

**To
The Members
Sarda Energy Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **Sarda Energy Limited** which comprise the Balance Sheet as at March 31, 2013, 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. 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 misstatement.

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 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 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 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 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 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 and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - 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 Companies Act, 1956.
 - 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 Companies Act, 1956 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 Begani & Begani
Chartered Accountants
(FRN:010779C)**

**VIVEK BEGANI
(PARTNER)
M. No.:403743**

**Place: RAIPUR (C.G.)
Date: 25.04.2013**

ANNEXURE TO AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF
OUR REPORT OF EVEN DATE

(Referred to in Paragraph 3 of our Report of even date on the accounts of Sarda Energy Limited ended on 31st March, 2013)

i) In respect of Fixed Assets:

- a. The company is maintaining proper records showing full particulars, including Quantitative details and situation of fixed assets.
- b. Fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c. The fixed assets disposed off are not substantial so as to affect its going concern status.

ii) According to the information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured, to or from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

iii) In our opinion and according to the information and explanation given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.

iv) In respect of transactions that need to be entered into a register maintained in pursuance of section 301 of the Companies Act, 1956:

- a) In our opinion and according to the information and explanation given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
- b) In our opinion and according to the information and explanation given to us, each of these transaction have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

v) In our opinion, the company has no formal internal audit system during the year under review, but its internal control procedures ensure reasonable internal checking of its financial & other records

vi) The Company has not accepted any deposits from the public.

- vii) To the best of our knowledge and according to the information and explanations provided to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- viii) As informed to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- ix) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- x) The company has not issued any debentures during the year.
- xi) The company has not raised any money by way of public issue during the year.
- xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- xiii) According to the information and explanations given to us, clauses (ii) (viii) (ix) (x) (xi) (xii) (xiii) (xiv) (xvi) and (xvii) of paragraph 4(A) of the Companies (Auditor's Report) Order, 2003 are not applicable.

For, Begani & Begani
Chartered Accountants
(FRN: 010779C)

(Vivek Begani)
Partner
M.No. : 403743

Place : Raipur
Date : 25.04.2013

SARDA ENERGY LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in Rs.)

	Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	5,00,000	5,00,000
	(b) Reserves and surplus		-	-
	(c) Money received against share warrants		-	-
2	Share application money pending allotment	2A	96,77,87,707	-
3	Non-current liabilities			
	(a) Long-term borrowings	3	-	95,43,71,961
	(b) Deferred tax liabilities (Net)		-	-
	(c) Other Long term liabilities		-	-
	(d) Long-term provisions		-	-
4	Current liabilities			
	(a) Short-term borrowings		-	-
	(b) Trade payables		13,272	12,11,043
	(c) Other current liabilities	4	5,71,494	78,72,901
	(d) Short-term provisions	5	11,236	11,236
	TOTAL		96,88,83,709	96,39,67,141
II.	ASSETS			
1	Non-current assets			
	(a) Fixed assets	6		
	(i) Tangible assets		6,46,29,281	6,45,97,649
	(ii) Intangible assets		3,254	5,423
	(iii) Capital work-in-progress		11,94,31,012	11,16,94,360
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		-	-
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	7	78,43,73,493	78,66,62,272
	(e) Other non-current assets	8	1,64,500	1,64,500
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables		-	-
	(d) Cash and cash equivalents	9	39,335	1,64,958
	(e) Short-term loans and advances	10	2,42,834	6,77,979
	(f) Other current assets		-	-
	TOTAL		96,88,83,709	96,39,67,141

Significant accounting Policies

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The accompanying Notes are an integral part of the financial statements.

As per our Report of even date

For, **BEGANI & BEGANI**

Chartered Accountants

FRN: 010779C

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(VIVEK BEGANI)

PARTNER

M. No. 403743

PLACE : RAIPUR (C.G.)

DATE : 25.04.2013

(K. K. SARDA)

DIRECTOR

(PANKAJ SARDA)

DIRECTOR

PLACE : RAIPUR (C.G.)

DATE : 25.04.2013

SARDA ENERGY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in Rs.)

	PARTICULARS	Year ended 31.03.2013 (Rupees)	Year ended 31.03.2012 (Rupees)
A.	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit before tax as per Profit & Loss Account	-	-
	<u>Adjustment for :</u>		
	Depreciation	-	-
	Interest (Net)	-	-
	Dividend income	-	-
		-	-
	Operating Profit before Working Capital changes	-	-
	<u>Adjustment for :</u>		
	Inventories	-	-
	Trade and other receivable	-	-
	Loans and Advances	-	-
	Trade Payable	-	-
		-	-
	Cash generated from Operations	-	-
	Direct Taxes (Net)	-	-
	Net cash from Operating Activities	-	-
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	Investment in Fixed Assets including Capital WIP	(77,66,115)	(7,76,23,355)
	Sale of Fixed Assets	-	(2,23,882)
	Loans & Advances	27,23,924	(65,39,31,380)
	Current Liabilities	(84,99,178)	74,63,369
	Net Cash used in Investing Activities	(1,35,41,369)	(72,43,15,248)
C.	CASH FLOW FROM FINANCING ACTIVITIES :		
	Proceeds from fresh issue of shares	-	-
	Share Application Money received pending Allotment	96,77,87,707	(23,00,42,520)
	Loan received/(Paid)	(95,43,71,961)	95,43,71,961
	Net Cash from financing Activities	1,34,15,746	72,43,29,441
	Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)	(1,25,623)	14,193
	CASH AND CASH EQUIVALENTS AS AT 01/04/2012	1,64,958	1,50,765
	CASH AND CASH EQUIVALENTS AS AT 31/03/2013	39,335	1,64,958
	Increase/(decrease) in Cash and Cash equivalents	(1,25,623)	14,193

Notes:

- (a) Cash and cash equivalent include the following :
- | | | |
|--------------------|---------------|-----------------|
| Cash on Hand | - | - |
| Balance with Banks | 39,335 | 1,64,958 |
| | 39,335 | 1,64,958 |
- (b) Figures in brackets represent outflows.
- (c) Previous year figures have been recast/restated wherever necessary.

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR, BEGANI & BEGANI

Chartered Accountants

FRN: 010779C

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(VIVEK BEGANI)

PARTNER

M. No. 403743

PLACE : RAIPUR (C.G.)

DATE : 25.04.2013

(K. K SARDA)

DIRECTOR

(PANKAJ SARDA)

DIRECTOR

PLACE : RAIPUR (C.G.)

DATE : 25.04.2013

AUDITORS' CERTIFICATE

We have examined the attached Cash flow Statement of M/s Sarda Energy Limited for the year ended 31st March, 2013. The statement has been prepared by the Company in agreement with the corresponding Balance Sheet of the company.

PLACE: RAIPUR

DATE : 25.04.2013

FOR, BEGANI & BEGANI

Chartered Accountants

FRN: 010779C

(VIVEK BEGANI)

PARTNER

M. No. 403743

SARDA ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statement of the Company are prepared under the historical cost convention using the accrual method of accounting in accordance with the generally accepted accounting principles in India, mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

1.2 Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles requires the 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 statement 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.

1.3 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.

1.4 Fixed Assets

Tangibles

Tangible Assets are stated at cost less accumulated depreciation / amortization and impairment losses if any. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition/construction of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for commercial use.

Intangibles

Intangible assets are carried at its cost less accumulated amortization and impairment losses if any.

1.5 Depreciation/Amortisation

Depreciation on both Tangible & Intangible assets are provided on Written Down Value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

1.6 Preliminary Expenses

Preliminary Expenses will be amortized over a period of 5 years starting from the Financial Year from which commercial operations of the company will begin.

1.7 Borrowing Costs

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 (AS 16) on "Borrowing Costs". Other borrowing costs are recognized as pre-operative expenses in the period in which they are incurred.

(Amount in Rs.)

Note 2: SHARE CAPITAL	As at 31.03.2013	As at 31.03.2012
Authorised : 10,00,000 (P.Y. 10,00,000) Equity Share of Rs. 10/- each each	1,00,00,000	1,00,00,000
Total	1,00,00,000	1,00,00,000
Issued, Subscribed & Paid up Capital: 50,000 (P.Y. 50,000) Equity Shares of Rs. 10/- each fully paid up	5,00,000	5,00,000
Total	5,00,000	5,00,000

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

Particulars	Equity Shares	As at 31.03.2013	As at 31.03.2012
	Number	Rs.	Rs.
Shares outstanding at the beginning of the year	50000	5,00,000	5,00,000
Shares issued during the year	-	-	-
Shares bought back during the year	-	-	-
Shares outstanding at the end of the year	50000	5,00,000	5,00,000

b. All equity shares carry equal voting and distribution rights.

c. All the above equity shares are held by M/s. Sarda Energy & Minerals Ltd., the Holding Company.

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

(Equity shares of Rs. 10/- each fully paid)	As at 31.03.2013	As at 31.03.2012
Name of Shareholder	M/s. Sarda Energy & Minerals Ltd.	
No. of Shares held	50000	50000
% of Holding	100%	100%

Note 2A: SHARE APPLICATION MONEY PENDING ALLOTMENT

The company has received non refundable share application money from the holding company Sarda Energy & Minerals Limited. The company proposes to issue 8,79,807 nos. of equity shares of Rs. 10 each against share application money at a premium of Rs. 1090 per share. The shares shall be allotted against the share application money on or before 30.05.2013. The company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money.

Note 3: LONG-TERM BORROWINGS	As at 31.03.2013	As at 31.03.2012
(Unsecured borrowings) Loan from Holding Co.	-	95,43,71,961
Total	-	95,43,71,961

a. There is no fixed term for repayment of the loan.

Note 4: OTHER CURRENT LIABILITIES	As at 31.03.2013	As at 31.03.2012
I.T. Deducted at Source	2,12,050	76,06,281
Employee Liabilities	3,59,444	2,66,620
Total	5,71,494	78,72,901

Note 5: SHORT TERM PROVISIONS	As at 31.03.2013	As at 31.03.2012
Audit Fees	11,236	11,236
Provision for Expenses	-	-
Total	11,236	11,236

SARDA ENERGY LIMITED

Note 6: FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2012	Additions/ Adjustments	Transfer	As on 31.03.2013	Up to 01.04.2012	Dep. For the Year	Transfer	As on 31.03.2013	As on 31.03.2013	As on 31.03.2012
TANGIBLE ASSETS										
Freehold land	6,43,25,601	-	-	6,43,25,601	-	-	-	-	6,43,25,601	6,43,25,601
Building	-	-	-	-	-	-	-	-	-	-
Plant & Equipment	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	27,920	-	-	27,920	15,291	2,286	-	17,577	10,343	12,629
Vehicles	90,000	-	-	90,000	61,124	7,476	-	68,600	21,400	28,876
Office Equipment	5,45,537	94,830	-	6,40,367	3,14,994	53,436	-	3,68,430	2,71,937	2,30,543
TOTAL - TANGIBLE ASSETS	6,49,89,058	94,830	-	6,50,83,888	3,91,409	63,198	-	4,54,607	6,46,29,281	6,45,97,649
Previous Year	7,01,01,358	(43,06,050)	8,06,250	6,49,89,058	7,68,789	1,04,988	4,82,368	3,91,409	6,45,97,649	6,93,32,569
INTANGIBLE ASSETS										
Computer Software (Tally)	16,200	-	-	16,200	10,777	2,169	-	12,946	3,254	5,423
TOTAL - INTANGIBLE ASSETS	16,200	-	-	16,200	10,777	2,169	-	12,946	3,254	5,423
Previous Year	16,200	-	-	16,200	7,162	3,615	-	10,777	5,423	9,038

Note 7:	LONG-TERM LOANS & ADVANCES	As at 31.03.2013	As at 31.03.2012
	(Unsecured, considered good)		
	Capital Advances	78,43,59,993	78,66,48,772
	Security Deposits	13,500	13,500
	Total	78,43,73,493	78,66,62,272

Note 8:	OTHER NON-CURRENT ASSETS	As at 31.03.2013	As at 31.03.2012
	(Unsecured, considered good)		
	Preliminary Expenses	1,64,500	1,64,500
	Total	1,64,500	1,64,500

Note 9:	CASH & CASH EQUIVALENTS	As at 31.03.2013	As at 31.03.2012
	Balance with Banks	39,335	1,64,958
	Cash on Hand	-	-
	Total	39,335	1,64,958

Note 10:	SHORT-TERM LOANS & ADVANCES	As at 31.03.2013	As at 31.03.2012
	(Unsecured, considered good)		
	Advance for Expenses	2,42,834	6,77,979
	Total	2,42,834	6,77,979

Note 11: ADDITIONAL NOTES TO ACCOUNTS

- Contingent liability not provided for is Rs. Nil (Previous Year: Rs. Nil).
- 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 (previous year: Nil)
- Value of imports on CIF Basis is Rs. Nil (Previous year: Rs. Nil)
- Expenditure in foreign currency is Rs. Nil (Previous year: Rs. Nil)
- Earnings in foreign currency is Rs. Nil (Previous year: Rs. Nil)
- As there is no timing difference, deferred tax asset/liability has not been provided for in the books of account.
- Related Party Transactions:
The details of related parties & nature of relationship are given below:

(i) Name of Related Parties and description of relationship: -

Sl. No.	Description of Relationship	Name of Related Parties
1	Key Managerial Personnel	Mr. K.K. Sarda - Director Mrs. Uma Sarda - Director Mr. Pankaj Sarda - Director
2	Holding Company	M/s. Sarda Energy & Minerals Limited
3	Related Enterprises where significant influence exist	M/s. Rishabh Mining and Transport Co. Pvt. Ltd. Madhya Bharat Power Corporation Ltd.

(ii) Material Transaction with Related Parties

Particulars	Holding Company	Related Enterprises
Loans received (incl. interest accrued & due thereof)	(95,43,71,961)	
Rent Paid		13,36,056 (13,13,011)
Interest Paid	(7,36,80,137)	-
Advance paid for Expenses		- (11,508)
Outstanding as on 31.03.2013		
Share Application Money	96,77,87,707	
	-	
Long-term Borrowings	(95,43,71,961)	
Trade Payable	-	- (11,93,971)
Short Term Loans & Advances		- (11,508)

Note : Figures in (bracket) represents previous year figures.

- h. The company has not yet commenced commercial operation. As such the Statement of Profit and Loss has not been prepared and consequently Earnings per Share has not been worked out.
- i. Previous year's figures are regrouped and reclassified to confirm to this year's classification, as per revised Schedule VI of Companies Act, 1956.

As per our Report of even date

For, Begani & Begani
Chartered Accountants
FRN: 010779C

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(VIVEK BEGANI)
PARTNER
M. No. 403743
PLACE : RAIPUR (C.G.)
DATE : 25.04.2013

(K. K. SARDA)
DIRECTOR

(PANKAJ SARDA)
DIRECTOR

PLACE : RAIPUR (C.G.)
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