

OPSinghania & Co.

CHARTERED ACCOUNTANTS
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Independent Auditor's Report To the Members of Natural Resources Energy Private Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Natural Resources Energy Private Limited** ("the Company") which comprise the balance sheet as at 31st March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Company's preparation of the 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2015;
- (ii) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

Note 12 in the financial statements which indicate that the Company has charged off the preoperative expenses and has incurred accumulated losses which eroded its net worth, the Company has incurred a net loss of Rs.5.08 lacs during the current year. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as 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;

- d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. The going concern matter described in sub-paragraph under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **OPSinghania & Co.**
(ICAI Firm Regn. No.002172C)
Chartered Accountants

Sanjay Singhania
Partner
Membership No.076961

Raipur, 22nd May, 2015

Re: NATURAL RESOURCES ENERGY PRIVATE LIMITED

Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date,

- (i) As the Company does not have any fixed assets therefore, the provisions of clause 3 (i) (a) & (b) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (ii) As the Company does not have any inventories, therefore, the provisions of clause 3 (ii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (iii) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the companies Act, 2013 during the year, therefore, the provisions of (iii) (a) & (b) of clause 3 of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (iv) In our opinion and according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of fixed assets and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) In our opinion and according to the information and explanations given to us, the company has not taken any deposits from public; therefore the provisions of clause 3 (v) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (vi) According to the information and explanations given to us, the company has not started any commercial production, therefore, the provisions of clause 3(vi) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (vii)
 - (a) According to the information & explanations given to us, during the year the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information & explanations given to us, no undisputed amounts of statutory dues as stated above were in arrears as at 31st March 2015 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
 - (c) According to the information and explanations given to us, there was no amount required to be transferred to investor education and protection fund during the year in accordance with the relevant provisions of the Companies Act, 2013.

- (viii) In our opinion and according to information and explanations given to us, the company is having accumulated losses during the year which is more than 50% of its net worth. Further, the company has incurred cash losses during the financial year covered by our audit and not applicable in immediately preceding financial year as no statement of profit and loss was prepared.
- (ix) According to the information and explanations given to us, the company has not taken any loans from banks or financial institutions; therefore, the provisions of clause 3(ix) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly the provisions of clause 3(x) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (xi) According to the information and explanations given to us, the company has not taken any term loans from banks or financial institutions; therefore, the provisions of clause 3(xi) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- (xii) In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year. Therefore, the provisions of clause (xii) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.

For OPSinghania & Co.

(ICAI Firm Regn. No.002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No.076961

Raipur, 22.05.2015

Natural Resources Energy Private Limited**Balance Sheet as at 31st March, 2015**

Particulars	Notes	2015 ₹	2014 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	100,000	100,000
Reserves and surplus	4	(530,202)	(21,786)
TOTAL		(430,202)	78,214
Current liabilities			
Other current liabilities	5	30,517,677	11,236
TOTAL		30,517,677	11,236
GRAND TOTAL		30,087,475	89,450
ASSETS			
Non-current assets			
Fixed Assets			
- Capital work-in-progress (pre-operative expenses pending allocation)		-	62,565
TOTAL		-	62,565
Current assets			
Cash & bank balances	6	29,765,704	26,885
Other Current Assets	7	321,771	-
TOTAL		30,087,475	26,885
GRAND TOTAL		30,087,475	89,450
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For OPSinghania & CO.

(Firm Reg. No.002172C)

Chartered Accountants

For and on behalf of the Board of Directors of

Natural Resources Energy Private Limited

Sanjay Singhania
Partner
Membership No.076961

V.T.Naidu
Director

Ravi Thakur Das Laddha
Director

Place : Raipur

Date : 22.05.2015

Natural Resources Energy Private Limited
Statement of Profit & Loss for the year ended 31st March, 2015

	Notes	2015 ₹	2014 ₹
INCOME			
Other Income	8	321,771	-
TOTAL INCOME (I)		321,771	-
EXPENDITURE			
Other Expenses	9	830,187	-
TOTAL EXPENDITURE (II)		830,187	-
Profit/(loss) before tax		(508,416)	-
Tax expenses		-	-
Current tax		-	-
Total tax expenses		-	-
Profit/(loss) for the year		(508,416)	-
Earnings per equity share [nominal value of share @ Rs.10/- (31st March, 2014" Rs.10]	10		
Basic		(50.84)	-
Diluted		(50.84)	-
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date
For OPSinghania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

For and on behalf of the Board of Directors of
Natural Resources Energy Private Limited

Sanjay Singhania
Partner
Membership No.076961

V.T.Naidu
Director

Ravi Thakur Das Laddha
Director

Place : Raipur
Date : 22.05.2015

Natural Resources Energy Private Limited
Cash Flow Statement For The Year Ended 31ST March, 2015

	Particulars	Year ended 31.03.2015 (Rupees)	Year ended 31.03.2014 (Rupees)
A.	<u>CASH FLOW FROM OPERATING ACTIVITIES :</u>		
	Net Profit Before Tax	(508,416)	-
	Add:-Preoperative expenses written off	62,585	
		(445,831)	-
	<u>Operating Profit before Working Capital changes</u>	(445,831)	-
	Adjustment for :		
	Other Current Liabilities	30,506,441	2,330
	Other Current Assets	(321,771)	-
	Cash generated from Operations	29,738,839	2,330
	<u>Net cash from Operating Activities</u>	29,738,839	2,330
B.	<u>CASH FLOW FROM INVESTING ACTIVITIES :</u>		
	Increase in Capital WIP	-	(8,355)
	<u>Net Cash used in Investing Activities</u>	-	(8,355)
C.	<u>CASH FLOW FROM FINANCING ACTIVITIES :</u>	-	-
	<u>Net Cash from financing Activities</u>	-	-
	<u>Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)</u>	29,738,839	(6,025)
	<u>CASH AND CASH EQUIVALENTS AS THE BEGINING (as per Note-'6')</u>	26,885	32,910
	<u>CASH AND CASH EQUIVALENTS AS AT CLOSING (as per Note-'6')</u>	29,765,704	26,885
	Increase/(decrease) in Cash and Cash equivalents	29,738,819	(6,025)

Notes:

(a) Cash and cash equivalent include the following :

Cash on Hand	250	250
Balance with Banks	29,765,454	26,635
	<u>29,765,704</u>	<u>26,885</u>

(b) Figures in brackets represent outflows.

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

As per our Report of even date
For OPSinghania & CO.
Chartered Accountants
(Firm Reg. No.002172C)

For and on behalf of the Board of Directors of
Natural Resources Energy Private Limited

Sanjay Singhania
PARTNER
Membership No.076961

V.T.Naidu
Director

Ravi Thakur Das Laddha
Director

Place : Raipur
Date : 22.05.2015

Natural Resources Energy Private Limited
Notes to financial statements for the year ended 31st March, 2015

1. Corporate information

Natural Resources Energy Private Limited is a Private Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is Subsidiary of Sarda Energy and Minerals Limited.

2. Basis of preparation

- i) The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.
- ii) The financial statements are prepared under the historical cost convention, on going concern concept and in compliance with the accounting standards as notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.
- iii) The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- iv) The accounting policies have been consistently applied by the Company and except for the changes in accounting policies discussed more fully below, if any, are consistent with those used in the previous year.

2.1 Summary of significant accounting policies**a) 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 amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the 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. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

b) Capital Work In Progress

The various expenditure incurred during the construction stage and upto the date of commencement of commercial production for setting-up the relevant project-assets are grouped under the head "Pre-operative Expenditure" and allocated to related fixed assets on pro-rata basis upon completion of project and put to use. In case of drop of the project the entire amount is to be charged to revenue.

c) Cash and Cash equivalents

Cash and Cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

d) Provision and Contingent Liabilities

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Liabilities which are material and whose future outcome cannot be reasonably ascertained are treated as contingent and not provided for and disclosed by way of notes to the accounts.

e) 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.

f) Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a right issue to existing shareholders.

Natural Resources Energy Private Limited
Notes to financial statements for the year ended 31st March, 2015

	2015 ₹	2014 ₹
3. Share capital		
Authorised 50000 (50000) Equity Share of ₹10/- each	500,000	500,000
	500,000	500,000
Issued, subscribed and fully paid-up 10000 (10000) Equity Shares of ₹10/- each fully paid-up	100,000	100,000

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

Equity shares

	2015		2014	
	No.	₹	No.	₹
At the beginning of the period	10,000	100,000	10,000	100,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	10,000	100,000	10,000	100,000

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of the 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. Shares of the company held by holding company

Out of the equity shares issued by the company, shares held by its holding company are as below:

	2015 ₹	2014 ₹
Equity shares of ₹10/- each fully paid 7155 nos. of shares held by Sarda Energy & Mineral Ltd.	71,550	-
	71,550	-

d. Details of shareholders holding more than 5% shares in the company:

	2015		2014	
	No.	% of holding in the class	No.	% of holding in the class
Equity shares of ₹10/- each fully paid				
Kamal Kishore Sarda	-	-	5000	50
Sarda Energy & Mineral Ltd.	7155	71.55	5000	50
Sarda Metal & Alloys Ltd.	2845	28.45	-	-
	10000	100	10000	100

Natural Resources Energy Private Limited
Notes to financial statements for the year ended 31st March, 2015

	2015	2014
	₹	₹
4. Reserves and Surplus		
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(21,786)	(21,786)
Profit/(Loss) for the year	<u>(508,416)</u>	-
Net surplus/(deficit) in the statement of profit and loss	<u>(530,202)</u>	<u>(21,786)</u>
Total reserves and surplus	<u>(530,202)</u>	<u>(21,786)</u>

	Current	
	2015	2014
	₹	₹
5 Other Current Liabilities		
Other liabilities		
Audit fees payable	5,618	-
Expenses payable	12,059	11,236
Deposit from Holding Company	<u>30,500,000</u>	-
	<u>30,517,677</u>	<u>11,236</u>

6 Cash and bank balances

	Current	
	2015	2014
	₹	₹
Cash and cash equivalents		
Cash in hand	250	250
Balances with banks:		
On current accounts	<u>155,372</u>	<u>26,635</u>
	<u>155,622</u>	<u>26,885</u>
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	<u>29,610,082</u>	-
	<u>29,610,082</u>	-
	<u>29,765,704</u>	<u>26,885</u>

Note - The deposit aggregating to Rs.296.10 lacs has been pledged with bank against Bank Guarantee given in favour of Nominated Authority, Ministry of Coal Government of India, New Delhi for bidding for Gare Palma IV/8 Coal Mines

	2015	2014
	₹	₹
7 Other Current Assets		
Accrued Interest on Fixed Deposits	<u>321,771</u>	-
	<u>321,771</u>	-

	2015	2014
	₹	₹
8 Other Income		
Interest on Fixed Deposits with banks	<u>321,771</u>	-
	<u>321,771</u>	-

	2015	2014
	₹	₹
9 Other Expenses		
Bank Charges	249,945	-
License Fees	500,000	-
Filing Fees	4,499	-
Printing and Stationary	7,560	-
Payment to Auditor (Refer details below)	5,618	-
Pre-operative expenses written off (refer note-12)	<u>62,565</u>	-
	<u>830,187</u>	-

	2015	2014
	₹	₹
Payment to Auditor		
As auditor :		
Audit fee	<u>5,618</u>	-
	<u>5,618</u>	-

Natural Resources Energy Private Limited
Notes to financial statements for the year ended 31st March, 2015

10 Earnings per share (EPS)

	2015	2014
	₹	₹
Net profit/(Loss) as per statement of profit and loss	(508,416)	-
Net profit/(Loss) for calculation of basic EPS & Diluted EPS	(508,416)	-
Weighted average number of equity shares in calculating Basic EPS	10,000	10,000
Weighted average number of equity shares in calculating Diluted EPS	10,000	10,000
Basic & Diluted EPS		
- Basic earning per share	(50.84)	-
- Diluted earning per share	(50.84)	-

11 During the year the Company has given Bank Guarantee of Rs.2,96,10,082/- in favour of Nominated Authority, Ministry of Coal Government of India, New Delhi for bidding for Gare Palma IV/8 Coal Mines

12 During the year the company has charged off the pre-operative expenses incurred till 31.03.2014 to the tune of Rs.0.63 lac as the project has been dropped.

13 As there is no timing difference, deferred tax asset/liability has not been provided for in the books of account.

14 There is no Import, no earning in foreign currency and no expenditure in foreign currency during the year.

15 Information on Related Party as required by Accounting Standard-18, "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, are given below :

Related Parties

Holding

Sarda Energy & Minerals Ltd.

Key Management Personnel

Ravi Thakur Das Laddha

V.T. Naidu

	2015	2014
	₹	₹
Transaction with Related Parties in the ordinary course of business		
Holding Company		
Deposit received	31,000,000	-
Deposit repaid	500,000	-
Outstanding at the end of the year		
Deposit	30,500,000	-

16 Previous year figures have been regrouped and rearranged wherever necessary.

For OPSinghania & Co.
(Firm Regn.No.002172C)
Chartered Accountants,

For and on behalf of the Board of Directors of
Natural Resources Energy Private Limited

Sanjay Singhania
Partner
Membership No.076961

V. T. Naidu
Director

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Director

Place : Raipur
Date : 22.05.2015