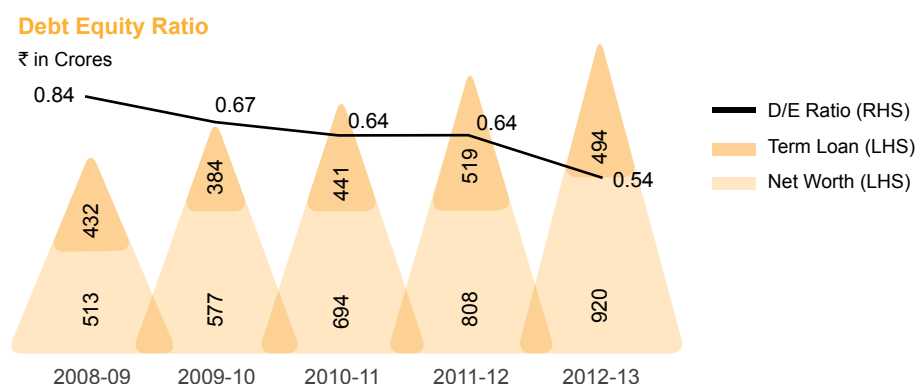
The profit before tax went up from ₹ 104 crore in FY 2012 to ₹ 160 crore in FY 2013 on account of all-round improvement in performance and disposal of coal middling / reject. The net profit went up from ₹ 114 crore for the previous year to ₹ 125 crore for the year under review. Last year's income included dividend income from subsidiary ₹ 26.66 crore and MAT credit of ₹ 45 crore recognized in the books of accounts.

Long term borrowings

During the year, your company repaid ECB loan of ₹ 61 crore. Your company also repaid ₹ 7 crore of other term loans availed from the bankers. All the loans and the interest payment commitments were met on time.

During the year, your company availed a term loan of ₹ 25 crore from The Ratnakar Bank Ltd. for meeting long term working capital requirements of your company. The long term loans have gone down from ₹ 519 crore in the previous year to ₹ 494 crore in the current year inspite of increase in liability of ECB due to forex fluctuation. The debt equity ratio has gone down from 0.64 :1 to 0.54:1.

Consolidated borrowings went up from ₹ 876 crore last year to ₹ 1,091 crore the year under review mainly on account of term loan disbursements taken in SMAL [₹ 159 crore] and MBPCL [₹ 83 crore] for projects as reduced by repayments made by your company.



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

Other long term liabilities include deposits from vendors, employees and long term provisions include provisions for leave encashment, mine restoration and other statutory liabilities.

Short term borrowings

The short term borrowings went down from ₹ 204 crore in FY 2012 to ₹ 167 crore in FY 2013. This could be achieved through strict control over working capital and use of cash accruals in repayment of short term borrowings made in the previous year.

On a consolidated level, the short-term borrowings have gone up from ₹ 253 crore in the previous year to ₹ 336 crore in the year under review mainly on account of an additional ₹ 119 crore borrowed by SEMHKL for short-term liquid investments.

Trade payables

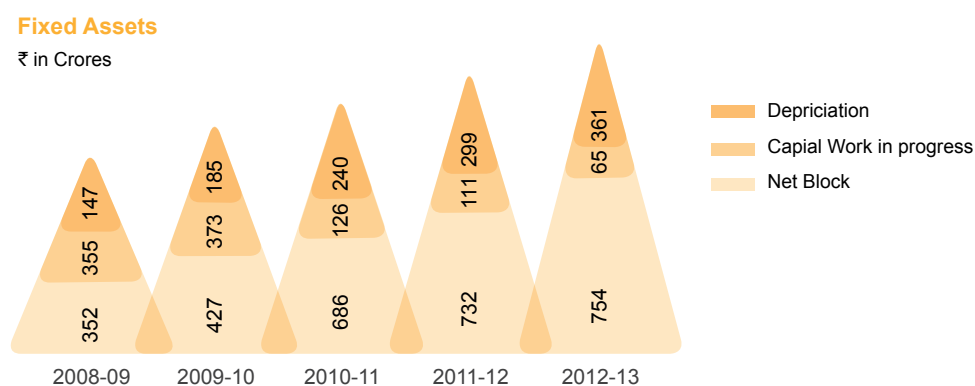
Trade payable went up from ₹ 83 crore in the previous year to ₹ 104 crore in the year under review on account of increased imports on which longer credit is availed by the company because of low cost.

Other current liabilities

Other current liabilities increased from ₹ 378 crore in the previous year to ₹ 428 crore for the year under review mainly on account of increase in the amount of long term loans payable during next one year. The indirect tax payable went down mainly on account of utilization of input tax credit on improved capacity utilization of plants.

Fixed assets

During the year, your company capitalized a sum of ₹ 45 crore invested in debottlenecking of pellet plant and slag crushing plant. Your company has also incurred capital expenditure on modernization of existing facilities. The gross block has gone up from ₹ 1,141 crore in previous year to ₹ 1,180 crore in the year under review. The net block stood at ₹ 819 crore for FY 2013 against ₹ 843 crore in the previous year.



Consolidated fixed assets went up from ₹ 1,712 crore last year to ₹ 2,066 crore for the year under review mainly on account of project investments made by SMAL and MBPCL of ₹ 197 crore and ₹ 88 crore respectively.

Non-current investments

During the year, your company has made further investments of ₹ 93 crore in its subsidiaries and controlled entities mainly in Sarda Metals & Alloys Ltd. (SMAL), Madhya Bharat Power Corp. Ltd.(MBPCL) and Chhattisgarh Hydro Power

LLP (CHP LLP). SMAL commenced commercial operation during the year and reported profit in very first month of its commercial operation even in this difficult economic scenario. The projects of MBPCL and CHP LLP are under various stages of execution. The benefits of the investments would flow to your company in the coming years.

Long term loans & advances

Long term loans and advances went down from ₹ 188 crore to ₹ 65 crore on account of conversion of loans to subsidiaries into equity and utilization of Minimum Alternate Tax (MAT) credit against income tax liability for the year in excess of MAT.

Current assets

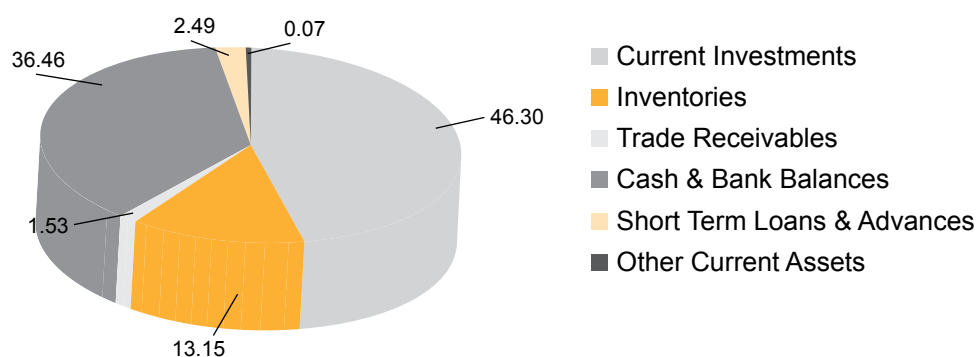
(₹ in crore)

Product	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Current investments	0.31	0.51	129.64	132.46
Inventories	219.99	227.22	247.51	227.24
Trade receivables	62.50	43.13	76.63	43.56
Cash & bank balances	7.24	0.95	229.55	79.78
Short term loans and advances	173.22	159.15	204.98	192.74
Other current assets	11.85	25.99	3.35	0.99

Inventories came down due to focus on reducing working capital cycle. The raw material inventory decreased from 41 days to 37 days of consumption. The finished goods inventory also came down from 47 days to 36 days of cost of goods sold. Receivables increased slightly from 13 days to 15 days of sales turnover mainly on account of bulk export in March 2013. Short term loans and advances relate to business advances. Other currents assets came down due to receipt of amount against dividend from Sarda Energy & Minerals Hongkong Ltd. [SEMHLK]

The cash and bank balance of ₹ 230 crore at consolidated level includes amount of ₹ 52 crore placed in fixed deposit by MBPCL against term loan disbursement pending its utilization for the project and fixed deposit of ₹ 164 crore made with bank by SEMHLK as an investment.

Current Assets - % - 2012-13



Material developments in Human Resource/Industrial Relations

Your company treats its employees as the most valuable form of capital and acknowledges the fact that employees play a major role in building the competitive advantage of the company's business across the globe. The continuous development of human resources, aiming at life-long learning and enhancement of professional skills

and competencies, necessary to anticipate present and future challenges, is given priority. In 2012-13, further emphasis was placed on quality training and development programs by introducing training calendar, expanding the scope and the larger participation of employees from different hierarchical levels resulting in 2.36 average training man-days.



Fire fighting training



Executives training session



Executives training session

In 2012-13, your company recruited 85 fresh engineers from NIT and government institutes under SARDA LEARNING CENTER and imparted one year extensive training across all the fields. The group has continued to invest and improve its managerial and technical capabilities through the internal development of its own employees. During the year, a greater focus was assigned to the 'On-the-Job Learning' for executives through cross functional assignment/taskforce, role enhancement/enrichment and improvement Initiatives. In 12-13, a scheme for providing one year extensive training to children of our employees, who have completed their Engineering/Diploma/B.Com/B.Sc degrees, has been implemented to enable them to get practical exposure.

In addition to the above efforts, various developments programmes, employee engagements initiative like employee suggestion scheme, employee of the month, quality circles, sports, cultural activities, intra division competitions, etc. we conducted to create a highly engaged workforce that is committed to the organization's journey of value creation and enhance the motivation, energy levels and productivity of employees.

As of 31st March, 2013, the total number of employees stood at 1,583 as compared to 1,612 in the previous year.

Cautionary Statement

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

Corporate Governance Report

1. Company's philosophy on corporate governance

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

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

Your company would constantly endeavor to improve these aspects.

2. Board of directors

2.1. Composition

The Board of Directors comprises nine directors, including six non-executive independent directors and one executive professional director. The non-executive and independent directors are eminent professionals having rich and sound experience in diverse fields related to the business of your company.

The names and categories of the directors on the board and other relevant information are as under:

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

Mr. G.S. Sahni	Independent Non-Executive	2	-	5	No	Nil
Mr. C.K. Lakshminarayanan	Independent Non-Executive	2	-	5	No	6,000
Mr. Jitender Balakrishnan	Independent Non-Executive	13	6	8	No	Nil

* excluding Sarda Energy & Minerals Ltd., Pvt. Ltd. companies, foreign companies, Limited Liability Partnerships and casual directorships.

^ excluding Sarda Energy & Minerals Ltd.

till 31.12.2012

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

Your company has adopted Code of Conduct for board of directors and senior executives. Your company has also implemented Code of Conduct for Prevention of Insider Trading. Both the codes are placed on the website of your company. A declaration signed by the Chairman and Managing Director of your company confirming the compliance of the Code by the board members and the senior executives is given below:

"I hereby confirm that the company has obtained from all the members of the board and senior executives, affirmation that they have complied with the Code of Conduct for board of directors and senior executives in respect of the financial year 2012-13.

K.K. Sarda
Chairman and Managing Director"

2.2. Number of board meetings held

Eight meetings of the Board of Directors were held during the year ended 31st March, 2013 as given hereunder:

Date of meeting	No. of Directors present
26 th May, 2012	7
10 th July, 2012	3
28 th July, 2012	10
15 th September, 2012	9
27 th October, 2012	8
8 th December, 2012	9
25 th January, 2013	9
21 st March, 2013	4

2.3. Particulars of directors seeking appointment / reappointment

Particulars of directors seeking appointment / reappointment at the ensuing Annual General Meeting to be held on 28th September, 2013 are given as under:

1	Name	Mr. G.D. Mundra	Mr. P.R.Tripathi	Mr. G.S.Sahni	Mr. Pankaj Sarda
2	i) Age appointment	52 years	69 years	66 years	33 years
	ii) Qualification	Chartered Accountant	Mining Engineer	Post Graduate diploma in Public Administration, Cardiff University, UK	Industrial Engineering from Nagpur University, Nagpur and Masters from Purdue University, USA
	iii) Date of appointment	30.12.2000	30.10.2003	04.03.2008	31.10.2007
3	Experience	More than 30 years in the field of finance and accounting	He is Ex-CMD, NMDC. He has more than 50 years of experience in the mining and related activities.	He is a retired IAS officer of Madhya Pradesh Cadre belonging to 1971 batch. He has played a major role as a Member of the IAS, in a wide spectrum of areas at the highest levels of decision making in the government. He is experienced in tuning up administrative mechanism for operational efficiency, creation of effective delivery systems of public service and realization of synergies to society. He has in-depth exposure to multi-sectoral areas of policy formulation, planning and administration	He is having an experience of more than 10 years in human resources plant operation and corporate affairs
4	Other directorships/ partnerships	Chhatisgarh Investments Ltd.	Hindustan Dorr Oliver Ltd.	MDL Energy Pvt. Ltd.	ABS Engineers Pvt. Ltd.
		Orient Press Ltd.	IVRCL Ltd.	Sarda Metals & Alloys Ltd.	Madhya Bharat Power Corporation Ltd.
		PrayagThermoplast Pvt. Ltd.	HDO Manufacturing Ltd.	SEW Infrastructure Ltd.	Sarda Agriculture & Properties Pvt. Ltd.

	Good Minerals Development Pvt. Ltd.	IVRCL Assets & Holdings Ltd.	MDL Energy Services Pvt. Ltd.	Madanpur South Coal Co. Ltd.	
	Fair Energy & Minerals Ltd.	Premier Explosives Ltd.	Vik-Sandwik Design India Pvt. Ltd.	Sarda Energy Ltd.	
	Jaichandi Energy & Natural Resources Development Pvt. Ltd.	Growell Dalmia India Commodities Pvt. Ltd.		Rishabh Mining & Transport Co. Pvt. Ltd.	
	Minmet International Resources Pvt. Ltd.	Minman Consultancy Services Pvt. Ltd.		Raipur Fabritech Pvt. Ltd.	
	Regular Trading Pvt. Ltd.			Raipur Industrial Gases Pvt. Ltd.	
	Revenue Trading Pvt. Ltd.			Sarda Dairy & Food Products Pvt. Ltd.	
	Clifford Multitrading Pvt. Ltd.			Raipur Mega Food Park Pvt. Ltd. Chhattisgarh Hydro Power Pvt. Ltd.	
5	Chairman/ member of committees	Sarda Energy & Minerals Ltd. (Audit & Shareholders'/ Investors' Grievance Committee)	Sarda Energy & Minerals Ltd. (Appointment & Compensation Committee)	Sarda Energy & Minerals Ltd. (Corporate Governance Committee)	
6	Shareholding in the company	5,820 Equity Shares	NIL Equity Shares	NIL Equity Shares	6,91,107 Equity Shares
7	Relationship with directors	No relationship with Directors	No relationship with Directors	No relationship with Directors	Related to Chairman & Managing Director

3. Audit committee

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

Five meetings of the committee were held during the year 2012-13 on 25th May, 2012, 27th July, 2012, 26th October, 2012, 8th December, 2012 and 24th January, 2013. The attendance particulars are as under:

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

4. Appointment & compensation committee

The Appointment & Compensation Committee comprises of 3 directors with Mr. P.R.Tripathi as Chairman and Mr. J.Balakrishnan and Mr. Rakesh Mehra as the members.

The Appointment & Compensation Committee (ACC) has the following activities in its scope:

- i) Approval of appointment of senior executives, one level below the Board.
- ii) Selection and appointment of persons covered by section 314 of the Companies Act, 1956.
- iii) Consideration and approval of the Employee Compensation Schemes including Employee Stock Options
- iv) Remuneration including commission, if any, to the whole-time directors.
- v) Any other matter related with any of the above.

During the year three meetings of the Committee were held on 26th May, 2012, 28th July, 2012 and 20th August, 2012.

During the year, the ACC has approved the remuneration/commission to the wholetime directors and also the ESOP Scheme - details of which are given elsewhere in the Annual Report.

The Executive Directors have been paid remuneration as per terms of their appointment. The Non-Executive Directors of your company have been paid sitting fees for meetings of the Board and/or Committees attended by them. Also, pursuant to the approval of members, non-executive independent directors have been paid commission on the net profits of your company for the year 2012-13, which is within the ceiling specified under the Companies Act, 1956.

Details of remuneration to executive directors and non-executive directors are as under:

(₹ in Lacs)

	2012-13	2011-12
i) Salary, allowances etc. to managing director & whole time director	143.94	139.31
ii) Perquisites	14.25	13.85
iii) Contribution to provident fund	12.30	12.53
iv) Commission to managing director	275.00	150.00
v) Commission to non executive director	12.00	12.00
vi) Sitting fees	12.10	11.20
Total	469.59	338.89

Note:

The above amount does not include contribution to gratuity fund, as separate figures are not available for the managing director and whole time directors.

5. Corporate governance committee

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

- i. Compliance of the corporate governance requirements under the Listing Agreement and Companies Act.
- ii. Disclosure of information to the Board.
- iii. Frequency and number of the Audit Committee and Board meetings.
- iv. Finalisation of the Report on Management Discussions & Analysis and Corporate Governance.

- v. Benchmarking of company's corporate governance practices with best practices and drawing a time frame for improvement.

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

6. Shareholders'/investors' grievance committee

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

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

The number of complaints received during the year : 16 complaints were received which were attended in time.

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

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

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

7. General body meetings

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

<u>Date</u>	<u>Time</u>	<u>Location</u>
25 th September, 2010	2.30 p.m.	73-A, Central Avenue, Nagpur (M.H.)
30 th September, 2011	2.30 p.m.	Same as above
29 th September, 2012	2.30 p.m.	Same as above

The following special resolutions were passed in the last three Annual General Meetings:

- Resolution for alteration of object clause of Memorandum of Association for addition of clause no. 42 and 43 in the AGM held on 25th September, 2010
- Resolution for authorizing the company to take up the business as mentioned in clause no. 42 and 43-Section 149(2A) in the AGM held on 25th September, 2010
- Resolution for increasing the remuneration of Dr. K.K. Rathi - Section 314(1)(b) in the AGM held on 30th September, 2011
- Resolution for payment of sitting fees by subsidiaries of the company to Mr. G.S. Sahni, director of the company- Section 314(1)(a) in the AGM held on 30th September, 2011
- Resolution for payment of sitting fees by subsidiaries of the company to Mr. C.K. Lakshminarayanan, director of the company- Section 314(1)(a) in the AGM held on 30th September, 2011

No special resolution was passed through postal ballot in the AGM held on 29th September, 2012. No special resolution is proposed to be passed through postal ballot in the AGM to be held on 28th September, 2013.

8. Disclosure

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

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

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

9. Means of communication

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

10. General shareholder information

Annual General Meeting	:	Date: 28 th September, 2013 Time: 2.30 p.m. Venue: 73-A, Central Avenue, Nagpur- 440018.
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Financial calendar for 2013-14 (tentative) :

Financial results for the quarters ended

30 th June, 2013	:	2 nd week of August, 2013
30 th September, 2013	:	4 th week of October, 2013
31 st December, 2013	:	4 th week of January, 2014
31 st March, 2014	:	4 th week of May, 2014(audited)
Annual general meeting	:	September, 2014
Book closure date	:	26.08.2013 to 31.08.2013 (both days inclusive)
Dividend payment date	:	Within 5 days from 28 th September, 2013

Listing on stock exchanges

Equity shares

The shares of your company are listed on the following exchanges:

- i. BSE Ltd., Mumbai (504614)
- ii. The National Stock Exchange of India Ltd., Mumbai (SARDAEN)
- iii. The Calcutta Stock Exchange Association Ltd.*
ISIN no. NSDL & CDSL - INE385C01013

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

Non-convertible debentures : The 9.55% non-convertible debentures of your company are listed on the BSE Limited, Mumbai.

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

Your company has paid annual listing fees to the BSE Ltd. for equity shares and the NCD's and to The National Stock Exchange of India Ltd., Mumbai, for the equity shares for the financial year 2013-14.

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

Shareholding pattern as on 31st March, 2013

Sl. No.	Category	No. of shares	Percentage
1.	Promoters	2,38,44,557	66.51%
2.	Banks/mutual funds	7,67,864	2.14%
3.	Foreign institutional investors/companies	39,85,571	11.12%
4.	Bodies corporate	33,28,105	9.28%
5.	Others	39,23,903	10.95%
Total		3,58,50,000	100.00%

Distribution of shareholding as on 31st March, 2013

Shareholding of nominal value (₹)	Shareholders		Share amount	
	Number	% to total	₹	% to total
Up to 5,000	13,252	91.51	1,49,14,430	4.16
5,001 – 10,000	559	3.86	44,51,340	1.24
10,001 – 20,000	292	2.02	44,26,630	1.23
20,001 – 30,000	123	0.85	31,03,580	0.87
30,001 – 40,000	56	0.39	20,07,710	0.56
40,001 – 50,000	35	0.24	16,26,440	0.45
50,001 – 1,00,000	81	0.56	58,33,770	1.63
1,00,001 and above	83	0.57	3,22,13,610	89.86
Total	14,481	100.00	35,85,00,000	100.00

Market price data: High/low during the year 2012-13

Month	SEML on the BSE (in ₹)		SEML on the NSE (in ₹)	
	High	Low	High	Low
Apr 2012	149.90	131.10	149.75	131.00
May 2012	144.00	113.25	144.90	112.65
Jun 2012	134.00	121.50	144.40	122.50
Jul 2012	140.75	112.50	142.80	112.75
Aug 2012	137.00	116.25	137.00	114.00
Sep 2012	144.60	111.00	145.00	106.20
Oct 2012	139.95	124.55	138.60	117.75
Nov 2012	155.80	130.50	156.00	131.05
Dec 2012	144.40	127.50	144.20	127.05
Jan 2013	145.00	125.00	145.60	124.95
Feb 2013	133.90	98.05	133.45	97.25
Mar 2013	123.20	90.40	123.50	89.60

Comparison of SEML share price movements with BSE Metal Index

Dematerialisation of securities : Your company has an arrangement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialisation of equity shares. As on 31st March, 2013, out of the total 3,58,50,000 equity shares held by about 14,481 (PY 14,471) shareholders, approximately 3,53,25,939 (PY 3,52,74,340) equity shares held by 10,003 (PY 9,920) shareholders representing 98.54% (PY 98.39%) percent of the total paid-up equity capital have been dematerialised.

Debentures are also held in dematerialised form.

Plant location : Industrial Growth Centre, Siltara, Raipur (C.G).

Address for correspondence : Sarda Energy & Minerals Limited
Industrial Growth Centre, Siltara
Raipur [C.G.] 493 111
Ph: +91-771-2216100
Fax: +91-771-2216198
e-mail: cs@seml.co.in

CERTIFICATE

To the Members of
Sarda Energy & Minerals Limited

We have examined the compliance of conditions of corporate governance by Sarda Energy & Minerals Limited, for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementations thereof, adopted by the company for ensuring compliance with the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

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

(MANISH JAIN)
Partner

Membership No. 118548

Place : Vishakhapatnam

Dated : August 10, 2013

Independent Auditors' Report

**To the Members of
Sarda Energy & Minerals Limited**

Report on the financial statements

We have audited the accompanying financial statements of Sarda Energy & Minerals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 affairs of the company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

- 2 As required by Section 227(3) of the Act, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account; and
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act.
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Act nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

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

MANISH JAIN
Partner

Membership No. 118548

Raipur
Dated : 25th May, 2013

Annexure referred to in Paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date.

- i) On the basis of such checks as we considered appropriate and in terms of information & explanations given to us we state that: -
 - a) The company has maintained proper records in electronic mode showing full particulars including quantitative details and situation of fixed assets.
 - b) All the major assets except certain low value items of furniture, fixtures and office equipments have been physically verified by the management at reasonable intervals. As informed, no material discrepancies were noticed on such verification.
 - c) The fixed assets disposed off are not substantial so as to affect the going concern status of the company.
- ii)
 - a) As informed, inventories have been physically verified at reasonable intervals by the management.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records. However, the deficiencies noticed on physical verification have been properly dealt with in the books of account.
- iii)
 - a) The company has granted unsecured loan to eleven companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 26,493.84 Lacs and the year-end balance of loans granted to such companies was ₹ 9,308.43 Lacs.
 - b) In our opinion, the rate of interest wherever charged, and other terms and conditions of loans given by the company are prima facie not prejudicial to the interest of the company.
 - c) The principal amounts are repayable over a period of one to three years, while the interest is payable annually at the discretion of the company.
 - d) In respect of the said loans and interest thereon, there are no overdue amounts.
 - e) The company has not taken any loans secured or unsecured from any of the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of sub clause (f) and (g) of Paragraph 4 Clause (iii) of the Companies (Auditor’s Report) Order, 2003, (as amended) are not applicable to the company.
- iv) In our opinion and according to the information & explanations given to us, there is adequate internal control system commensurate with the size of the company and nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v)
 - a) In our opinion and according to the information & explanations given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of contracts/arrangements covered in the register(s) maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi) The company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of Paragraph 4 of the Order are not applicable to the company.
- vii) The company is having an internal audit system, which in our opinion is commensurate with the size of the company and nature of its business.
- viii) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed cost records have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) a) In our opinion and according to the information and explanations given to us, the company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period of more than six months from the date of becoming payable.
- b) According to the information and explanations given to us, there are no dues of wealth tax and cess which have not been deposited with the appropriate authorities on account of any dispute. The disputed statutory dues of income tax, excise duty, service tax and sales tax that have not been deposited on account of dispute, the particulars of which and the forum where the dispute is pending are given below:-

Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	19.51	1989	High Court
Central Excise Act, 1944	Excise duty	1.05	1995	High Court
Central Excise Act, 1944	Excise duty penalty	81.90 84.34	Dec-2004, 2007-08 and 2008-09	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Penalty	6.97	2006-07	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	7.62	1990	Commissioner (Appeals)
Central Excise Act, 1944	Excise duty penalty	16.17 22.43	2007-08, 2009-10, 2012-13	Commissioner (Appeals)
Income Tax Act, 1961	Income tax	1,216.34 2,080.80 201.13	A.Y. 2008-09 A.Y. 2009-10 A.Y. 2010-11	ITAT CIT (Appeals) CIT (Appeals)
Central Sales Tax Act & Sales Tax Acts of Various states and Entry Tax Act, 1976	Value added tax, Central sales tax and Entry tax.	138.55	1992-93 to 2008-09	Appellate Authorities upto Commissioner's level

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

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

MANISH JAIN
Partner

Raipur
Dated : 25th May, 2013

Membership No. 118548

Balance Sheet

as at 31st March 2013

Particulars	Note	31.03.2013 ₹ in Lacs	31.03.2012 ₹ in Lacs
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share capital	3	3,585.00	3,585.00
Reserves and surplus	4	88,440.53	77,234.65
		92,025.53	80,819.65
2. Non-current liabilities			
Long-term borrowings	5	35,283.87	45,067.22
Deferred tax liabilities (Net)	6	4,331.03	4,996.14
Other long term liabilities	7	231.28	171.51
Long-term provisions	8	1,147.28	834.76
		40,993.46	51,069.63
3. Current liabilities			
Short-term borrowings	9	16,740.42	20,385.19
Trade payables		10,388.02	8,348.63
Other current liabilities	10	15,691.43	9,075.45
Short-term provisions	11	363.33	489.98
		43,183.20	38,299.25
	Total	1,76,202.19	1,70,188.53
II. ASSETS			
Non-current assets			
1. Fixed assets			
Tangible assets	12	71,046.75	68,606.68
Intangible assets		4,374.68	4,561.26
Capital work-in-progress		6,184.58	10,876.94
Intangible assets under development		283.60	225.69
		81,889.61	84,270.57
Non-current investments	13	40,219.50	21,261.45
Long-term loans and advances	14	6,512.84	18,840.81
Other non-current assets	15	68.39	121.02
		1,28,690.34	1,24,493.85
2. Current assets			
Current investments	16	31.22	51.39
Inventories	17	21,998.90	22,722.22
Trade receivables	18	6,250.42	4,313.04
Cash and bank balances	19	724.05	94.75
Short-term loans and advances	20	17,321.83	15,914.69
Other current assets	21	1,185.43	2,598.59
		47,511.85	45,694.68
	Total	1,76,202.19	1,70,188.53

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

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

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholetime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : 25th May, 2013

RAIPUR
DATED : 25th May, 2013

Statement of Profit & Loss

for the year ended 31st March 2013

Particulars	Note	31.03.2013 ₹ in Lacs	31.03.2012 ₹ in Lacs
I. Revenue from operations (Gross)	22	1,52,405.35	1,19,666.68
Less: Excise duty		14,010.82	9,648.98
Revenue from operations (Net)		1,38,394.53	1,10,017.70
II. Other income	23	1,512.19	5,932.05
III. Total revenue (I + II)		1,39,906.72	1,15,949.75
IV. Expenses:			
Cost of materials consumed	24	74,580.25	62,877.40
Purchases of stock-in-trade		3,732.87	1,404.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	1,607.36	(41.24)
Employee benefits expense	26	4,963.30	4,087.01
Finance costs	27	6,313.92	7,027.67
Depreciation and amortisation expense	28	6,407.92	6,323.36
Other expenses	29	26,301.45	23,864.83
Total expenses		1,23,907.07	1,05,543.80
V. Profit before Tax (III - IV)		15,999.65	10,405.95
VI. Tax expense:			
1. Current tax		4,084.86	2,084.58
2. Deferred tax		(665.11)	1,388.74
3. MAT credit entitlement		126.88	(4,507.27)
VII. Profit for the period (V - VI)		12,453.02	11,439.90
VIII. Earnings per equity share			
Basic & diluted		34.74	31.91

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

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

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholetime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : 25th May, 2013

RAIPUR
DATED : 25th May, 2013

Cash Flow Statement

for the year ended 31st March 2013

Particulars	31.03.2013 ₹ in Lacs	31.03.2012 ₹ in Lacs
A. Cash flow from operating activities :		
Net profit before tax as per statement of profit & loss	15,999.65	10,405.94
<u>Adjusted for :</u>		
Depreciation	6,407.92	6,323.36
Interest income	(1,160.53)	(2,530.44)
Finance costs	5,592.26	7,027.67
Unrealised exchange (gain)/loss	627.10	12.44
Employee stock option outstanding	2.84	0.00
Dividend income	(2.57)	(2,678.30)
(Profit) / loss on sale of investments	(12.19)	(465.71)
(Profit) / loss on sale of fixed assets	(218.95)	(7.47)
	11,235.88	7,681.55
Operating profit before working capital changes	27,235.53	18,087.49
<u>Adjusted for :</u>		
Increase/(decrease) in trade & other payables	1,698.14	3,113.05
(Increase)/decrease in inventories	723.32	3,153.66
(Increase)/decrease in trade and other receivable	(1,951.70)	22.91
(Increase)/decrease in loans, advances & other current assets	3,750.59	(140.06)
	4,220.35	6,149.56
Cash generated from operations	31,455.88	24,237.05
Direct taxes (net)	(3,833.85)	(1,556.56)
Net cash from operating activities	27,622.03	22,680.49
B. Cash flow from investing activities :		
Investment in fixed assets including capital WIP	(4,009.16)	(9,539.76)
Sale of fixed assets	616.22	79.18
(Increase)/decrease in investments	(9,260.01)	(6,084.43)
Profit / (loss) on sale of investments	12.19	465.71
Loan given to subsidiary and other parties	(3,178.16)	(7,758.35)
Interest received	1,160.53	2,530.44
Dividend received	1,460.49	134.80
Net cash used in investing activities	(13,197.90)	(20,172.41)
C. Cash flow from financing activities :		
Proceeds from long term borrowings	3,557.00	12,500.00
Repayment of long term borrowings	(6,841.34)	(8,447.45)
Short term borrowings (net)	(3,630.28)	315.35
Interest paid	(5,631.84)	(5,745.34)
Dividend & dividend tax paid	(1,249.17)	(1,249.97)
Net cash used in financing activities	(13,795.63)	(2,627.41)
Increase/(decrease) in cash and cash equivalents (A+B+C)	628.50	(119.33)
Cash and cash equivalents as at the beginning of the year (as per note 19)	49.32	168.65
Cash and cash equivalents as at the end of the year (as per note 19)	677.82	49.32
Increase/(decrease) in cash and cash equivalents	628.50	(119.33)

Cash Flow Statement

for the year ended 31st March 2013 (contd..)

Notes:		
(a) Cash and cash equivalents include the following :		
Cash in hand	27.61	36.23
Balances with banks	696.44	58.52
Less : Unclaimed dividend	(46.23)	(45.43)
	677.82	49.32
(b) Previous year figures have been recast/restated wherever necessary.		
(c) Figures in brackets represent outflows.		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

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

MANISH JAIN
Partner
Membership No. 118548

RAIPUR
DATED : 25th May, 2013

K. K. SARDA
Chairman &
Managing Director

RAIPUR
DATED : 25th May, 2013

PANKAJ SARDA
Wholetime Director

P. K. JAIN
CFO & Company Secretary

Notes to Financial Statements

for the year ended 31st March 2013

Significant accounting policies:

1. NATURE OF OPERATION

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

2. BASIS OF PREPARATION

a) Accounting convention

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

b) Use of estimates

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

c) Current and Non-current classification

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

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

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

2.1 Summary of significant accounting policies

a) Fixed assets

Tangible

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

All costs, including administrative, financing and general overhead expenses, as are specifically attributable to construction of a project or to the acquisition of a fixed asset or bringing it to its working condition, is included as part of the cost of construction of project or as a part of the cost of fixed asset, till commencement of commercial production. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalized as aforementioned.

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

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

Intangible

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

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

Capital work in progress

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

b) Lease

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

c) Impairment of fixed assets

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

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

d) Depreciation / Amortisation

Depreciation on building and plant & machinery in respect of steel division are provided on straight line method and on all other assets on written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

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

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

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

e) Investments

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

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

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

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

f) Valuation of inventories

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

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

g) Advance stripping costs

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

h) Mines restoration expenses

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

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

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

Restoration costs and clean-up of land used for mining activities are liabilities to restore the land to the condition it was in prior to the mining activities or as stated in the relevant licences. These costs are incurred during the mining activity and can continue for many years depending on the nature of the disturbance and the remediation techniques. The mine closure costs include estimated costs of mine levels and pits closure, and capping of pits after removal of the surface construction.

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

i) Borrowing cost

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

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

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

j) Employee benefits

- i) Retirement benefits in the form of provident fund contribution to the statutory provident fund and superannuation fund are defined contribution schemes and the payments are charged to the Statement of Profit and Loss of the year when the payments to the respective funds are due.

- ii) Retirement benefits in the form of gratuity is a defined benefit obligation and is covered under group gratuity scheme. The company contributes the ascertained gratuity liability to the approved gratuity trust which is charged to revenue on accrual basis. Gratuity liability at each balance sheet date is ascertained on actuarial valuation basis using projected unit credit method. Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.
- iii) The liability for encashable leaves / compensated absences outstanding as on reporting date is provided based on the salary prevailing on reporting date.
- iv) Employee stock option scheme(ESOS)

Stock options granted to the employees under the stock options schemes are accounted at intrinsic value as per the accounting treatment prescribed by the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') and guidance note on Employee share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the excess of market price, of underlying equity shares as on the date of the grant (market value), over the exercise price of the options is recognised as deferred stock compensation expense and is charged to statement of profit and loss on a straight line basis over the vesting period of the options. The amortised portion of the cost is shown under shareholders' funds.

k) Revenue recognition

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

Sale of goods

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

Dividends

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

Interest

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

Incentives

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

l) Foreign currency transaction and balances

Initial recognition

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

Conversion**a) Monetary items**

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

b) Non monetary items

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

Exchange differences

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

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

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

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

m) Taxes on income

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

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

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

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

n) Segment reporting

Identification of segments

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

Segment accounting policies

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

Inter-segment transfers

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

Allocation of common costs

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

Unallocated items

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

o) Earnings per share

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

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

p) Provisions

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

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

Clause 8.5 of the AS-4 "Contingencies and events occurring after the Balance Sheet date" states that proposed dividend is sometimes reflected in the financial statements because of statutory requirement. As per requirement of revised Schedule VI, now the company is not providing but disclosing proposed dividend separately.

q) Onerous contracts

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

r) Contingent liabilities

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

s) Cash flow statement

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

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

3. Share capital

	31.03.2013		31.03.2012	
	No.	₹ in Lacs	No.	₹ in Lacs
Authorised				
Equity shares of ₹ 10/- each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	3,58,50,000	3,585.00	3,58,50,000	3,585.00
	3,58,50,000	3,585.00	3,58,50,000	3,585.00

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

	31.03.2013		31.03.2012	
	No.	₹ in Lacs	No.	₹ in Lacs
Shares outstanding at the beginning of the year	3,58,50,000	3,585.00	3,58,50,000	3,585.00
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,58,50,000	3,585.00	3,58,50,000	3,585.00

b Terms/rights attached to equity shares

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

During the year ended 31st March 2013, the amount of per share dividend proposed for distributions to equity shareholders is ₹ 3/- (PY ₹ 3/-).

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

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

Name of Shareholder	31.03.2013		31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of ₹ 10/- each fully paid				
Chhatisgarh Investments Limited	1,04,90,657	29.26	1,04,90,657	29.26
Sarda Agriculture and Properties Pvt. Limited	26,35,150	7.35	26,35,150	7.35
Orange Mauritius Investments Limited	21,65,680	6.04	21,65,680	6.04
Infrastructure Development Finance Company Limited	18,42,105	5.14	18,42,105	5.14
Asia Minerals Limited	18,04,891	5.03	18,04,891	5.03

4 Reserves and Surplus

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Capital reserve		
Balance as per last financial statements	404.78	404.78
Securities premium account		
Balance as per last financial statements	19,167.93	19,167.93
Debenture redemption reserve		
Balance as per last financial statements	1,250.00	625.00
Add: transfer from surplus balance in statement of profit & loss	625.00	625.00
Closing balance	1,875.00	1,250.00
Employee stock option outstanding		
Balance as per last financial statements		
Add: compensation for options granted during the year	14.00	-
Less: deferred employees stock compensation	(11.16)	-
Closing balance	2.84	-
General reserve		
Balance as per last financial statements	11,057.75	9,557.75
Add: transfer from surplus balance in statement of profit & loss	1,500.00	1,500.00
Closing balance	12,557.75	11,057.75
Surplus in the statement of profit and loss		
Balance as per last financial statements	45,354.19	36,039.30
Add : profit for the year	12,453.02	11,439.89
<u>Less: appropriations</u>		
Equity dividend	(1075.50)	-
Tax on equity dividend	(174.48)	-

Transfer to debenture redemption reserve	(625.00)	(625.00)
Transfer to general reserve	(1,500.00)	(1,500.00)
Closing balance	54,432.23	45,354.19
Total	88,440.53	77,234.65

5 Long term borrowings

	Non-Current portion		Current Maturities	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Bonds/debentures (secured)				
1,250 (1,250) 9.55 % Redeemable non-convertible debentures of ₹ 10/- Lacs each	12,500.00	12,500.00	-	-
Term loans (secured)				
<u>From banks</u>				
Indian rupee loan	2,921.30	1,220.00	583.33	700.00
Foreign currency loan	9,524.55	17,527.97	9,964.55	5,842.65
Hire purchase loans	22.05	-	19.88	-
<u>From other parties</u>				
Indian rupee loan from financial institutions	9,375.00	12,500.00	3,125.00	-
	34,342.90	43,747.97	13,692.76	6,542.65
Deferred payment liabilities				
Deferred sales tax loan (unsecured)	940.97	1,319.25	378.28	268.25
	940.97	1,319.25	378.28	268.25
Total	35,283.87	45,067.22	14,071.04	6,810.90

Terms of repayment

- The non-convertible debentures are redeemable in three equal annual installments commencing from July, 2015. The company has an option to redeem these debentures earlier; however, no redemption will take place before the end of 3rd year from the date of allotment.
- External commercial borrowings availed in foreign currencies are payable in 5 annual installments (First three installments are 1/6th of the loan amount and remaining 2 installments are 1/4th of the loan amount). First three installments have already been paid.
- Rupee term loan from a financial institution is payable in 12 equal quarterly installments commencing from September, 2013.
- Rupee term loan of ₹ 2,504 Lacs from bank is payable in 11 quarterly installments starting from September, 2013 quarter. During the financial year 2013-14, 3 installments comprising 10% of the loan amount will be repaid, in the year 2014-15, 4 installments involving 20% and in the year 2015-16, 4 installments involving 70% of the loan amount will be repaid.
- Rupee term loan of ₹ 1,000 Lacs from bank is payable in 3 equal monthly installments starting from March, 2014.
- Hire purchase loan of ₹ 41.93 Lacs from bank is payable in 34 equal installments of ₹ 1.94 Lacs starting from June, 2012.
- Deferred sales tax loan is interest free and payable at the end of fifth year from the end of the financial year of accrual.

Security

The non-convertible debentures are secured by a registered mortgage of an immovable property of the company situated at Ahmedabad.

Term loans from bank, working capital term loan from bank, financial institution, external commercial borrowing and debentures are secured by first pari-passu charge by way of hypothecation of entire movable and immovable assets of the company situated at Industrial Growth Centre, Siltara, Raipur subject to prior charge on current assets in favour of working

capital bankers and by way of joint equitable mortgage of immovable properties of the company situated at Industrial Growth Centre, Siltara.

Besides this, the term loan from bank, working capital term loan from bank and non convertible debentures are also secured by unconditional and irrevocable personal guarantees of Mr K. K. Sarda & Mr Manish Sarda.

Hire purchase loan from bank is secured by hypothecation of related vehicles.

6 Deferred tax liabilities (Net)

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Deferred tax liability / (assets) at the beginning of the year	4,996.14	3,607.40
Deferred tax liability / (assets) during the year on account of timing difference	(665.11)	1,388.74
Deferred tax liability / (assets) at the end of the year	4,331.03	4,996.14

7 Other long term liabilities

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Others		
Security deposit received		
Deposits from vendors	170.22	130.18
Deposit from employees	44.87	28.09
Other payables	16.19	13.24
Total	231.28	171.51

8 Long term provisions

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Provision for employee benefits		
Leave encashment	149.24	131.01
Other provisions		
Statutory liabilities	732.95	703.75
Mines restoration expenses	98.97	-
OB reserve	166.12	-
Total	1,147.28	834.76

9 Short term borrowings

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Loans repayable on demand (secured)		
<u>From banks</u>		
Hire purchase loans	-	1.83
Short term loans	-	2,500.00
Working capital loans	6,824.15	6,793.82
Working capital buyers credit loans	7,556.79	3,416.66
Total	14,380.94	12,712.31

Loans repayable on demand (unsecured)		
<u>From banks</u>		
Short term loans	2,000.00	6,999.98
Other loans and advances		
Advances from customers	359.48	672.90
	2,359.48	7,672.88
Total	16,740.42	20,385.19

Security

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

10 Other current liabilities

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Current maturities of long-term debt (refer note no. 5)	14,071.04	6,810.90
Interest accrued but not due on borrowings	414.20	453.78
Unpaid dividends	46.23	45.43
<u>Other payables</u>		
Indirect taxes payable	16.05	811.43
TDS payable	175.04	153.68
Salary & reimbursements	822.01	721.44
Expenses payable	147.26	78.79
INR payable to bank in forex	(0.40)	-
Total	15,691.43	9,075.45

11 Short term provisions

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Provision for employee benefits		
Gratuity	-	1.65
Others		
Provision for expenses	363.33	488.33
Total	363.33	489.98

12 Fixed assets

Tangible fixed assets

Particulars	Gross Block			Depreciation			Net Block		
	As on 01.04.2012	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2013	Up to 01.04.2012	Depreciation for the year	Transfer / Adjustment	As on 31.03.2013	As on 31.03.2012
Freehold land	3,308.90	199.07	3.62	3,504.35	-	-	-	3,504.35	3,308.90
Leasehold land	918.47	-	-	918.47	23.59	9.41	-	885.47	894.88
Building	15,802.00	2,898.02	90.07	18,609.95	2,597.45	529.18	2.67	15,485.99	13,204.55
Plant & machinery	76,005.84	5,418.79	191.88	81,232.75	25,634.69	5,397.58	42.89	50,243.37	50,371.15
Furniture, fixture & equipment	988.84	164.92	-	1,153.76	583.32	102.97	(1.36)	466.11	405.51
Vehicles	908.37	196.42	136.45	968.34	486.69	129.44	109.25	461.46	421.69
Total	97,932.42	8,877.22	422.02	1,06,387.62	29,325.74	6,168.58	153.45	71,046.75	68,606.68
Previous year	88,762.67	9,896.04	726.29	97,932.42	23,664.46	6,086.85	425.58	68,606.68	65,098.22
Capital Work in Progress (Including capital stock)				6,184.58				6,184.58	10,876.94

Note:

- Plant & Machinery includes borrowing cost of ₹ 120.30 Lacs (P.Y. ₹ 62.87 Lacs) capitalised in accordance with AS 16.
- Building includes borrowing cost of ₹ 25.68 Lacs (P.Y. ₹ 8.00 Lacs) capitalised in accordance with AS 16.

Intangible Fixed Assets

Particulars	Gross Block			Depreciation			Net Block		
	As on 01.04.2012	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2013	Up to 01.04.2012	Depreciation for the year	Transfer / Adjustment	As on 31.03.2013	As on 31.03.2012
SAP software	228.29	52.76	-	281.05	160.00	48.67	-	208.67	68.28
Mining rights & development	4,885.82	-	-	4,885.82	392.85	190.67	-	583.52	4,492.97
Total	5,114.11	52.76	-	5,166.87	552.85	239.34	-	792.19	4,561.26
Previous year	3,840.75	18.40	(1,254.96)	5,114.11	315.01	236.51	(1.33)	552.85	3,525.73
Intangible assets under development	225.69			283.60				283.60	225.69

13 Non current investments

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Trade investments		
Investment in equity instruments at cost (unquoted)		
Fully paid up with face value of ₹ 10/- each unless otherwise specified		
<u>In subsidiaries</u>		
10,00,000 (P.Y. 10,00,000) Equity shares of Sarda Energy & Minerals Hongkong Ltd. of HK\$ 1.00 Each	55.83	55.83
100 (P.Y. 100) Equity shares of Sarda Global Venture Pte Ltd. of USD 100.00 Each	4.30	4.30
50,000 (P.Y. 50,000) Equity shares of Sarda Energy Ltd.	5.00	5.00
2,00,45,000 (P.Y. 1,25,45,000) Equity shares of Sarda Metals & Alloys Ltd.	20,000.00	12,500.00
2,79,14,000 (P.Y. 2,76,34,000) Equity shares of Madhya Bharat Power Corporation Ltd.	6,471.50	6,401.50
7,83,182 (P.Y. 7,83,182) Equity shares of Parvatiya Power Ltd.	783.52	783.52
1,59,120 (P.Y. 1,59,120) Equity shares of Sarda Hydropower Pvt. Ltd.	15.91	15.91
11,000 (P.Y. 11,000) Equity shares of Raipur Fabritech Pvt. Ltd.	1.10	1.10
5,100 (P.Y. 5,100) Equity shares of Raipur Industrial Gases Pvt. Ltd.	0.51	0.51
<u>In joint ventures</u>		
1,30,800 (P.Y. 1,30,800) Equity shares of Raipur Infrastructure Company Ltd.	210.70	210.70
2,23,803 (P.Y. 2,17,562) Equity shares of Madanpur South Coal Company Ltd.	308.93	296.45
<u>In associates</u>		
NIL (P.Y. 4,000) Equity shares of Chhattisgarh Bricks Pvt. Ltd.	-	0.40
5,000 (P.Y. 5,000) Equity shares of Natural Resources Energy Pvt. Ltd.	0.50	0.50
<u>In other companies</u>		
4,85,000 (P.Y. 4,85,000) Equity shares of Chhattisgarh Ispat Bhumi Ltd.	48.50	48.50
<u>Investments in LLP</u>		
Shri Ram Electricity LLP	346.63	340.97
Chhattisgarh Hydro Power LLP	1,304.50	540.86
Other non-current investments		
<u>Share application money</u>		
Madanpur South Coal Company Ltd.	12.69	16.51
Sarda Metals & Alloys Ltd.	971.00	36.63
Madhya Bharat Power Corporation Ltd.	0.00	2.26
Sarda Energy Ltd.	9,677.88	-
<u>Investment in Government or Trust securities</u>		
Investment in NSC	0.50	-
Total	40,219.50	21,261.45

14 Long term loans and advances

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Capital advances		
Unsecured, considered good	2,393.50	2,769.09
Security deposits		
Unsecured, considered good	670.65	540.95
Loans and advances to related parties		
Unsecured, considered good	-	11,590.24
Other loans and advances		
Unsecured, considered good		
MAT credit entitlement	1,591.69	2,641.69
Advance income tax (net of provision)	944.05	20.03
Advance stripping expenses	-	259.14
Prepaid expenses	12.85	13.29
Other advances	900.10	1,006.38
Total	6,512.84	18,840.81

15 Other non current assets

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Others		
Unsecured, considered good		
Unamortised expenses	68.39	121.02
Total	68.39	121.02

16 Current investments

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Investment in equity instruments (quoted)		
(valued at lower of cost and market value)		
<u>In other companies</u>		
32,813 (P.Y. 32,813) Equity shares of Abhishek Mills Ltd.	32.82	32.82
3,688 (P.Y. 3,688) Equity shares of Indian Metals & Ferro Alloys Ltd.	1.84	1.84
12,400 (P.Y. 12,400) Equity shares of Mangalam Cement Ltd.	24.46	24.46
Less: provision for diminution in the value of investments	32.90	27.93
	26.22	31.19
Investments in mutual funds		
NIL Units (P.Y. 1,63,592.43 Units) of ICICI Mutual Fund	-	20.04
NIL Units (P.Y. 11.71 Units) of UTI Mutual Fund	-	0.16
49,990 units (P.Y. NIL units) of KBC Mutual Fund	5.00	-
Total	31.22	51.39
Aggregate amount of quoted investments	31.22	51.39
Aggregate market value of quoted investments	26.22	31.19

17 Inventories

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
(valued at lower of cost and net realisable value)		
Raw materials and components	7,481.01	7,039.39
Finished / semi finished goods	12,186.64	13,675.50
Stock-in-trade	33.67	152.18
Stores and spares	2,292.36	1,855.15
Material in transit	5.22	-
Total	21,998.90	22,722.22

18 Trade receivables

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	31.93	212.42
Unsecured, considered doubtful	276.50	349.33
Less: provision for doubtful debts	276.50	349.33
	31.93	212.42
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	6,218.49	4,100.62
	6,218.49	4,100.62
Total	6,250.42	4,313.04

19 Cash and bank balances

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Balances with banks		
In current accounts	650.21	13.09
On unpaid dividend	46.23	45.43
Cash in hand	27.61	36.23
Total	724.05	94.75

20 Short term loans and advances

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Loans and advances to related parties (refer note no.34)		
Unsecured, considered good	5,260.43	169.90
Total	5,260.43	169.90
Others		
Unsecured, considered good		
Earnest money deposit	42.67	76.42
Advances to employees	92.18	96.95
Advances to vendors	3,891.22	4,140.40

Claims & recoverables	674.12	784.97
Loans & advances to others	5,338.72	7,776.29
Advance royalty paid	91.10	26.18
Prepaid expenses	124.83	390.43
Balances with tax authorities	1,806.56	2,453.15
Doubtful advances to vendors	89.53	75.99
Less: provision for doubtful advances	89.53	75.99
	-	-
	12,061.40	15,744.79
Total	17,321.83	15,914.69

21 Other current assets

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
SEML employees gratuity scheme	38.58	-
INR receivable from bank in forex	8.29	-
Dividend receivable	1,085.58	2,543.50
LC negotiation charges receivable	0.34	-
Unamortised expenses	52.64	55.09
Total	1,185.43	2,598.59

22 Revenue from operations (Gross)

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Sale of products		
Sponge iron	34,782.35	33,911.01
Ferro alloys	38,828.73	35,644.45
Steel billets	7,394.86	8,291.04
Wire rod / HB wire	36,848.82	29,950.21
Pellet	18,841.14	4,254.55
Others	14,620.89	6,532.28
Other operating revenues	1,088.56	1,083.14
Total	1,52,405.35	1,19,666.68

23 Other income

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Interest income	1,160.53	2,530.44
Dividend income		
From subsidiaries	-	2,665.50
From others	2.57	12.80
Net gain on sale of investments	12.19	465.70
Other non-operating income (net of expenses directly attributable to such income)	336.90	257.61
Total	1,512.19	5,932.05

24 Cost of raw material consumed

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Iron ore	36,865.18	26,140.01
Mn ore	14,147.69	15,344.46
Coal	16,578.50	15,090.04
Scrap	5,616.17	5,092.42
Other material	1,372.71	1,210.47
Total	74,580.25	62,877.40

24.1 Raw material consumption

	2012-13		2011-12	
	₹ in Lacs	%	₹ in Lacs	%
Raw material -indigenous consumption	57,594.59	77.22%	50,043.60	79.59%
Raw material -imported consumption	16,985.66	22.78%	12,833.80	20.41%
Total	74,580.25	100.00%	62,877.40	100.00%

25 Changes in inventories of finished goods, semi-finished goods and stock-in-trade

	2012-13	2011-12
	₹ in Lacs	₹ in Lacs
Inventories at the end of the year		
Finished goods / semi-finished goods	12,186.65	13,675.50
Trading goods	33.67	152.18
	12,220.32	13,827.68
Inventories at the beginning of the year		
Finished goods / semi-finished goods	13,675.50	13,786.44
Trading goods	152.18	-
	13,827.68	13,786.44
Increase/(decrease) in inventories	(1,607.36)	41.24

26 Employee benefit expense

	2012-13	2011-12
	₹ in Lacs	₹ in Lacs
Salaries, incentives & managerial remuneration	4,566.68	3,744.21
Contributions to -		
Provident fund	221.48	205.27
Superannuation scheme	9.64	9.73
Gratuity fund	66.84	28.00
Staff welfare expenses	98.66	99.80
Total	4,963.30	4,087.01

26.1 As per Accounting standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

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

The following table sets out the funded status of the gratuity plan and the amounts recognized in the company's Balance Sheet as at 31st March 2013.

	2012-13	2011-12
	₹ in Lacs	₹ in Lacs
Assumptions		
Discount rate (beginning of the year)	8.00%	8.00%
Discount rate (end of the year)	8.00%	8.00%
Rate of increase in compensation levels	10.00%	9.00%
Rate of return on plan assets	8.90%	8.10%
Expected average remaining working lives of employees (years)	22.28	22.57
Table showing changes in present value of obligations		
Present value of obligation as at the beginning of the year	371.33	325.86
Acquisition adjustment	-	-
Interest cost	29.48	25.60
Current service cost	57.41	68.81
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Benefits paid	(5.53)	(11.76)
Actuarial (gain) / loss on obligations	(4.43)	(37.19)
Present value of obligation as at the end of the year	448.25	371.33
Table showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	369.67	334.15
Acquisition adjustments		
Expected return of plan assets	32.92	27.06
Contributions	89.12	18.06
Benefits paid	(5.53)	(11.76)
Actuarial gain / (loss) on plan assets	0.66	2.16
Fair value of plan assets at the end of the year	486.83	369.67
Tables showing fair value of plan assets		
Fair value of plan asset at the beginning of year	369.67	334.15
Acquisition adjustments	-	-
Actual return on plan assets	33.58	29.21
Contributions	89.12	18.06
Benefits paid	(5.53)	(11.76)
Fair value of plan assets at the end of year	486.83	369.67
Funded status	38.58	(1.66)
Excess of actual over estimated return on plan assets	0.66	2.16
Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year – obligation	(4.43)	(37.19)
Actuarial (gain) / loss for the year – plan assets	(0.66)	(2.16)
Total (gain) / loss for the year	(5.09)	(39.35)
Actuarial (gain) / loss recognized in the year	(5.09)	(39.35)
Unrecognized actuarial (gains) / losses at the end of year	-	-
The amounts to be recognized in balance sheet and statement of profit & loss		
Present value of obligation as at the end of the year	448.25	371.33
Fair value of plan assets as at the end of the year	486.83	369.67
Funded status	38.58	(1.66)

Net asset / (liability) recognized in balance sheet	38.58	(1.66)
Expense recognized in the statement of profit & loss		
Current service cost	57.41	68.81
Interest cost	29.48	25.60
Expected return of plan assets	(32.92)	(27.06)
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Net actuarial (gain) / loss recognized in the year	(5.09)	(39.35)
Expenses recognized in the statement of profit & loss	48.89	28.00

Note:- Gratuity paid & debited to Statement of profit & loss ₹ 17.96 Lacs (PY NIL) has not been considered above since it is borne by the company besides funding to LIC and SBI Life Insurance Co. Ltd.

26.2 SEML ESOP Scheme 2012

- a. The company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, which has been approved by the Board of Directors and the shareholders. Appointment & Compensation Committee of the company comprising of independent non-executive members of the Board of Directors administer the ESOP. All options under the ESOP are exercisable for equity shares. The company plans to grant upto 7,17,000 options to eligible employees and directors of the company and subsidiaries of the company.
- b. The options granted under the SEML ESOP Scheme 2012 shall vest as under:
 - i) 1/3rd at the end of one year from the date of grant.
 - ii) 1/3rd at the end of two years from the date of grant.
 - iii) 1/3rd at the end of three years from the date of grant.
- c. The employees have a period of 2 years to exercise the options from the date of vesting, after which unexercised options will lapse.
- d. Options in respect of the shares vested at each vesting date can be exercised in maximum four tranches subject to the exercise period of 2 years from the date of vesting. Each option is exercisable for one equity share of ₹ 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.
- e. The movement in the scheme is set out as under:

Particulars	SEML ESOP SCHEME 2012			
	Year ended 31 March 2013		Year ended 31 March 2012	
	Options Number	Exercise price Amount (in ₹)	Options Number	Exercise price Amount (in ₹)
Outstanding at the beginning of year	NIL	NIL	N. A.	N. A.
Granted during the year	3,33,360	125.00	N. A.	N. A.
Exercised during the year	NIL	NIL	N. A.	N. A.
Forfeited during the year	NIL	NIL	N. A.	N. A.
Expired during the year	NIL	NIL	N. A.	N. A.
Outstanding at the end of the year	3,33,360	125.00	N. A.	N. A.
Exercisable at the end of the year	NIL	NIL	N. A.	N. A.
Number of equity shares of ₹ 10/- each fully paid up to be issued on exercise of option	3,33,360	125.00	N. A.	N. A.
Exercise price at the date of exercise	N. A.	N. A.	N. A.	N. A.
Weighted average remaining contractual life (months)	41	N.A.	N. A.	N. A.

f. Pro forma accounting for stock option grants

The company has applied the intrinsic value-based method of accounting for determining compensation cost for its ESOP Plan. Had the compensation cost been determined using fair value approach, the company's net income and basic/diluted earnings per share as reported would have reduced to the proforma amounts as indicated:

S.No.	Particulars	Year Ended	Year Ended
		31 March 2013	31 March 2012
		Amount	Amount
1	Net profit as reported	12,453.02	N. A.
2	Add : stock based employee compensation expense debited to Statement of Profit and Loss	2.84	N. A.
3	Less : stock based employee compensation expense based on fair value	0.97	N. A.
4	Difference between (2) & (3)	1.87	N. A.
5	Adjusted pro forma profit	12,454.89	N. A.
6	Difference between (1) & (5)	1.87	N. A.
7	Basic earnings per share as reported	34.74	N. A.
8	Proforma earnings per share	34.74	
9	Diluted earnings per share as reported	34.74	N. A.
10	Proforma diluted earnings per share	34.74	N. A.

g. The fair value of the options, calculated by an external expert was estimated on the date of grant using the Black Scholes model with the following significant assumptions:

Particulars	Year Ended	Year Ended
	31 March 2013	31 March 2012
Risk free interest rate (%)	8%	N. A.
Expected life (months)	41	N. A.
Volatility (%)	8%	N. A.
Dividend pay out (%)	30%	N. A.

The volatility of the options is based on the historical volatility of the share price for the last one year.

h. Details of weighted average exercise price and fair value of the stock options granted at price below market price:

Particulars	Year Ended	Year Ended
	31 March 2013	31 March 2012
Total options granted	3,33,360	N. A.
Exercise price (₹)	125.00	N. A.
Fair value (₹)	126.43	N. A.

27 Finance costs

	2012-13	2011-12
	₹ in Lacs	₹ in Lacs
Interest expense	5,078.66	4,881.81
Other borrowing costs	255.79	212.65
Amortisation of ancilliary borrowing costs	55.09	45.26
Exchange differences to the extent considered as an adjustment to borrowing costs	924.38	1,887.95
Total	6,313.92	7,027.67

28 Depreciation and amortisation

	2012-13	2011-12
	₹ in Lacs	₹ in Lacs
Depreciation of tangible assets	6,168.58	6,086.85
Amortisation of intangible assets	239.34	236.51
Total	6,407.92	6,323.36

29 Other expenses

	2012-13	2011-12
	₹ in Lacs	₹ in Lacs
Stores & spares consumption	7,559.87	6,610.90
Power	1,135.39	1,404.37
Manufacturing expenses		
Plant process & services	1,024.52	916.30
Material handling expenses	2,619.03	1,871.84
Other manufacturing expenses	3,992.27	4,299.07
Increase / (decrease) of excise duty on inventory	(227.34)	185.02
Mining expenses	3,312.79	2,371.19
Repairs & maintenance		
Building	139.45	141.24
Plant & machinery	764.02	604.39
Others	250.60	203.64
Rent	104.93	90.78
Rates & taxes	2,254.75	1,502.35
Insurance charges	75.81	101.30
Miscellaneous expenses		
Travelling & conveyance expenses	434.75	370.98
Legal & professional expenses	373.00	346.82
Administrative and other expenses	569.29	599.75
Selling expenses		
Carriage outward	854.19	890.57
Selling commission & brokerage	336.32	228.44
Other selling expenses	82.83	309.74
Exchange differences (net)	625.11	774.76
Payments to auditor	14.90	13.45
Provision for diminution in value of current investment	4.97	27.93
Total	26,301.45	23,864.83

29.1 Stores & spares consumption

	2012-13		2011-12	
	₹ in Lacs	%	₹ in Lacs	%
Stores & spares - indigenous consumption	6,764.94	89.48%	5,988.23	90.58%
Stores & spares - imported consumption	794.93	10.52%	622.67	9.42%
Total	7,559.87	100.00%	6,610.90	100.00%

29.2 Payments to the auditor

	2012-13	2011-12
	₹ in Lacs	₹ in Lacs
As Auditor:		
Audit fee	12.00	10.00
Tax audit fee	2.00	2.00
Other services	-	0.48
Reimbursement of expenses	0.90	0.97
Total	14.90	13.45

30 Earnings per share (EPS)

	2012-13	2011-12
Net profit after tax as per Statement of Profit & Loss attributable to equity shareholders (₹ in Lacs)	12,453.02	11,439.89
Nominal value of equity shares (₹)	10	10
Weighted average number of equity shares used as denominator for calculating EPS	3,58,50,000	3,58,50,000
Basic and diluted earnings per share (₹)	34.74	31.91

31. Segment reporting

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

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

A) Business segment primary

(₹ in Lacs)

Particulars	2012-2013			2011-2012		
	Steel	Ferro	Total	Steel	Ferro	Total
Revenue						
Sales & other income	93,809.56	41,013.85	1,34,823.41	70,011.92	35,298.87	1,05,310.79
Inter segment sales	-	475.94	475.94	-	520.81	520.81
Others unallocated			3,571.13			4,706.90
Total revenue	93,809.56	41,489.79	1,38,870.48	70,011.92	35,819.68	1,10,538.50
Result						
Segment result	16,505.10	7,686.58	24,191.68	12,751.09	3,203.75	15,954.84
Unallocated expenses net off						
unallocated income			(1,253.00)			2,253.53
Operating profit			22,938.68			18,208.37
Interest & forex fluctuation loss (net)			(6,939.03)			(7,802.44)
Profit before tax & extraordinary item			15,999.65			10,405.93
Add: extra ordinary item			-			-
<u>Provision for taxation</u>						
For current year			(4,084.86)			(2,084.58)
For deferred taxation			665.11			(1,388.74)
Income tax for earlier years			-			-
MAT credit entitlement			(126.88)			4,507.27
Profit after taxation			12,453.02			11,439.88

Other information						
Segment assets	80,040.73	15,984.96	96,025.70	79,938.72	18,537.49	98,476.21
Unallocated assets			36,409.09			35,006.83
Total assets			1,32,434.79			1,33,483.04
Segment liabilities	4,670.35	6,507.30	11,177.65	4,366.11	8,873.73	13,239.84
Unallocated liabilities			2,517.92			2,505.37
Total liabilities			13,695.57			15,745.20
Capital expenditure	2,220.87	504.89	2,725.76	5,093.40	398.24	5,491.63
Depreciation / amortisation	3,856.03	548.26	4,404.28	3,544.01	533.58	4,077.60
Unallocated capital exp. & depreciation			3,151.39			8,647.63
Non-cash expenditure other than depreciation / (amortisation)			-			-

32. Capitalization of expenditure

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

(₹ in Lacs)

Particulars	2012-13	2011-12
Salaries	275.70	303.06
Finance cost	145.98	269.45
Other expenses (exchange fluctuation)	39.48	1,864.81
Total	461.16	2,437.32

33. Interest in joint ventures

Name of the Company	Proportion of ownership interest as at 31st March	
	2013	2012
i) Raipur Infrastructure Company Limited	33.33%	33.33%
ii) Madanpur South Coal Company Limited	20.63%	20.63%

The above joint venture companies are incorporated in India. The company's share of assets and liabilities as on 31st March, 2013 and income and expenses for the year ended on that date are given below which are based on audited figures of the joint venture companies.

(₹ in Lacs)

Particulars	As at 31st March	
	2013	2012
Assets		
Non current assets	610.62	600.14
Current assets	204.46	163.35
Total	815.08	763.49
Liabilities		
Non current liabilities	7.43	7.48
Current liabilities	1.16	8.64
Total	8.59	16.12
Income	112.47	105.73
Expenses	44.70	36.94
Contingent liabilities	899.88	899.88
Capital commitments	7.29	7.08

34. Related party disclosure

a) Names of related parties and description of relationship

S.No.	Description of Relationship	Names of Related Parties
1	Subsidiaries	Sarda Energy & Minerals Hongkong Limited, Hongkong Sarda Global Ventures Pte Limited, Singapore Sarda Metals & Alloys Limited Sarda Energy Limited Parvatiya Power Limited Madhya Bharat Power Corporation Limited Sarda Hydro Power Private Limited Raipur Fabritech Private Limited Raipur Industrial Gases Private Limited
2	Controlled entities	Chhattisgarh Hydro Power LLP Shri Ram Electricity LLP
3	Associate companies	Chhattisgarh Investments Limited Chhattisgarh Bricks Private Limited (Upto 14.12.2012)
4	Related enterprises where significant influence exists	R.R. Sarda & Company
5	Key management personnel	Mr. Kamal Kishore Sarda Mr. Gopal Krishna Chhanghani (Upto 31.12.2012) Mr. Pankaj Sarda Mr. Ghanshyam Das Mundra
6	Relative of key management personnel	Mrs. Uma Sarda Mrs. Veena Sarda
7	Joint ventures	Raipur Infrastructure Company Limited Madanpur South Coal Company Limited

b) Material transactions with related parties

(₹ in Lacs)

Particulars	Subsidiaries & Controlled Entities	Related Enterprises Where significant influence exists	Associates	Key Management Personnel	Relatives of Key Management Personnel	Joint Venture
Loans/advances given	11,518.80 (8,564.11)		15,565.53 (18,031.21)			
Loans/advances received back	3,096.57 (2,267.99)		19,526.22 (15,938.61)			
Material transferred/sold	1,901.26 (24.14)		0.70 (--)			
Materials purchased	103.86 (--)					
Interest received	106.95 (1,263.04)		879.18 (1,160.43)			
Dividend income	- (2,665.50)					
Remuneration				421.46 (301.84)		
Rent paid		9.60 (9.60)	62.80 (48.77)	1.80 (1.80)	11.04 (10.20)	

Services offered		3.56	3.00
		(--)	(3.00)
Corporate guarantee given	6,412.00 (258.56)		900.00 (900.00)
Investments made	18,951.54 (12,150.41)		8.67 (169.00)
Investments disposed		0.40 (--)	

Outstanding as at 31.03.2013

Receivable	6,346.01 (14,370.92)	4,047.99 (7,273.94)	12.08 (9.64)	- (5.10)
Corporate guarantee given	6,811.59 (398.09)			900.00 (900.00)
Investments	28,988.80 (20,688.39)	0.50 (0.90)		519.64 (507.15)
Share application money pending allotments	10,648.88 (38.89)			12.69 (16.50)
Payable			195.73 (178.43)	

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

Out of the above items, transactions in excess of 10% of the total related party transactions are as under:

(₹ in Lacs)

Particulars	Year Ended 31 st March 2013	Year Ended 31 st March 2012
Loans/Advances given		
Sarda Energy and Minerals Hongkong Limited	1,630.00	1,979.22
Sarda Metals and Alloys Limited	9,758.45	---
Sarda Energy Limited	---	6,575.43
Chhatisgarh Investments Limited	15,565.53	18,031.21
Loans/Advances received back		
Sarda Energy and Minerals Hongkong Limited	542.60	1979.22
Sarda Metals and Alloys Limited	2,414.72	213.61
Chhatisgarh Investments Limited	19,526.22	15,938.61
Materials transferred/sold		
Sarda Metals and Alloys Limited	1,901.26	24.14
Chhatisgarh Investments Limited	0.70	---
Materials received/purchased		
Sarda Metals and Alloys Limited	103.86	---
Interest received		
Sarda Energy and Minerals Hongkong Limited	7.78	47.22
Sarda Metals and Alloys Limited	72.55	457.46
Sarda Energy Limited	---	736.80
Chhatisgarh Investments Limited	879.18	1,160.43
Parvatiya Power Limited	26.62	21.56
Dividend income		
Sarda Energy and Minerals Hongkong Limited	---	2,665.50

Remuneration paid		
Shri Kamal Kishore Sarda	343.35	217.20
Rent paid		
Shri Kamal Kishore Sarda	1.80	1.80
R.R.Sarda & Co.	9.60	9.60
Chhatisgarh Investments Limited	62.80	48.77
Smt.Uma Sarda	8.64	8.64
Smt. Veena Sarda	2.40	1.20
Services offered		
Raipur Infrastructure Company Limited	3.00	3.00
Corporate guarantee given		
Madanpur South Coal Company Limited	900.00	900.00
Sarda Metals and Alloys Limited	6,412.00	258.56
Investment made		
Sarda Metals and Alloys Limited	8,434.37	7,500.00
Sarda Energy Limited	9,677.88	---
Madhya Bharat Power Corporation Limited	70.00	4,633.50
Chhattisgarh Hydro Power LLP	763.64	---
Raipur Infrastructure Company Limited	---	169.00
Madanpur South Coal Company Limited	8.67	---
Investment disposed		
Chhattisgarh Bricks Private limited (Associate upto 14.12.2012)	0.40	---

OUTSTANDINGS

(₹ in Lacs)

Particulars	Year Ended 31 st	Year Ended 31 st
	March 2013	March 2012
Investments		
Sarda Metals and Alloys Limited	20,000.00	12,500.00
Madhya Bharat Power Corporation Limited	6,471.50	6,401.50
Raipur Infrastructure Company Limited	210.70	210.70
Madanpur South Coal Company Limited	308.94	296.45
Receivables		
Sarda Metals and Alloys Limited	2,790.38	1,941.32
Sarda Energy Limited	---	9,543.72
Dividend receivable (Sarda Energy & Minerals Hongkong Limited)	1,085.58	2,543.50
Chhatisgarh Investments Limited	4,047.99	7,273.94
Share application money pending allotment		
Madanpur South Coal Company Limited	12.69	16.50
Sarda Metals and Alloys Limited	971.00	36.63
Sarda Energy Limited	9,677.88	---
Madhya Bharat Power Corporation Limited	---	2.26
Corporate guarantee given		
Madanpur South Coal Company Limited	900.00	900.00
Sarda Metals and Alloys Limited	6,412.00	398.09
Payables		
Remuneration	195.73	178.43

35. Capital and other commitments

- a) Estimated amount of contracts remaining to be executed on capital account, net of advance given ₹ 298.18 Lacs (P.Y. ₹ 501.91 Lacs).
- b) Company has commitments of Nil (P.Y. ₹ 1,812 Lacs) for further investment in subsidiary Sarda Metals & Alloys Limited and ₹ 5,440 Lacs (P.Y. ₹ 5,510 Lacs) in Madhya Bharat Power Corporation Limited.

36. Proposed dividend

Board of directors have recommended dividend of ₹ 3/- (P.Y. ₹ 3/-) per share for equity share of ₹ 10/- each totaling ₹ 1,075.50 Lacs (P.Y. ₹ 1,075.50 Lacs) for the period ended March 31, 2013. Tax on proposed dividend will be ₹ 182.78 Lacs (P.Y. ₹ 174.48 Lacs).

37. Contingent liabilities

(₹ in Lacs)

Particulars	31.03.2013	31.03.2012
Guarantees given by company's bankers	1,428.45	704.89
Share of guarantees given by the jointly controlled entity	900.00	900.00
Guarantees given to DGFT on behalf of wholly owned subsidiary for meeting export obligation	98.88	98.88
Guarantees given to Assistant Commissioner of Customs on behalf of wholly owned subsidiary	300.71	299.21
Penal Interest for non creation of securities for rupee term loan from IDFC	391.86	65.43
Bills discounted with the company's bankers under Letters of Credit	3,778.28	1,625.77
Corporate Guarantee given to Axis Bank Ltd. for disbursement of term loan to Sarda Metals & Alloys Ltd., wholly owned subsidiary of the company (SMAL)	6,412.00	--
Claims against the company not acknowledged as debt & disputed in appeals	163.49	85.29
Excise duty & service tax demand	388.92	353.90
VAT, CST & Entry Tax	138.55	200.20
Income tax	3,498.27	3,986.14
Energy development cess	2,913.60	2,189.80

- i) Guarantee (equal to company's share in Joint Venture) given by the company to IDBI Bank Limited against guarantee issued by the Bank in favour of Government of India on behalf of Madanpur South Coal Company Limited (The Joint Venture Company for Coal Mining) ₹ 900.00 Lacs (P.Y. ₹ 900.00 Lacs).
- ii) Guarantee given to Director General of Foreign Trade ₹ 98.88 Lacs (P.Y. ₹ 98.88 Lacs) and Assistant Commissioner of Customs ₹ 300.71 Lacs (P.Y. ₹ 301.13 Lacs) on behalf of Sarda Metals & Alloys Limited, wholly owned subsidiary of the company for fulfillment of Export Obligation against import of capital goods under Export Promotion Capital Goods Scheme.
- iii) Excise Duty & Service Tax
- a) Excise duty demand of ₹ 20.56 Lacs (P.Y. ₹ 20.56 Lacs) raised on account of Cenvat credit availed, which the company has disputed in High Court.
- b) Excise Duty demand of ₹ 166.24 Lacs (P.Y. ₹ 165.38 Lacs) raised on account of Cenvat credit availed which the company has disputed and has filed appeal before the Central Excise & Service Tax Appellate Tribunal (CESTAT).

- c) Excise Duty demand of ₹ 111.17 Lacs (P.Y. ₹ 97.87 Lacs) raised on account of Cenvat credit availed which the department has disputed and has filed appeal before the CESTAT.
- d) ₹ 6.97 Lacs (P.Y. ₹ 6.97 Lacs) on account of duty on VAT collected by the company against which the company has filed an appeal before the CESTAT.
- e) ₹ 6.66 Lacs (P.Y. ₹ 6.96 Lacs) on account of duty on sale of waste and scrap by the company. The case has been decided in favour of the company by Commissioner Central Excise (Appeals) (CCE(A)). The Central Excise department has filed appeal before the CESTAT against decision of the CCE(A).
- f) Excise Duty demand of ₹ 38.60 Lacs (P.Y. ₹ 10.10 Lacs) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- g) Excise Duty demand of ₹ 7.62 Lacs (P.Y. ₹ 7.62 Lacs) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- h) Service Tax demand of ₹ 31.09 Lacs (P.Y. ₹ 38.44 Lacs) raised on account of Service Tax on foreign services availed, which the department has disputed and has filed appeal before CESTAT.
- iv) Value Added Tax/Central Sales Tax/Entry Tax
Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 138.55 Lacs (P.Y. ₹ 200.20 Lacs) are pending in appeal against assessment of various years.
- v) Income Tax
₹ 1,216.34 Lacs (P.Y. ₹ 1,896.34 Lacs) for the Assessment Year 2008-09 and ₹ 2,080.80 Lacs (P.Y. ₹ 2,080.80 Lacs) for the Assessment Year 2009-10 and ₹ 201.13 Lacs (P.Y. Nil) for the Assessment Year 2010-11 on account of partial disallowance of deduction claimed under Section 80IA of the Income Tax Act, 1961, disputing the transfer pricing of Power captively consumed by other divisions. For Assessment Year 2009-10 and 2010-11, the company has filed appeals before CIT (Appeals) and for Assessment Year 2008-09 the appeal is pending before ITAT. The CIT (Appeals) has decided the similar issue in favour of the company for the Assessment Year 2007-08. This issue has also been decided in favour of the company by the Income Tax Appellate Tribunal for earlier assessment years.
- vi) Energy development cess of ₹ 2,913.60 Lacs (P.Y. ₹ 2,189.80 Lacs) net of amount deposited ₹ 294.34 Lacs (P.Y. ₹ 294.34 Lacs) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to March 2013. The Honorable High Court of Chhattisgarh has held the levy of Energy Development Cess as unconstitutional vide its Order dated 20th June 2008. The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.

38. Derivative instruments and unhedged foreign currency exposure

- a) Derivatives outstanding as at the reporting date

Particulars	Purpose	31.03.2013		31.03.2012	
		USD in Lacs	INR in Lacs	USD in Lacs	INR in Lacs
Forward contract to sell USD	To hedge loan given to Wholly owned subsidiary company	40.00	2,171.20	35.40	1,813.36
Forward contract to purchase USD	To hedge foreign currency term loan	21.81	1,200.00	Nil	Nil

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

Particulars	Currency	31.03.2013		31.03.2012	
		Foreign Currency in Lacs	INR in Lacs	Foreign Currency in Lacs	INR in Lacs
ECB loan	USD	280.00	15,198.40	373.33	18,991.47
ECB loan	JPY	5,350.00	3,090.70	7,133.33	4,379.15
Trade payable	USD	273.74	14,858.56	192.73	9,804.17
Trade receivable	USD	46.41	2,519.36	27.16	1,381.69
Dividend receivable	USD	20.00	1,085.60	50.00	2,543.50

39. Disclosure as per clause 32 of the listing agreement

Loans and advances in the nature of loans given to subsidiaries, associates and others

Name of the entities	Relationship	Amount outstanding as at 31.03.2013	Maximum amount outstanding during the year	Investment by the loanee in the shares of the Company
		₹ in Lacs	₹ in Lacs	No. of shares
Sarda Energy & Minerals Hongkong Limited	Subsidiary	2,180.38	2,180.58	---
Sarda Global Ventures Pte Limited	Subsidiary	81.72	115.19	---
Parvatiya Power Limited	Subsidiary	202.90	202.90	---
Madhya Bharat Power Corporation Limited	Subsidiary	---	32.23	---
Sarda Metals & Alloys Limited	Subsidiary	2,790.39	5,312.73	---
Sarda Energy Limited	Subsidiary	---	9,677.88	---
Raipur Fabritech Private Limited	Subsidiary	---	0.17	---
Raipur Industrial Gases Private Limited	Subsidiary	---	0.17	---
Sarda Hydro Power Private Limited	Subsidiary	5.05	5.05	---
Natural Resources Energy Private Limited	Associate	---	0.50	---
Chhatisgarh Investments Limited	Associate	4,047.99	8,966.44	1,04,90,657
Bhawans' R K Sarda Vidya Mandir	Others	1,035.08	1,035.08	---

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

The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2013 as micro, small or medium enterprises. Consequently the amount paid/ payable to these parties during the year is NIL.

41. Foreign currency income & expenditure

Income in Foreign Exchange (Accrual Basis)

Particulars	(₹ in Lacs)	
	2012-13	2011-12
FOB value of exports (direct)	14,946.27	11,351.10
Interest received	7.78	47.22
Dividend	---	2,665.50

Expenditure in foreign currency (accrual basis)

(₹ in Lacs)

Particulars	2012-13	2011-12
Value of imports calculated on CIF basis		
Raw materials	19,407.88	8,349.33
Components, stores & spare parts	683.76	733.66
Capital goods	223.29	469.70
Expenditure		
Travelling expenses	6.39	7.25
Commission	1.91	5.31
Others	27.78	12.01
Interest	1,139.78	812.22
Net dividend remitted		
Year of remittance	2012-13	2011-12
Period to which it relates	01.04.2011 to 31.03.2012	01.04.2010 to 31.03.2011
Number of non-resident shareholders	One	One
Number of equity shares held on which dividend was due	18,04,891	18,04,891
Amount remitted	54.15	54.15

SIGNATURE TO NOTES "1" TO "41"

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

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

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholetime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : 25th May, 2013

RAIPUR
DATED : 25th May, 2013

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

S. No.	Particulars/Name of the subsidiary company	SEMHKL Hongkong	SGV Singapore	SMAL India	SEL India	CHP LLP India	MBPCL India	PPL India	SHPLL India	SRE LLP India	RFPL India	RIGPL India
1	Financial year of the subsidiary company/LLP ended on	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013	31 st March, 2013
2	Date from which it became subsidiary company/LLP	17 th Sept, 2007	12 th June, 2008	15 th June, 2009	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	1 st March, 2011	21 st Sept, 2010	25 th Aug, 2011	13 th Dec, 2011
3	Number of equity shares held by holding company in the subsidiary company											
	Quantity	10,00,000	100	2,00,45,000	50,000	NA	2,79,14,000	7,83,182	1,59,120	NA	11,000	5,100
	Face value (per share)	HK\$ 1	US\$ 100	₹ 10/-	₹ 10/-	NA	₹ 10/-	₹ 10/-	₹ 10/-	NA	₹ 10/-	₹ 10/-
	Fully paid up / partly paid up	fully paid-up	fully paid-up	fully paid up	fully paid up	NA	fully paid up	fully paid up	fully paid up	NA	fully paid up	fully paid up
4	Extent of holding of Sarda Energy & Minerals Limited	100.00%	100.00%	100.00%	100.00%	60.92%	58.73%	51.00%	60.00%	51.00%	52.38%	51.00%
5	Net aggregate amount of profit (losses) of the subsidiary/llp so far as they concern members of Sarda Energy & Minerals Ltd.											
a.	For the current financial year of the subsidiary /llp											
i)	Dealt with in the accounts of the holding company	HK\$ 4,52,52,398	US\$ 35,485	₹ 3,95,74,391/-	Nil	Nil	₹ (2,74,364)-	₹ 1,78,40,681/-	Nil	Nil	Nil	Nil
ii)	Not dealt with in accounts of the holding company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b.	For the previous financial years since it became subsidiary/llp											
i)	Dealt with in the accounts of the holding company	HK\$ 13,72,13,610/-	US\$ (4,10,906)	₹ (13,12,784)-	Nil	Nil	₹ (7,68,352)-	₹ 3,63,04,902/-	Nil	Nil	N.A.	N.A.
ii)	Not dealt with in accounts of the holding company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	N.A.	N.A.
6	As the financial year of the subsidiary companies/LLP coincides with the financial year of the holding company, section 212(5) of the Companies Act, 1956 is not applicable.											

Note:

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

Summary of Financial Information of Subsidiary Companies As on 31.03.2013

(₹ in Laacs)

S. No.	Particulars/Name of the subsidiary company	SEMHKL		SGV		SMAL		SEL		CHP LLP		MBPCL		PPL		SHPPL		SRE LLP		RFPL		RIGPL	
		Hongkong	Singapore	India	Singapore	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India
1	Capital	68.00	5.42	2,004.50	5.00	2,141.34	4,753.00	153.56	26.52	346.63	2.10	1.00											
2	Reserves	12,407.69	(203.78)	19,349.12	9,677.88	-	6,082.32	2,021.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Total assets	32,496.56	1,808.36	72,244.48	9,688.84	2,157.22	27,892.93	3,071.10	31.62	346.71	2.18	1.08											
4	Total liabilities	20,020.87	2,006.72	50,890.86	5.96	15.88	17,057.61	896.50	5.10	0.08	0.08	0.08											
5	Investments	12,892.51	-	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Turnover	3,342.17	31.31	3,277.92	-	-	-	640.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Profit before tax	3,168.48	21.01	599.18	-	-	(2.74)	221.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Provision for tax	-	1.74	203.44	-	-	-	43.63	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Profit after tax	3,168.48	19.27	395.74	-	-	(2.74)	177.95	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The Indian rupee equivalents of the figures given in the foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31.03.2013, i.e. 1HK\$ = INR 6.800 [SEMHKL] and 1US\$ = INR 54.280 [SGV]

Note:

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

Independent Auditors' Report

To the Board of Directors

Sarda Energy & Minerals Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of SARDA ENERGY & MINERALS LIMITED (the "Company") and its subsidiaries (collectively referred to as "the group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries, associates and joint ventures as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the group for the year ended on that date and;
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

Other matters

Financial statements of Madhya Bharat Power Corporation Limited (subsidiary) reflect total assets of ₹ 27,892.94 Lacs as at March 31, 2013, total revenue ₹ (2.74) Lacs for the year then ended, have been audited by us.

We did not audit the financial statements of certain subsidiaries, which reflect total assets of ₹ 1,21,848.18 Lacs as at March 31, 2013, total revenues of ₹ 7,292.35 Lacs for the year then ended as considered in the consolidated accounts. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the report of the other auditors.

We did not audit the financial statements of joint ventures which reflect the company's share of assets amounting to ₹ 815.08 Lacs as at March 31, 2013, the company's share of revenue amounting to ₹ 112.47 Lacs for the year then ended as considered in the consolidated accounts and financial statements of an associate in which the share of profit/loss is nil. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the report of the other auditors.

Our opinion is not qualified in respect of other matters.

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

MANISH JAIN
Partner

Membership No. 118548

Place : Raipur

Dated : 25th May, 2013

Consolidated Balance Sheet

as at 31st March 2013

Particulars	Note	31.03.2013 ₹ in Lacs	31.03.2012 ₹ in Lacs
I. Equity and liabilities			
1. Shareholders' funds			
Share capital	3	3,585.00	3,585.00
Reserves and surplus	4	1,01,729.52	86,354.49
		1,05,314.52	89,939.49
2. Minority interest		6,386.31	5,798.73
3. Non-current liabilities			
Long term borrowings	5	91,245.19	80,588.79
Deferred tax liabilities	6	4,531.80	5,002.38
Other long term liabilities	7	3,469.81	7,097.00
Long term provisions	8	1,202.92	854.57
		1,00,449.72	93,542.74
5. Current liabilities			
Short term borrowings	9	33,569.20	25,324.71
Trade payables		11,389.15	8,364.47
Other current liabilities	10	20,767.46	10,176.59
Short term provisions	11	705.05	491.80
		66,430.86	44,357.57
		2,78,581.41	2,33,638.53
II. Assets			
Non-current assets			
1. Fixed assets	12		
Tangible assets		1,38,160.74	75,415.86
Intangible assets		4,613.12	4,564.99
Capital work-in-progress		25,982.76	61,024.55
Intangible assets under development		283.60	253.94
		1,69,040.22	1,41,259.34
Non-current investments	13	49.50	49.29
Deferred tax assets		0.27	0.25
Long term loans and advances	14	20,042.29	23,409.15
Other non-current assets	15	284.36	1,241.87
		1,89,416.64	1,65,959.90
2. Current assets			
Current investments	16	12,963.79	13,245.95
Inventories	17	24,750.77	22,724.23
Trade receivables	18	7,662.62	4,356.39
Cash and bank balances	19	22,954.64	7,978.19
Short term loans and advances	20	20,497.95	19,273.94
Other current assets	21	335.00	99.93
		89,164.77	67,678.63
		2,78,581.41	2,33,638.53

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

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

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholetime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : 25th May, 2013

RAIPUR
DATED : 25th May, 2013

Consolidated Statement of Profit & Loss

for the year ended 31st March 2013

Particulars	Note	31.03.2013 ₹ in Lacs	31.03.2012 ₹ in Lacs
I. Revenue from operations (gross)	22	1,54,537.13	1,20,473.92
Less: excise duty		14,014.65	9,648.99
Revenue from operations (net)		1,40,522.48	1,10,824.93
II. Other income	23	4,869.99	4,732.25
III. Total revenue (I + II)		1,45,392.47	1,15,557.18
IV. Expenses:			
Cost of materials consumed	24	76,571.89	62,877.40
Purchases of stock-in-trade		1,881.34	1,404.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	1,591.15	(41.24)
Employee benefits expense	26	5,169.72	4,144.40
Finance costs	27	6,887.71	7,156.67
Depreciation and amortisation expense	28	6,906.43	6,535.89
Other expenses	29	27,408.24	25,626.36
		1,26,416.48	1,07,704.25
Less: Trial run expenses (net of revenue) capitalised		1,079.41	-
Total expenses		1,25,337.07	1,07,704.25
V. Profit before tax (III - IV)		20,055.40	7,852.93
VI. Tax expense:			
Current tax		4,273.65	2,158.86
Deferred tax (net)		(470.58)	1,388.85
MAT credit entitlement		14.36	(4,507.27)
VII. Profit for the period (V - VI)		16,237.97	8,812.49
VIII. Less: share of loss of associates		-	0.11
IX. Less: minority interest		86.06	97.51
X. Net profit after minority interest and share of loss of associates		16,151.91	8,714.87
XI. Earnings per equity share			
Basic & diluted		45.05	24.31

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

THE ACCOMPANYING NOTES ARE FORMING INTEGRAL PART OF FINANCIAL STATEMENTS

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates

Chartered Accountants

FRN 112538W

MANISH JAIN

Partner

Membership No. 118548

RAIPUR

DATED : 25th May, 2013

K. K. SARDA

Chairman &
Managing Director

RAIPUR

DATED : 25th May, 2013

PANKAJ SARDA

Wholetime Director

P. K. JAIN

CFO & Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March 2013

Particulars	31.03.2013 ₹ in Lacs	31.03.2012 ₹ in Lacs
A. Cash flow from operating activities :		
Net profit before tax as per statement of profit & loss	20,055.40	7,852.93
<u>Adjusted for :</u>		
Depreciation	6,906.43	6,535.89
Interest income	(2,201.32)	(3,727.89)
Finance costs	6,166.06	7,156.67
Unrealised exchange (gain)/loss	616.02	12.44
Dividend income	(5.10)	(30.46)
(Profit) / loss on sale of investments	(1,754.94)	(625.18)
(Profit) / loss on sale of fixed assets	(218.95)	(7.47)
Employee stock option outstanding	2.84	-
Effect of exchange differences on translation of subsidiaries	57.64	614.89
Adjustment for previous year in P&L	180.00	-
Profit pertaining to associates/minority interest & pre acquisition profits (net)	(86.06)	(97.63)
	9,662.62	9,831.27
Operating profit before working capital changes	29,718.02	17,684.19
<u>Adjusted for :</u>		
Increase/(decrease) in trade & other payables	3,599.56	10,170.91
(Increase)/decrease in inventories	(2,013.59)	3,153.66
(Increase)/decrease in trade and other receivables	(3,320.55)	43.05
(Increase)/decrease in loans, advances & other current assets	889.68	(1,983.45)
	(844.89)	11,384.17
Cash generated from operations	28,873.13	29,068.36
Direct taxes (net)	(4,211.29)	(1,631.53)
Net cash from operating activities	24,661.84	27,436.83
B. Cash flow from investing activities :		
Investment in fixed assets including capital WIP	(33,440.93)	(54,204.73)
Sale of fixed assets	616.20	79.18
(Increase)/decrease in investments	281.95	7,090.01
(Profit) / Loss on sale of investments	1,754.94	-
Creditors for capital goods	(4,046.98)	-
Loan given to subsidiaries and other parties	367.94	(4,083.79)
Interest received	2,201.32	3,727.89
Dividend received	5.10	30.46
Increase/(decrease) in minority interest	587.58	3,042.03
Capital reserve on acquisition of subsidiaries	200.53	(67.73)
Net cash used in investing activities	(31,472.35)	(44,386.68)
C. Cash flow from financing activities :		
Increase in securities premium account	32.10	-
Proceeds from long term borrowings	27,839.20	38,203.12
Repayment of long term borrowings	(7,124.25)	(6,736.85)
Short term borrowings (net)	8,258.97	(1,021.26)
Interest paid	(5,970.69)	(5,874.33)
Dividend & dividend tax paid	(1,249.17)	(1,249.97)
Net cash from financing activities	21,786.16	23,230.71
Increase/(decrease) in cash and cash equivalents (A+B+C)	14,975.65	6,370.86
Cash and cash equivalents at the beginning of the year (as per note 19)	7,932.76	1,561.90
Cash and cash equivalents at the end of the year (as per note 19)	22,908.41	7,932.76
Increase/(decrease) in cash and cash equivalents	14,975.65	6,370.86

Consolidated Cash Flow Statement

for the year ended 31st March 2013 (contd..)

Notes:		
(a) Cash and cash equivalents include the following :		
Cash in hand	44.24	46.72
Balances with banks	22,910.40	7,931.47
Less : Unclaimed dividend	(46.23)	(45.43)
	22,908.41	7,932.76
(b) Previous year figures have been recast/restated wherever necessary.		
(c) Figures in brackets represent outflows.		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

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

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholetime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : 25th May, 2013

RAIPUR
DATED : 25th May, 2013

Notes to Consolidated Financial Statements

for the year ended 31st March 2013

Significant accounting policies:

1) Basis of consolidation

The Consolidated Financial Statements comprise individual financial statements of Sarda Energy & Minerals Limited ('the company'), its subsidiaries, jointly controlled entities and associates as on March 31, 2013. The Consolidated Financial Statements have been prepared on the following basis:

- i. The financial statements of the company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006. The assets and liabilities of foreign subsidiaries, being non-integral foreign operation, are translated at year end exchange rates and all other items in Statement of Profit and Loss are translated at average annual exchange rate. The resultant gains and losses are shown separately as Foreign Currency Translation Reserve under Reserves and Surplus.
- ii. The financial statements of jointly controlled entities have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies (Accounting Standard) Rules, 2006 using the proportionate consolidation method.
- iii. The group's investments in associates are accounted under the equity method and its share of pre-acquisition profits / losses is reflected as Capital Reserve / Goodwill in the carrying value of investments in accordance with Accounting Standard 23 on 'Accounting for Investments in Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006.
- iv. The financial statements of the subsidiaries, the jointly controlled entities and the associates used in the consolidation are drawn up to the same reporting date as that of the company i.e. March 31, 2013.
- v. The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the Consolidated Financial Statements as Goodwill/Capital Reserve as the case may be.
- vi. Minority interest in the net assets of the subsidiaries consists of the amount of equity attributable to minorities at the date on which investments are made in subsidiaries. Net profit for the year of the subsidiaries attributable to minorities is identified and adjusted against the profit of the group in order to arrive at the net profit attributable to the shareholders of the group.

2) Other significant accounting policies :-

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

3) Share capital

	31.03.2013		31.03.2012	
	No.	₹ in Lacs	No.	₹ in Lacs
Authorised				
Equity shares of ₹ 10/- each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	3,58,50,000	3,585.00	3,58,50,000	3,585.00
	3,58,50,000	3,585.00	3,58,50,000	3,585.00

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

	31.03.2013		31.03.2012	
	No.	₹ in Lacs	No.	₹ in Lacs
Shares outstanding at the beginning of the year	3,58,50,000	3,585.00	3,58,50,000	3,585.00
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,58,50,000	3,585.00	3,58,50,000	3,585.00

b Terms/rights attached to equity shares

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

During the year ended 31st March 2013, the amount of per share dividend proposed for distribution to equity shareholders is ₹ 3/- (P.Y. ₹ 3/-).

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

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

Name of Shareholder	31.03.2013		31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of ₹ 10/- each fully paid				
Chhatisgarh Investments Limited	1,04,90,657	29.26	1,04,90,657	29.26
Sarda Agriculture and Properties Pvt. Limited	26,35,150	7.35	26,35,150	7.35
Orange Mauritius Investments Limited	21,65,680	6.04	21,65,680	6.04
Infrastructure Development Finance Company Limited	18,42,105	5.14	18,42,105	5.14
Asia Minerals Limited	18,04,891	5.03	18,04,891	5.03

4) Reserves and surplus

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Capital reserve		
Balance as per last financial statements	391.68	459.41
Add/(less): adjustment during the year	200.52	(67.73)
Closing balance	592.20	391.68
Securities premium account		
Balance as per last financial statements	19,135.83	19,135.83
Add : adjustment during the year	32.10	-
Closing balance	19,167.93	19,135.83
Debenture redemption reserve		
Balance as per last financial statements	1,250.00	625.00
Add : transfer from surplus balance in statement of profit & loss	625.00	625.00
Closing balance	1,875.00	1,250.00

Employee stock option outstanding		
Balance as per last financial statements	-	-
Add: compensation for options granted during the year	14.00	-
Less: deferred employees stock compensation	(11.16)	-
	2.84	-
General reserve		
Balance as per last financial statements	11,057.75	9,557.75
Add: Transfer from surplus balance in Statement of Profit & Loss	1,500.00	1,500.00
Closing balance	12,557.75	11,057.75
Foreign currency translation reserve	687.39	629.75
Surplus in the statement of profit and loss		
Balance as per last financial statements	53,889.48	47,299.61
Add : adjustment during year	180.00	-
Add : profit for the year	16,151.91	8,714.87
<u>Less: appropriations</u>		
Equity dividend	(1,075.50)	-
Tax on proposed equity dividend	(174.48)	-
Transfer to debenture redemption reserve	(625.00)	(625.00)
Transfer to general reserve	(1,500.00)	(1,500.00)
Closing balance	66,846.41	53,889.48
	Total	1,01,729.52
		86,354.49

5) Long term borrowings

	Non-Current portion		Current Maturities	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Bonds/debentures (secured)				
1,250 (1,250) 9.55 % Redeemable non-convertible debentures of ₹ 10/- Lacs each	12,500.00	12,500.00	-	-
Term loans (secured)				
<u>From banks</u>				
Indian rupee loan	24,840.99	10,798.88	3,091.11	948.57
Foreign currency loan	9,524.55	19,458.80	9,964.55	5,842.66
<u>From other parties</u>				
Indian rupee loan from financial institutions	43,437.44	36,477.00	4,425.34	-
Hire purchase loans	-	-	19.88	-
	90,302.98	79,234.68	17,500.88	6,791.23
Deferred payment liabilities				
Deferred sales tax loan (unsecured)	940.97	1,319.26	378.28	268.25
Loans & advances (unsecured)				
<u>From related parties</u>	1.24	34.85	-	-
Total	91,245.19	80,588.79	17,879.16	7,059.48

Terms of repayment

SEML-

- The non-convertible debentures are redeemable in three equal annual installments commencing from July, 2015. The company has an option to redeem these debentures earlier; however, no redemption will take place before the end of 3rd year from the date of allotment.
- External commercial borrowings availed in foreign currencies are payable in 5 annual installments (First three Installments are 1/6th of the loan amount and remaining 2 installments are 1/4th of the loan amount). First three installments have already been paid.

- c) Rupee term loan from a financial institution is payable in 12 equal quarterly installments commencing from September, 2013.
- d) Rupee term loan of ₹ 2,504.00 Lacs from bank is repayable in 11 quarterly installments starting from September, 2013 quarter. During the financial year 2013-14, 3 equal installments comprising 10% of the loan amount will be repaid, in 2014-15, 4 equal installments comprising 20% of the loan amount will be repaid and in financial year 2015-16, 4 equal installments comprising 70% of the loan amount will be repaid.
- e) Rupee term loan of ₹ 1,000 Lacs from Bank is payable in 3 equal monthly installments starting from March, 2014.
- f) Hire purchase loan of ₹ 41.93 Lacs from Bank is payable in 34 equal installments of ₹ 1.94 Lacs starting from June, 2012.
- g) Deferred sales tax loan is interest free and payable at the end of fifth year from the end of the financial year of accrual.

PPL-

The term loan from Union Bank of India is payable in 28 quarterly instalments from October, 2007.

The term loan from IDFC Ltd. is payable in 32 quarterly instalments starting from May, 2008.

MBPCL-

The term loan is repayable in 42 equal quarterly installments on 15th of every April, July, October, and January, commencing on the first standard due date after 48 months from the date of first disbursement to the project or the first repayment date falling 6 months after commencement of COD, whichever is earlier.

Security

SEML-

The non-convertible debentures are secured by a registered mortgage of an immovable property of the company situated at Ahmedabad.

Term loans from bank, working capital term loan from bank, financial institution, external commercial borrowing and debentures are secured by first pari-passu charge by way of hypothecation of entire movable and immovable assets of the company situated at Industrial Growth Centre, Siltara, Raipur subject to prior charge on current assets in favour of working capital bankers and by way of joint equitable mortgage of immovable properties of the company situated at Industrial Growth Centre, Siltara.

Besides this, the term loan from bank, working capital term loan from bank and non convertible debentures are also secured by unconditional and irrevocable personal guarantees of Mr. K. K. Sarda & Mr. Manish Sarda.

Hire purchase loans from bank is secured by hypothecation of related vehicles.

SMAL-

1. Pari-passu first charge by way of registered mortgage of the office located at Kalomboli, Navi Mumbai, Equitable Mortgage of the immovable property of the company situated at APIIC Industrial Park at Kantakapalli village, Pari-Passu first charge on the moveable properties and assets of the company and pari-pasu second charge on the current assets of the company in favour of Axis Trustee Services Limited appointed as security trustee by the Lenders. Buyers' Credit are secured against letter of undertaking issued by banks.
2. Pledge of 51% of Shares held in the company by the holding company Sarda Energy & Minerals Limited in favour of Axis Trustee Services Limited appointed as security trustee by the lenders.
3. Corporate guarantee of the holding company Sarda Energy & Minerals Limited.
4. Personal guarantee of director Mr. K. K. Sarda.

PPL-

The loan is secured by hypothecation of company's movable assets (present & future) and equitable mortgage on the immovable assets of the company both ranking pari-passu and also secured by pledge of equity shares of the company

held by all the shareholders of the company. These term loans are further secured by personal guarantee of a director of the company.

MBPCL-

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

6) Deferred tax liabilities

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Deferred tax liabilities at the beginning of the year	5,002.38	3,613.28
Deferred tax liabilities during the year on account of timing difference	(470.58)	1,389.10
Deferred tax liabilities at the end of the year	4,531.80	5,002.38

7) Other long term liabilities

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Creditors for capital goods	2,732.49	-
Others		
Security deposit received		
Deposits from vendors	668.90	7,055.67
Deposit from employees	52.22	28.09
Other payables	16.20	13.24
Total	3,469.81	7,097.00

8) Long term provisions

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Provision for employee benefits		
Leave encashment / Gratuity	204.88	150.82
Other provisions		
Statutory liabilities	732.95	703.75
Mines restoration expenses	98.97	-
OB reserve	166.12	-
Total	1,202.92	854.57

9) Short term borrowings

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Loans repayable on demand (secured)		
From banks		
Hire purchase loan	-	1.83
Short term loans	16,799.10	7,388.56
Working capital loans	6,824.15	6,793.83
Working capital buyers credit loans	7,556.79	3,416.66
Total	31,180.04	17,600.88

Loans repayable on demand (unsecured)		
<u>From banks</u>		
Short term loans	2,000.00	6,999.98
From related parties	29.68	50.97
Other loans and advances (unsecured)		
Advances from customers	359.48	672.88
	2,389.16	7,723.83
Total	33,569.20	25,324.71

Security

SEML-

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

SEMHKL-

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

10) Other current liabilities

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Current maturities of long-term debt (refer note no. 5)	17,879.16	7,059.48
Interest accrued but not due on borrowings	890.31	694.93
Unpaid dividends	46.23	45.43
<u>Other payables</u>		
Indirect taxes payable	106.42	836.53
TDS payable	209.63	348.88
Salary & reimbursements	972.83	828.87
Deposits from vendors	35.32	32.00
Expenses payable	627.96	330.47
INR payable to bank in forex	(0.40)	-
Total	20,767.46	10,176.59

11) Short term provisions

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Provision for employee benefits		
Leave encashment / Gratuity	23.99	3.48
Others		
Provision for expenses	681.06	488.32
Total	705.05	491.80

12) Fixed assets

Tangible fixed assets

(₹ in Lacs)

Particulars	Gross Block			Depreciation			Net Block		
	As on 01.04.2012	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2013	Up to 01.04.2012	Depreciation for the year	Transfer / Adjustment	As on 31.03.2013	As on 31.03.2012
Freehold land	6,262.96	270.72	26.08	6,507.60	-	-	-	6,507.60	6,262.96
Leasehold land	1,525.40	40.76	-	1,566.16	34.66	10.68	45.34	1,520.82	1,490.74
Building	15,830.57	12,869.22	90.07	28,609.72	2,599.46	555.29	2.67	25,457.64	13,231.11
Plant & machinery	79,938.82	56,033.35	192.12	1,35,780.05	26,521.96	5,850.11	42.89	1,03,450.87	53,416.88
Furniture, fixture & equipment	1,162.34	261.70	0.18	1,423.86	619.33	121.76	(1.36)	681.41	543.01
Vehicles	976.96	246.91	136.45	1,087.42	505.80	148.47	109.25	542.40	471.16
Total	1,05,697.05	69,722.66	444.90	1,74,974.81	30,281.21	6,686.31	153.45	1,38,160.74	75,415.86
Depreciation taken to preoperative expenses						19.24			
Net depreciation during the year						6,667.07			
Previous year	95,812.29	10,620.05	735.29	1,05,697.05	24,371.98	6,339.95	430.72	75,415.86	71,440.32
Capital work in progress (including capital stock)				25,982.76				25,982.76	61,024.55

Intangible fixed assets

(₹ in Lacs)

Particulars	Gross Block			Depreciation			Net Block		
	As on 01.04.2012	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2013	Up to 01.04.2012	Depreciation for the year	Transfer / Adjustment	As on 31.03.2013	As on 31.03.2012
Goodwill	-	234.73	-	234.73	-	-	-	234.73	-
Computer Software	228.46	52.77	-	281.23	160.12	48.69	-	208.81	68.34
Minig Rights & Development	4,885.82	-	-	4,885.82	392.85	190.67	-	583.52	4,492.98
Rights to use land	3.67	-	-	3.67	-	-	-	3.67	3.67
Total	5,117.95	287.50	-	5,405.45	552.97	239.36	-	792.33	4,613.12
Previous year	3,840.91	22.08	1,254.96	5,117.95	315.09	236.55	1.33	552.97	3,525.82
Intangible assets under development				283.60				283.60	253.94

13) Non current investments

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Trade investments		
Investment in equity instruments at cost (unquoted)		
Fully paid up with face value of ₹ 10/- each unless otherwise specified		
<u>In associates</u>		
Nil (P.Y. 4,000) Equity Shares of Chhattisgarh Bricks Pvt. Ltd.	-	0.40
5,000 (P.Y. 5,000) Equity shares of Natural Resources Energy Pvt. Ltd.	0.50	0.39
<u>In other companies</u>		
4,85,000 (P.Y. 4,85,000) Equity shares of Chhattisgarh Ispat Bhumi Ltd.	48.50	48.50
Non trade investment		
Investment in government or trust securities		
Investment in NSC	0.50	-
Total	49.50	49.29

14) Long term loans and advances

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Capital advances		
Unsecured, considered good	15,739.69	18,829.56
Security deposits		
Unsecured, considered good	756.17	581.00
Other loans and advances		
Unsecured, considered good		
MAT credit entitlement	1,591.69	2,641.69
Advance income tax (net of provision)	993.50	20.22
Advance stripping expenses	-	259.14
Prepaid expenses	59.88	69.90
Other advances	901.36	1,007.64
Total	20,042.29	23,409.15

15) Other non current assets

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Others		
Unsecured, considered good		
Unamortised expenses	74.31	1,241.87
Margin money deposit	210.05	-
Total	284.36	1,241.87

16) Current investments

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Investment in equity instruments (quoted)		
(valued at lower of cost and market value)		
<u>In other companies</u>		
32,813 (P.Y. 32,813) Equity shares of Abhishek Mills Ltd.	32.81	32.81
3,688 (P.Y. 3,688) Equity shares of Indian Metals & Ferro Alloys Ltd.	1.84	1.84
12,400 (P.Y. 12,400) Equity shares of Mangalam Cement Ltd.	24.47	24.47
Less: provision for diminution in the value of investments	32.90	27.93
	26.22	31.19
Investment in debentures / bonds (quoted)	13,819.85	14,549.22
(Valued at lower of cost and market value)		
Less : provision for diminution in the value of investments	927.33	1,394.71
Total	12,892.52	13,154.51
Investments in mutual funds		
27.314 units (P.Y. 27.314 units) of Birla Sun Life Mutual Fund	0.05	0.05
NIL Units (P.Y. 1,63,592.43 Units) of ICICI Mutual Fund	-	20.04
8,725.447 Units (P.Y. 8,737.157 Units) of UTI Mutual Fund	40.00	40.16
49,990 units (P.Y. NIL) of KBC Mutual Fund	5.00	-
	45.05	60.25
Total	12,963.79	13,245.95
Aggregate amount of quoted investments	13,878.97	14,608.34
Aggregate market value of quoted investments	12,918.74	13,185.69

17) Inventories

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
(valued at lower of cost and net realisable value)		
Raw materials and components	9,898.78	7,039.39
Finished / Semi finished goods	12,202.86	13,675.50
Stock-in-trade	33.67	152.18
Stores and spares	2,614.64	1,857.16
Material in transit	0.82	-
Total	24,750.77	22,724.23

18) Trade receivables

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,374.50	266.29
Unsecured, considered doubtful	276.50	349.33
Less: provision for doubtful debts	276.50	349.33
Total	1,374.50	266.29

Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	6,288.12	4,090.10
	6,288.12	4,090.10
Total	7,662.62	4,356.39

19) Cash and bank balances

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Balances with banks		
In current accounts	22,641.79	1,891.27
In fixed deposit	222.38	5,994.77
In unpaid dividend	46.23	45.43
Cash in hand	44.24	46.72
Total	22,954.64	7,978.19

20) Short term loans and advances

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
<u>Loans and advances to related parties (Refer note no.35)</u>		
Unsecured, considered good	335.51	147.26
	335.51	147.26
<u>Others</u>		
Unsecured, considered good		
Earnest money deposit	42.67	76.42
Advances to employees	99.66	97.45
Advances to vendors	5,126.03	4,176.21
Claims & recoverables	676.18	787.02
Loans & advances to others	8,156.36	8,524.30
Advance royalty paid	91.10	327.53
Prepaid expenses	260.91	419.11
Balances with tax authorities	5,709.53	4,718.64
Doubtful advances to vendors	89.53	75.99
Less:provision for doubtful advances	89.53	75.99
	20,162.44	19,126.68
Total	20,497.95	19,273.94

21) Other current assets

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Employees gratuity scheme	38.58	-
INR receivable from bank in forex	242.48	44.77
LC negotiation charges receivable	0.34	-
Unamortised expenses	53.60	55.16
Total	335.00	99.93

22) Revenue from operations (Gross)

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Sale of products		
Sponge iron	34,782.35	33,911.01
Ferro alloys	36,952.91	35,644.45
Steel billets	7,394.87	8,291.05
Wire rod / HB wire	36,848.82	29,950.21
Pellet	18,841.14	4,254.55
Others	17,902.65	6,532.28
Other operating revenues	1,814.39	1,890.37
Total	1,54,537.13	1,20,473.92

23) Other income

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Interest income	2,201.32	3,727.89
Dividend income		
From others	5.10	30.46
Net gain on sale of investments	1,754.94	625.18
Other non-operating income (net of expenses directly attributable to such income)	908.63	348.72
Total	4,869.99	4,732.25

24) Cost of raw material consumed

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Iron ore	36,865.18	26,140.01
Manganese ore	14,147.52	15,344.46
Coal	16,578.50	15,090.04
Scrap	5,616.17	5,092.42
Other material	3,364.52	1,210.47
Total	76,571.89	62,877.40

24.1) Raw material consumption

	2012-13		2011-12	
	₹ in Lacs	%	₹ in Lacs	%
Raw material -indigenous consumption	58,296.68	76.13%	50,043.60	79.59%
Raw material -imported consumption	18,275.21	23.87%	12,833.80	20.41%
Total	76,571.89	100.00%	62,877.40	100.00%

25) Changes in inventories of finished goods, semi-finished goods and stock-in-trade

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Inventories at the end of the year		
Finished goods / semi-finished goods	12,202.86	13,675.50
Trading goods	33.67	152.18
Total	12,236.53	13,827.68

Inventories at the beginning of the year		
Finished goods / semi-finished goods	13,675.50	13,786.44
Trading goods	152.18	-
	13,827.68	13,786.44
Increase/(decrease) in inventories	(1,591.15)	41.24

26) Employee benefit expense

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Salaries, incentives & managerial remuneration	4,755.08	3,790.49
Contributions to -		
Provident fund	228.11	206.39
Superannuation scheme	9.64	9.73
Gratuity fund	66.84	29.37
Staff welfare expenses	110.05	108.42
Total	5,169.72	4,144.40

27) Finance costs

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Interest expense	5,645.09	5,119.85
Other borrowing costs	263.15	225.61
Amortisation of ancilliary borrowing costs	55.09	45.26
Exchange differences to the extent considered as an adjustment to borrowing costs	924.38	1,765.95
Total	6,887.71	7,156.67

28) Depreciation and amortisation

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Depreciation of tangible assets	6,667.07	6,299.38
Amortisation of intangible assets	239.36	236.51
Total	6,906.43	6,535.89

29) Other expenses

	31.03.2013	31.03.2012
	₹ in Lacs	₹ in Lacs
Stores & spares consumption	7,564.05	6,610.90
Power & fuel	1,549.91	1,405.03
Manufacturing expenses		
Plant process & services	1,026.18	918.29
Material handling expenses	2,621.43	1,871.84
Other manufacturing expenses	3,992.27	4,299.07
Increase/ (decrease) of excise duty on inventory	(227.34)	185.02
Mining expenses	3,312.79	2,371.21
Repairs & maintenance		
Building	139.45	141.24
Plant & machinery	837.07	646.02

Others	275.28	267.61
Rent	134.47	137.88
Rates & taxes	2,329.63	1,502.37
Insurance charges	87.76	106.00
Miscellaneous expenses		
Travelling & conveyance expenses	448.19	378.93
Legal & professional expenses	400.51	519.96
Administrative and other expenses	664.40	604.95
Selling expenses		
Carriage outward	854.42	890.57
Selling commission & brokerage	336.32	228.80
Other selling expenses	236.23	310.87
Exchange differences (net)	790.57	774.76
Payment to auditors	29.68	32.40
Provision for diminution in value of current investment	4.97	1,422.64
Total	27,408.24	25,626.36

29.1) Stores & spares consumption

	2012-13		2011-12	
	₹ in Lacs	%	₹ in Lacs	%
Stores & Spares -Indigenous consumption	6,769.13	89.49%	5,988.23	90.58%
Stores & Spares -Imported consumption	794.92	10.51%	622.67	9.42%
Total	7,564.05	100.00%	6,610.90	100.00%

30) Earnings per share (EPS)

	2012-13	2011-12
Net profit after tax as per statement of profit & loss attributable to equity shareholders (₹ in Lacs)	16,151.91	8,714.87
Nominal value of equity shares (₹)	10	10
Weighted average number of equity shares used as denominator for calculating EPS	3,58,50,000	3,58,50,000
Basic and diluted earnings per share (₹)	45.05	24.31

31) Segment reporting

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

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

A) Business segment primary

(₹ in Lacs)

Particulars	2012-2013			2011-2012		
	Steel	Ferro	Total	Steel	Ferro	Total
Revenue						
Sales & other income	93,809.56	41,042.65	1,34,852.21	70,011.92	35,298.87	1,05,310.79
Inter segment sales	-	475.94	475.94	-	520.81	520.81
Others unallocated			5,670.27			5,514.13
Total revenue	93,809.56	41,518.59	1,40,998.42	70,011.92	35,819.68	1,11,345.73

Result						
Segment result	16,505.10	7,580.81	24,085.90	12,751.09	3,203.75	15,954.84
Unallocated expenses net off unallocated income			3,647.78			(170.48)
Operating profit			27,733.68			15,784.36
Interest & forex fluctuation loss (net)			(7,678.28)			(7,931.43)
Profit before tax & extraordinary item			20,055.40			7,852.93
Add: extra ordinary item			-			-
<u>Provision for taxation</u>						
For current year			(4,273.65)			(2,158.86)
For deferred taxation			470.58			(1,388.85)
MAT credit entitlement			(14.36)			4,507.28
Share of loss of associates						
Others unallocated			-			(0.11)
Minority interest						
Others unallocated			(86.06)			(97.52)
Profit after taxation			16,151.91			8,714.87
Other information						
Segment assets	80,040.73	40,511.85	1,20,552.58	80,633.98	32,261.58	1,12,895.56
Unallocated assets			1,54,117.45			83,639.11
Total assets			2,74,670.03			1,96,534.67
Segment liabilities	4,670.35	8,508.65	13,179.00	4,167.28	13,423.41	17,590.69
Unallocated liabilities			12,296.40			5,728.88
Total liabilities			25,475.40			23,319.57
Capital expenditure	2,220.87	21,978.29	24,199.16	5,577.93	11,451.67	17,029.61
Depreciation / amortisation	3,856.03	629.72	4,485.75	3,544.01	533.58	4,077.60
Unallocated capital exp. & depreciation			12,774.51			33,358.58
Non-cash expenditure other than depreciation / (amortisation)			NIL			NIL

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

Name of Subsidiaries	Country of Origin	Proportion of ownership interest as at 31 st March	
		2013	2012
Sarda Energy & Minerals Hongkong Limited	Hong Kong	100.00%	100.00%
Sarda Global Ventures Pte Limited	Singapore	100.00%	100.00%
Sarda Metals and Alloys Limited	India	100.00%	100.00%
Sarda Energy Limited	India	100.00%	100.00%
Chhattisgarh Hydro Power LLP	India	60.92%	60.92%
Parvatiya Power Limited	India	51.00%	51.00%
Madhya Bharat Power Corporation Limited	India	58.73%	58.48%
Shri Ram Electricity LLP	India	51.00%	51.00%
Sarda Hydro Power Private Limited	India	60.00%	60.00%
Raipur Fabritech Private Limited	India	52.38%	52.38%
Raipur Industrial Gases Private Limited	India	51.00%	51.00%

33) Interest in joint ventures

The financial statements of the following joint ventures have been considered in consolidation:-

Name of Joint ventures	Proportion of ownership interest as at 31 st March	
	2013	2012
Raipur Infrastructure Company Limited	33.33%	33.33%
Madanpur South Coal Company Limited	20.63%	20.63%

The above joint venture companies are incorporated in India. The group's share of the assets and liabilities as on 31st March, 2013 and income and expenses for the year ended on that date are given below which are based on audited figures of the joint venture companies.

(₹ in Lacs)

Particulars	As at 31 st March	
	2013	2012
Assets		
Non current assets	610.62	600.14
Current assets	204.46	163.35
Total	815.08	763.49
Liabilities		
Non current liabilities	7.43	7.48
Current liabilities	1.16	8.64
Total	8.59	16.12
Income	112.47	105.73
Expenses	44.70	36.94
Contingent liabilities	899.88	899.88
Capital commitments	7.29	7.08

34) Investments in associates

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

Name of Associates	Proportion of ownership interest as at 31 st March	
	2013	2012
Chhattisgarh Bricks Private Limited (Associate up to 14.12.2012)	----	40%
Natural Resources Energy Private Limited	50%	50%

35) Related party disclosure

a) Names of related parties and description of relationship

S.No.	Description of Relationship	Names of Related Parties
1	Related enterprises where significant influence exists	Sarda Agriculture & Properties Private Limited R.R. Sarda & Company
2	Key management personnel	Binod Goswami Ghanshyam Das Mundra Gopal Krishna Chhanghani Kamal Kishore Sarda Manish Sarda Neeraj Sarda Pankaj Sarda Sheen Agrawal Uma Sarda
3	Relative of key management personnel	Shakuntala Devi Sarda Sonal Sarda Veena Sarda
4	Associates	Chhatisgarh Investments Limited

b) Material transactions with related parties

(₹ in Lacs)

Particulars	Related Enterprises where significant influence exists		Key Management Personnel	Relatives of Key Management Personnel
	Associates			
Remuneration			487.03 (352.54)	6.61 (5.32)
Rent paid	65.80 (52.08)	9.60 (9.60)	1.80 (1.80)	11.04 (10.20)
Loans granted	16,046.73 (18,380.21)			
Loans received back	19,918.06 (16,065.87)			
Loans taken	487.50 (3,308.67)	959.52 (--)		
Loans repaid	487.50 (3,317.26)	959.52 (--)		
Interest paid		19.95 (--)		
Interest received	906.30 (1,160.43)			
Sale of goods	0.70 (--)			
<u>Outstanding as on 31st March</u>				
Receivables			12.08 (9.64)	
Loans receivables	4,383.50 (7,495.68)			
Loans payables				
Payables			195.73 (178.43)	

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

36) Capital and other commitments

- a) Estimated amount of contracts remaining to be executed on capital account, net of advances given ₹ 15,396 Lacs (PY ₹ 35,075 Lacs).
- b) Group's total future minimum lease payment under non cancellable operating lease of premises is NIL (PY ₹ 5.85 Lacs)

37) Proposed dividend

Board of Directors have recommended dividend of ₹ 3/- (P.Y. ₹ 3/-) per share for equity share of ₹ 10/- each totaling ₹ 1,075.50 Lacs (P.Y. ₹ 1,075.50 Lacs) for the period ended March 31, 2013. Tax on proposed dividend will be ₹ 182.78 Lacs (P.Y. ₹ 174.48 Lacs).

38) Contingent liabilities

(₹ in Lacs)

Particulars	31.03.2013	31.03.2012
Guarantees given by group's bankers	1,493.99	770.43
Share of guarantees given by the jointly controlled entity	900.00	900.00
Guarantees given to DGFT on behalf of wholly owned subsidiary for meeting export obligation	98.88	98.88
Guarantees given to Asst Commissioner of Custom on behalf of wholly owned subsidiary	300.71	299.21
Penal Interest for non creation of securities for rupee term loan from IDFC	391.86	65.43
Corporate guarantee given to Axis Bank Ltd. for disbursement of term loan to Sarda Metals & Alloys Ltd., wholly owned subsidiary of the company	6,412.00	NIL
Bills discounted with the group's bankers under letters of credit	3,778.28	1,625.77
Claim against the group not acknowledged as debt & disputed in appeal	4,576.94	1,504.59
Excise duty & Service tax demand	388.92	353.90
VAT, CST & Entry tax	138.55	200.20
Income tax	3,498.27	3,986.14
Energy development cess	2,913.60	2,189.80

- i) Guarantee (equal to group's share in joint venture) given by the group to IDBI Bank Limited against guarantee issued by the bank in favour of Government of India on behalf of Madanpur South Coal Company Limited (the joint venture company for coal mining) ₹ 900.00 Lacs (PY ₹ 900.00 Lacs).
- ii) Guarantee given to Director General of Foreign Trade ₹ 98.88 Lacs (PY ₹ 98.88 Lacs) and Asst. Commissioner of Customs ₹ 300.71 Lacs (PY ₹ 299.21 Lacs) on behalf of Sarda Metals & Alloys Limited, wholly owned subsidiary of the group for fulfillment of export obligation against import of capital goods under "Export promotion Capital Goods Scheme".
- iii) Excise duty & Service tax
- a) Excise duty demand of ₹ 20.56 Lacs (PY ₹ 20.56 Lacs) raised on account of cenvat credit availed, which the group has disputed in High Court.
- b) Excise duty demand of ₹ 166.25 Lacs (PY ₹ 165.38 Lacs) raised on account of cenvat credit availed which the group has disputed and has filed appeal before the Customs Excise & Service Tax Appellate Tribunal (CESTAT).
- c) Excise duty demand of ₹ 111.17 Lacs (PY ₹ 97.87 Lacs) raised on account of cenvat credit availed which the department has disputed and has filed appeal before the CESTAT.

- d) Demand has been raised for ₹ 6.97 Lacs (PY ₹ 6.97 Lacs) on account of duty on VAT collected by the group against which the group has filed an appeal before the CESTAT.
- e) Demand has been raised for ₹ 6.66 Lacs (PY ₹ 6.96 Lacs) on account of duty on sale of waste and scrap by the group. The case has been decided in favour of the group by Commissioner of Central Excise (Appeals) (CCE(A)). The Central Excise department has filed appeal before the CESTAT against decision of the CCE(A).
- f) Excise duty demand of ₹ 38.60 Lacs (PY ₹ 10.10 Lacs) raised on account of cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- g) Excise duty demand of ₹ 7.62 Lacs (PY ₹ 7.62 Lacs) raised on account of cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- h) Service tax demand of ₹ 31.09 Lacs (PY ₹ 38.44 Lacs) raised on account of service tax on foreign services availed, which the group has disputed and has filed appeal before the CESTAT.
- i) Value added tax/Central sales tax/Entry tax
Value added tax/Central sales tax/Entry tax demand of ₹ 138.55 Lacs (PY ₹ 200.20 Lacs) are pending in appeal against assessment of various years.
- ii) Income tax
₹ 1,216.34 Lacs (P.Y. ₹ 1,896.34 Lacs) for the Assessment Year 2008-09 and ₹ 2,080.80 Lacs (P.Y. ₹ 2,080.80 Lacs) for the Assessment year 2009-10 and ₹ 201.13 Lacs (P.Y. NIL) for the Assessment Year 2010-11 on account of partial disallowance of deduction claimed under Section 80IA of the Income Tax Act, 1961, disputing the transfer pricing of power captively consumed by other divisions. For Assessment year 2009-10 and 2010-11, the group has filed appeals before CIT (Appeals) and for Assessment year 2008-09 the appeal is pending before ITAT. The CIT (Appeals) has decided the similar issue in favour of the group for the Assessment Year 2007-08. This issue has also been decided in favour of the group by the Income Tax Appellate Tribunal for earlier Assessment years.
- iii) Energy Development Cess of ₹ 2,913.60 Lacs (PY ₹ 2,189.80 Lacs) net of amount deposited ₹ 294.34 Lacs (PY ₹ 294.34 Lacs) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to March 2013. The Honorable High Court of Chhattisgarh has held the levy of cess as unconstitutional vide its order dated 20th June 2008. The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.

39) Provision for contingencies - NIL

40) Derivative instruments and unhedged foreign currency exposure

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

Particulars	Purpose	31.03.2013		31.03.2012	
		USD in Lacs	INR in Lacs	USD in Lacs	INR in Lacs
Forward contract to purchase USD	To hedge foreign currency term loan	21.81	1,200.00	NIL	NIL

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

(in Lacs)

Particulars	Currency	31.03.2013		31.03.2012	
		Foreign Currency in Lacs	INR in Lacs	Foreign Currency in Lacs	INR in Lacs
ECB & other bank loans	USD	596.73	32,390.24	467.18	23,765.45
ECB	JPY	5,350.00	3,090.70	7,133.33	4,379.15
Trade & other payable	EURO	17.81	1,237.75	18.62	1,262.01
Trade & other payable	USD	292.66	15,885.38	273.99	13,937.87
Investment held for trading	USD	246.20	13,363.51	252.54	12,846.81
Trade & other receivables	USD	104.99	5,698.71	11.50	584.84
Cash & cash equivalents	EURO	---	---	5.12	346.70
Cash & cash equivalents	USD	310.09	16,831.89	13.55	689.15

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

SIGNATURE TO NOTES "1" TO "41"

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

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

MANISH JAIN
Partner
Membership No. 118548

K. K. SARDA
Chairman &
Managing Director

PANKAJ SARDA
Wholtime Director

P. K. JAIN
CFO & Company Secretary

RAIPUR
DATED : 25th May, 2013

RAIPUR
DATED : 25th May, 2013

corporate information

Board of Directors

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

Chief Financial Officer – cum - Company Secretary

Mr. P. K. Jain

Auditors

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

Bankers

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

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Hong Kong

Singapore Office

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Singapore – 048695

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