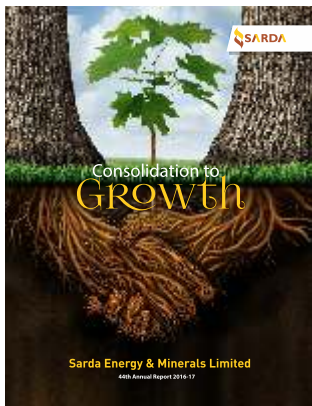




Consolidation to
GROWTH

Sarda Energy & Minerals Limited

44th Annual Report 2016-17



Forward looking statement

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



This Annual Report is available online at www.seml.co.in

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On the consolidation curve

If you decide that your priority is growth then you need to plan carefully. Growth has its risks, but the right strategy can deliver stability, security and long-term sustainability.

At Sarda Energy & Minerals Limited (SEML), we have assessed our strengths, worked on our weaknesses, identified the industrial opportunities and made our moves.

Our growth strategies over the years has been a perfect blend of aggression and conservation. We are the first-movers in palletisation. But, at the same time we have made conscious and strategic decisions on key-growth areas of the Company, that have proved to be beneficial in the long run.

We kept on improving our efficiencies. We continuously implemented effective cost rationalisation measures. We have constantly upgraded our machineries and equipment and adapted modern technology. We have built a strong value system.

Today, our business model has naturally evolved to handle and absorb the economic and industrial uncertainties. Our strategy is to consolidate and pursue newer growth opportunities and take the organisation to the next level of growth.





CMD's Message

Dear Shareholders,

I take this privilege to present you the 44th Annual Report and share my thoughts and insights on your Company's progress during the year.

Stagnant global trade, subdued investment, geo-political and heightened policy uncertainty marked another difficult year for the world economy. It was coupled with major events like US Presidential elections and Brexit. China's investment did pick up in the past year, but tightening of housing policy and potentially slow manufacturing capex growth are important constraints going forward.

Amidst these uncertainties, I am very much bullish on India's prospects. Our country has emerged as one of the fastest growing economies in recent times. It has achieved the highest growth rate amongst the G-20 nations. Demonetisation had a temporary effect on the growth. The economy is expected to flourish further in 2018 owing to favourable economic conditions expected to prevail during the year as well as few other economic factors like:

- Increased Government spending on infrastructure
- Reduction in interest rates
- Implementation of GST, one nation one tax
- Expected surge in consumer spending
- Growth in the affordable housing segment

Among all major steel producing countries, India emerged as sweet spot. Steel production reported a growth of 8.50% in 2016-17 with a production of 97.40 MnT. The domestic consumption was lower owing to poor offtake from the end-use segments like construction,

automobiles and white goods sectors. The Government has proposed over 3.96 lakh crore investments in the infrastructure sector for the current fiscal, which will result in substantial increase in steel consumption going forward (Source: Financial Express, April 11).

The Union Cabinet has approved the National Steel Policy, 2017, which aims to create a technologically advanced and globally competitive Indian steel industry. The policy aspires to achieve 300 million tonne (MT) of steel-making capacity, translating into additional investment of ₹ 10 lakh crore by 2030-31. The policy further envisages to domestically meet the entire demand for high grade automotive steel, electrical steel, special steels and alloys for strategic applications. It further aims to increase domestic availability of washed coking coal and reduce imports from about 85% to around 65% by 2030-31. Furthermore, it aims to increase per capita consumption of steel from current 61 kg to 160 kg by 2030-31. The policy is expected to result in a reduction in imports and increased offtake of steel from domestic steel players, auguring well for the sector.

With effective policy measures restricting the flow of steel imports in the domestic market, demand supply dynamics have become the key determinant of pricing in the domestic market. While domestic demand has remained weak over the past four years, I believe that revival in government capex should support an improving demand outlook, providing further support to domestic steel pricing. The GST council fixed the tax rate on coal and iron ore at 5% which will further benefit the industry going forward.



A company's long-term success depends on how it progresses through the stages of industry consolidation. At SEML, we have cautiously and selectively adapted our strategies to ensure growth stability and consistent value creation. We have successfully consolidated our operations and are now working towards exploring newer growth horizons. We continued to periodically expand over the year through SPVs, without raising equity. This was the outcome of our fiscal prudence and efficient debt-management.

During the year, we reported a turnover of ₹ 1,147 crore and net profits of ₹ 131 crore. We survived the severest of economic shocks and emerged amongst the profitable steel companies with operating and post-tax profit margins of 14% and 11%, respectively.

There were several notable achievements during the year:

- Resumed operations in our iron ore mines
- Achieved highest ever production of pellet, sponge iron Wire Rod and HB wire
- Installed a new turbine which will effectively improve the efficiency by 12%
- Started power generation at 24 MW hydro power project at GulluSHP in Jashpur District
- Issued Commercial Paper for the first time

Over the years, we have substantially reduced our borrowing costs through prudent fund management and repayment of debts. This has strengthened our positioning for any future expansion. We will seek such opportunities by way of acquisition, brownfield or greenfield approach. With the continued support of the government, the future of hydro sector looks bright and progressive. Our investments in this segment will be very fruitful in the years to come.

I would like to thank the shareholders, customers, vendors, investors, bankers and all the stakeholders for their continued faith in our abilities. A special thanks to the members of the Board, all our employees and the key management personal for culminating the culture of trust and mutual growth. Your company will continue to evolve and explore newer and sustainable growth opportunities.

Yours sincerely,

Kamal Kishore Sarda

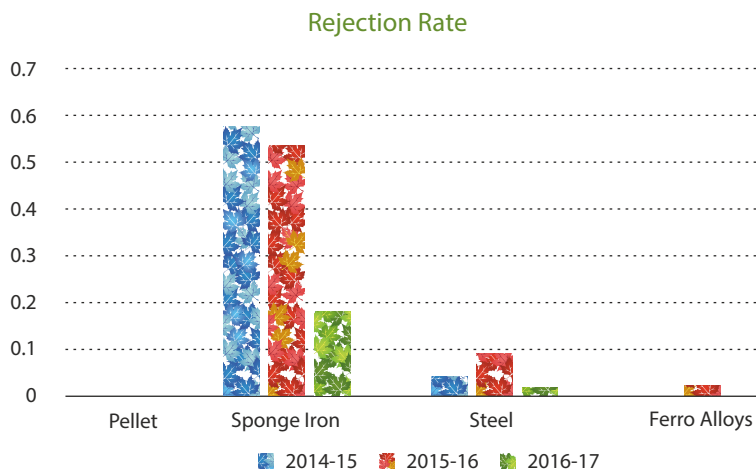




In order to pursue our growth strategies, it is essential to maintain our essential business parameters that drive our core operations.

Quality

SEML follows stringent quality check across its process points. Its Ferro alloys laboratory is accredited with globally accepted NABL certification. The continuous monitoring of quality has resulted in the reduction of rejection rates over the year.



Overseas/foreign buyers are known for stringent third-party quality check when it comes to importing materials from other country. But in case of SEML's products, the buyers rely on SEML's test report. Some of the buyers have also exempted us from load port 3rd party inspection. This justifies the faith on the quality of the products.



Safety, Health and Environment

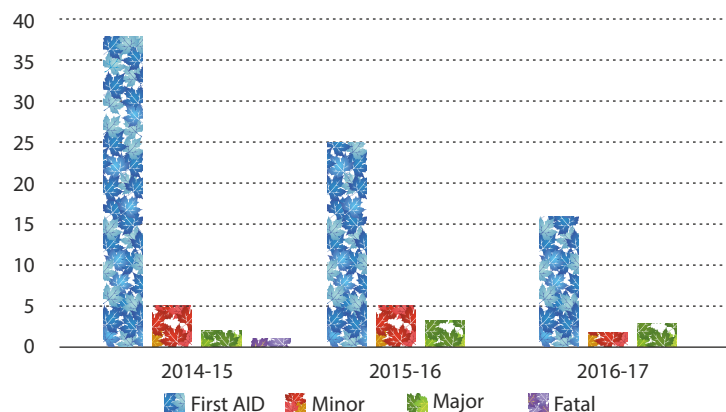
At SEML, safety is taken as top priority. We ensure behaviour-based-safety for our workers to eliminate unsafe behaviour patterns. The workers are equipped with all necessary safety gears based on their operational role. The accident rate has seen a declining trend over the past few years. Regular medical check-up and in-house medical facilities ensures the workers working under stringent conditions, keep in good health.

We are an ISO 9001:2015, ISO 14001:2015 & OHSAS 18001:2007 certified company.

We are adequately equipped with pollution-control devices and complying with prescribed norms. We ensure regular upkeep and maintenance of the equipment to avoid discharge of pollutants ensuring conservation of environment.

900%
Re-utilisation of solid,
liquid and gas waste

Reduction of Accident Rates



Strong value system

Over the years, SEML has built a strong value system. In majority of cases, our customers make 100% advance payment/letter of credit, reflecting the perception and trust enjoyed by the Company among its customers, reflecting the strength of the Company.

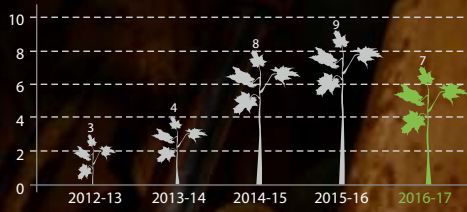


Human Resources

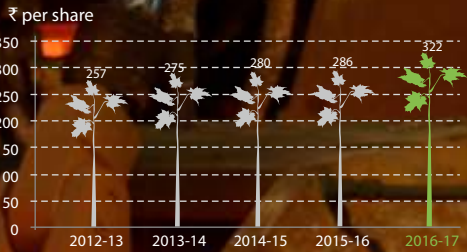
At SEML, we are driven by our people. We continue to invest in our human resources to improve their capabilities, promote multi-tasking across all the levels and provide periodical training for skill enhancements. We have introduced online transparent appraisal system to make them more responsible and accountable.

Financial Highlights

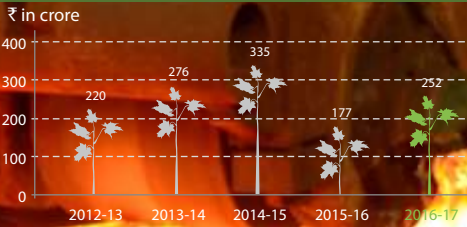
PE Ratio



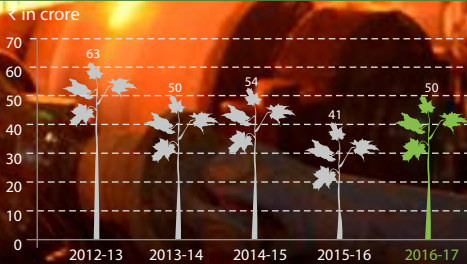
Book Value



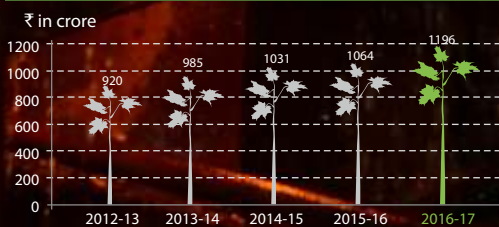
Inventories (Standalone)



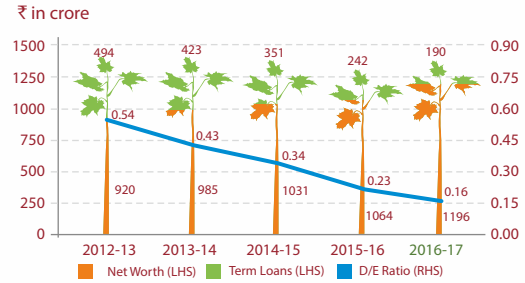
Receivables (Standalone)



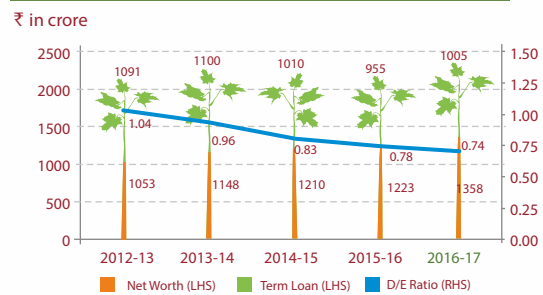
Net Worth (Standalone)



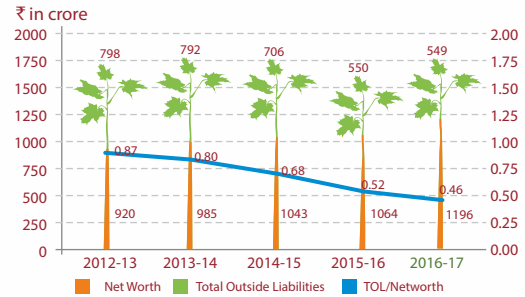
Debt Equity Ratio (Standalone)



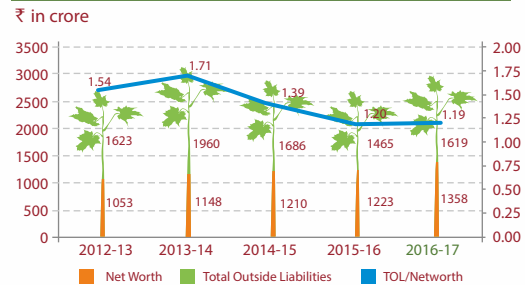
Debt Equity Ratio (Consolidated)



TOL/TNW (Standalone)



TOL/TNW (Consolidated)



CORPORATE INFORMATION

Board of Directors

Mr. K. K. Sarda	<i>Chairman & Managing Director</i>
Mr. Pankaj Sarda	<i>Dy. Managing Director</i>
Mr. P. K. Jain	<i>Wholetime Director and CFO</i>
Mrs. Uma Sarda	<i>Non-Executive Director</i>
Mr. A. K. Basu	} <i>Independent Directors</i>
Mr. C. K. Lakshminarayanan	
Mr. G. S. Sahni	
Mr. J. Balakrishnan	
Mr. P. R. Tripathi	
Mr. R. Mehra	

Company Secretary

Mr. Manish Sethi

Auditors

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

Internal Auditors

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

Bankers

Union Bank of India
Bank of Baroda
Axis Bank Ltd.
State Bank of India
RBL Bank Ltd.

Registered Office

73-A, Central Avenue
Nagpur - 440 018 (M.H.)
Phone: +91-712-2722407
Fax: +91-712-2722107
Email: nagpur@seml.co.in

Works

Industrial Growth Centre, Siltara
Raipur - 493 111 (C.G.)
Phone: +91-771-2216100
Fax: +91-771-2216198
Email: info@seml.co.in

Corporate Office

125, B-Wing, Mittal Court
Nariman Point
Mumbai - 400 021
Maharashtra, India
Phone: +91-22-22880080
Fax: +91-22-22826680

Delhi Office

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

Visakhapatnam Office

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

Hongkong Office

Sarda Energy & Minerals Hong Kong Limited
5th Floor, Dah Sing Life Building,
99-105 Des Voeux Road, Central,
Hong Kong

Singapore Office

Sarda Global Venture Pte Limited
9 Raffles Place
#57-00, Republic Plaza,
Singapore - 048619

Registrar & Share Transfer Agents

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

DIRECTORS' REPORT

Dear Members,

Your directors take pleasure in presenting the 44th Annual Report on business and operations of your Company for the financial year ended 31st March, 2017.

Financial Performance

(₹ in crore)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Revenue from operations (Gross)	1,147	1,150	1,571	1,606
Exports	20	84	221	171
EBIDTA	207	162	285	227
Depreciation	47	51	69	75
Finance cost (Net)	42	56	94	112
Exceptional item (income)/expense	(44)	–	(28)	–
Profit before tax	162	55	150	40
Provision for tax	31	18	23	27
Net Profit	131	37	127	13
Other Comprehensive Income	–	1	1	1
Total Comprehensive Income	131	38	128	14

Adoption of Ind AS

The financial statements for the year ended 31st March, 2017 along with restated financial statement for the year ended 31st March, 2016 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

Review of performance

The steel sector is going through a downturn and the year under review has been quite challenging. In spite of this, your Company has reported satisfactory performance through operational excellence and cost control measures with dedicated team work of its human resource.

Your Company has achieved highest ever production of iron ore pellet, sponge iron, wire rod and HB wire during the year. One generating unit of power plant was shut down from 15th December, 2016 for replacement of the Turbine with new energy efficient Turbine supplied by BHEL. Due to this, the production of power, steel billet and ferro alloys was marginally lower. The new turbine, commissioned in April, 2017, will give saving of about 12% in coal consumption. Excellent operating performance in spite of shutdown in the power plant helped the Company in achieving sales almost at par with the previous year. The operations of iron ore mine which were suspended in the previous year, resumed in the month of November, 2016 which also helped in improving the financial performance.

Your Company has fulfilled all its financial obligations on time. The Long term Debt-Equity ratio of your Company on 31st March, 2017 on standalone basis stood at 0.16:1 as against 0.23:1 in the previous year and on consolidated basis it stood at 0.74:1 as against 0.78:1 in the previous year. This is in spite of ongoing large capexes in the subsidiaries and controlled entities. Stakeholders are requested to refer the detailed analysis of the performance given in the Management Discussion and Analysis Report appended hereto.

The exceptional income of ₹ 44 crore represents receipt of an amount of ₹ 64 crore in an out of court settlement in an international arbitration and write off of ₹ 20 crore on account of the unrealized value of coal mine assets after cancellation of coal mine allotment. Your Company has challenged the compensation amount approved by the Govt. of India. However, as a prudent business practice, the differential amount has been booked as expense. There was no change in the nature of the business of the Company.

Dividend

Your Directors have recommended highest ever dividend of ₹ 4/- (i.e. 40%) per equity share for the financial year 2016-17 (last year ₹ 2/- per equity share). The dividend if approved by the shareholders in the ensuing Annual General Meeting will be paid as per the applicable provisions.

DIRECTORS' REPORT

During the year, your Company has transferred the unpaid dividend amount in respect of the F.Y. 2008-09 to the Investor Education and Protection Fund.

During the year, a sum of ₹ 1,041 lakh has been transferred to General Reserves from Debenture Redemption Reserve on account of partial redemption of the Non-convertible Debentures issued by the Company.

Subsidiaries / Controlled Entities / Joint Ventures

During the year, there was no change in the subsidiaries. Your Company has, along with its Wholly Owned Subsidiary, increased its stake in Madhya Bharat Power Corporation Limited from 76.74% to 80.87%. There was a slight reduction in Company's holding in Chhattisgarh Hydro Power LLP from 60.92% in previous year to 60% in 2016-17. Brief on the performance/progress of the project /business operations of subsidiaries/controlled entities/joint ventures consolidated with SEML is given hereunder:

Subsidiaries

- **Sarda Energy & Minerals Hongkong Limited, 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 ₹ 25.64 crore as against net loss of ₹ 5.63 crore in the previous year. The Company has not paid any dividend during the year (Pr. Year US\$ 2.8 Mn).
- **Sarda Global Venture Pte. Limited Singapore (SGV)**, a wholly owned subsidiary, holds economic interest in coal mines in Indonesia. During the current year, the Company has entered into a definitive joint venture agreement for operation of the mine with a local business group. All required approvals related to the agreement have been obtained. During the year under review, the subsidiary reported a net profit of ₹ 0.90 crore as against loss of ₹ 0.82 crore in the previous year.
- **Sarda Metals & Alloys Limited (SMAL)**, a wholly owned subsidiary is operating 2 x 33 MVA Ferro Alloys plant backed by 80 MW captive thermal power plant. During the year, power generation was 488.89 MU as compared to 612.83 MU in the previous year. The ferro alloys production (including Mno Slag) stood at 61,578 MTs as against 49,955 MTs in the previous year. The power generation was lower than previous year because of poor demand and consequent back down by the state distribution companies with whom the Company had entered into supply agreement.

However the Company was successful in maintaining the growth rate in exports wherein it has achieved Exports of ₹ 201 crore as against ₹ 119 crore in the PY. The Company has also received Two Star Export House status from Director General of Foreign Trade, Ministry of Commerce & Industry, Government of India.

During the year Company reported loss of ₹ 17.74 crore as against loss of ₹ 3.82 crore in P.Y. mainly due to drastic reduction in power offtake by Telangana DISCOM and outage of one of the furnaces of the Company for almost 3 months. The Company plans to set-up power intensive industrial unit(s) in steel / ferro alloys for captive consumption of surplus power for long term sustainability.

- **Sarda Energy Limited (SEL)**, a wholly owned subsidiary was incorporated as an SPV to put-up 1320 MW super critical IPP thermal power project in Chhattisgarh. As reported earlier, the Company has abandoned the project. The surplus funds lying with the Company were invested in Madhya Bharat Power Corporation Limited as part of promoters' contribution. During the year under review, the subsidiary reported a net profit of ₹ 0.92 crore as against net profit of ₹ 4.16 crore in the previous year.
- **Parvatiya Power Limited (PPL)**, is operating 4.8 MW Loharkhet Hydro Power project in Bageshwar district of Uttarakhand. The Company has supplied 190.98 lakh KWh (Previous Year 182.60 lakh KWh). The plant enjoys debt free operations post repayment of term loan availed for the project. During the year, the Company has earned profit after tax of ₹ 4.55 crore. (Previous Year ₹ 2.26 Crore). During the year, the Company has diluted its holding in Sarda Dairy & Food Products Limited from 42.78% to 18.06%. Your Company continues to hold 51% stake in PPL.
- **Madhya Bharat Power Corporation Limited (MBPCL)**, is implementing 96 MW (2X48) Rongnichu HEP near Gangtok in East Sikkim. It is a run of the river scheme, a CDM registered project. The construction works of the project are consistently progressing ahead. 84% excavation works of critical underground tunnel is complete and lining activities have started, in parallel. The financial closure for the revised project cost has been achieved during the year. The project is expected to be operational in the F.Y. 2018-19. The Company has reported loss during the year mainly on account of expenses which are not directly attributable to assets under construction and couldn't be capitalized as per prevailing accounting standards.

DIRECTORS' REPORT

Your Company has infused ₹ 30 crore in MBPCL during the year under review. Your Company holds 80.87% stake in the project (62.41% directly and 18.46% through its wholly owned subsidiary Sarda Energy Limited) as compared to 76.74 % in previous financial year.

- **Sarda Hydro Power Private Limited (SHPPL)**, has been allotted 24 MW Kotaiveera and 9 MW Ganeshpur small hydro projects in the state of Chhattisgarh. The projects are in clearance stage. Your Company continues to hold 60% stake in this Company.
- **Raipur Fabritech Private Limited (RFPL)** has been incorporated to undertake steel fabrication activities at the site of closed steel plant of your Company. The Company is yet to start operations. Your Company holds 52.38% stake in RFPL. Your Company is considering dissolution of this Company.
- **Raipur Industrial Gases Private Limited (RIGPL)** has been incorporated to undertake activities related to production of industrial gases. The Company is yet to start operations. Your Company holds 51% stake in RIGPL. Your Company is considering dissolution of this Company.
- **Natural Resources Energy Private Limited (NREPL)** is an SPV to carry on the business of development of mines and minerals, generation and trading of power and infrastructure development. The entire share capital of the Company is held by SEML and its wholly owned subsidiary SMAL.

Controlled Entities

- **Chhattisgarh Hydro Power LLP (CHP LLP)**, is pioneer in the state of Chhattisgarh for implementation of Hydro Power projects under IPP route. The firm has been allotted four run of river scheme small hydel power projects with total installed capacity of 77 MW.

The first 24 MW project at Gullu has been synchronized with state power grid on 31.03.2017 and has started generating power. The project has achieved commercial production in the month of July, 2017. The firm has signed long term power purchase agreement with Chhattisgarh State Power Distribution Company Limited for supply of power from the Gullu project. The project has received part of MNRE subsidy for which it was eligible during construction phase. The plant will bring socio-economic development of the remote region. The LLP shall now augment the implementation of other allotted hydro projects. The Rehar 24 MW project has received first stage forest clearance and is expected to achieve financial closure during the current year.

During the year, the Company has infused a sum of ₹ 23 crore in the LLP towards promoters' contribution. Your Company holds 60% stake in the LLP.

- **Shri Ram Electricity LLP (SRE LLP)** was incorporated as a special purpose vehicle (SPV) for setting up a captive thermal power plant of 40 MW in the State of Chhattisgarh. In view of the cancellation of coal linkage for the power project, the LLP has dropped the project. During the year under review, the entity reported a net profit of ₹ 0.08 crore at par with previous year. Your Company continues to hold 51% stake in SRELLP.

Joint Ventures

- **Raipur Infrastructure Company Limited (RICL)** operates a private Railway Siding in Mandhar, Raipur. During the year 2016-17 the Company has earned net profit of ₹ 0.77 crore as against ₹ 2.62 crore in the previous year. The Company is pursuing with the Railways for getting refund of ₹ 5 crore deposited as security for siding at Odisha, which project has been dropped by the Company. Your Company continues to holds one third share in the Joint Venture.
- **Madanpur South Coal Company Limited (MSCCL)**, a SPV was allotted Madanpur South Coal Block in consortium. The allotment of coal block to the Company was cancelled pursuant to the Order of Hon'ble Supreme Court. During the current year the Company has received reimbursement of ₹ 3.39 crore spent towards cost of purchase of G.R, which will be utilized for buyback of its equity shares. The Company does not have any business to pursue. Your Company holds a 20.63% stake in the joint venture.
- **Godawari Natural Resources Limited (GNRL)** is an SPV for acquisition and development of mines and minerals, generation and trading of power and infrastructure development. The Company remains invested in the JV for participating in auction for acquisition of coal mine jointly with others to meet the prescribed eligibility criteria. Your Company continues to hold 29.98% stake in GNRL.

DIRECTORS' REPORT

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

Consolidated financial statements

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

The financial statements 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.

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

ESOP Scheme

Your Company treats its human capital as the most valued asset and as a gesture of its feeling, your Company has implemented SEML ESOP Scheme 2012 for the employees and directors of your Company and its subsidiaries. As on 31st March, 2017, out of total 3,33,360 options granted, 1,80,398 options have been exercised by the employees out of which 52,079 options were exercised during the F.Y. 2016-17. During 2016-17, 69,309 options have expired unexercised. As on 31st March, 2017, 26,464 options remain outstanding.

The disclosures required to be made in the Directors' Report in respect of the aforesaid ESOP Scheme, are contained in Annexure A forming part of the Directors' Report.

Directors

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

Brief profile of Mr. Pankaj Sarda, Director proposed to be re-appointed, nature of his expertise in specific functional areas, names of the companies in which he holds directorships and his shareholding in the Company is provided in the Corporate Governance Report forming part of the Annual Report.

During the year under review, the members approved the re-appointment of Mrs. Uma Sarda as Director liable to retire by rotation. Further, the members also approved appointment of Mr. P K Jain, CFO of the Company as Whole-time Director for a term of five year w.e.f. 1st June, 2016, liable to retire by rotation. Mr. P.K. Jain continues to act as CFO also.

Mr. G.D. Mundra, Wholetime Director resigned w.e.f. 1st April, 2016. The Board takes on record its deep appreciation of the services rendered Mr. G. D. Mundra in various capacities during his nearly 29 years long association with the Company/group.

Your Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act and the Listing Regulations.

Pursuant to the provisions of the Companies Act and the Listing Regulations, the Board of Directors ("Board") has carried out an annual evaluation of its own performance, and that of its Committees and individual Directors. The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual Directors. A separate meeting of Independent Directors was also held to review the performance of Non-Independent Directors; performance of the Board as a whole and performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors. The evaluation of Independent Directors was carried out without the presence of concerned Director. This was followed by a Board meeting that discussed the performance of the Board, its Committees and individual Directors. Key criteria's for performance evaluation are given in Annexure B to directors' report.

DIRECTORS' REPORT

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

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

Familiarization programmes for Board Members

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

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

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

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

Directors' Responsibility Statement

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Key managerial personnel

During the year under review, there was no change in the Key Managerial Personnel. Mr. Padam Kumar Jain has been elevated to the position of Wholetime Director w.e.f. 1st June, 2016. He also continues as the Chief Financial Officer of the Company.

DIRECTORS' REPORT

Auditors and Auditors' Report

Statutory Auditors

At the Annual General Meeting for the financial year 2013-14 held on 29th September, 2014, M/s. O.P. Singhania & Company, Chartered Accountants, Raipur were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting (AGM) to be held in the calendar year 2019. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the Auditors is required to be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s O.P. Singhania & Company, Chartered Accountants, Raipur, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the Auditors to the effect that if they are re-appointed in the ensuing AGM, it would be in accordance with the provision of Section 141 of the Companies Act, 2013.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Cost Auditors

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

The cost audit report for the financial year 2015-16 was filed with the Ministry of Corporate Affairs. M/s. S. N. & Company, Cost and Management Accountants, were appointed as the Company's Cost Auditor.

Your Directors have, on the recommendation of the Audit Committee, appointed M/s. S. N. & Company, Cost and Management Accountants, to audit the cost accounts of the Company on a remuneration of ₹ 1.50 lakh for the year 2016-17.

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

- i) for 2016-17 has been ratified by the members in the Annual General Meeting held on 30.09.2016.
- ii) for 2017-18 is being placed before the members in the ensuing annual general meeting for ratification.

Secretarial Auditors

The Board has appointed S. G. Kankani & Associates, Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2017 is given as Annexure E to this Report.

With reference to the comments of the secretarial auditors regarding non-submission of information to Calcutta Stock Exchange, your Directors wish to inform that the Company has applied for delisting of its shares from Calcutta Stock Exchanges in February, 2004. The delisting application is still pending. In view of the pendency of delisting application, the Company has stopped sending any information to the Calcutta Stock Exchange and has also reported the matter to SEBI.

Corporate Social Responsibility (CSR)

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

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

The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. During the year, the Company's spending on the CSR activities has been marginally less than the required amount. However, the amount short spent shall be spent during the year 2017-18.

DIRECTORS' REPORT

Corporate Governance

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

Disclosures

Board/Committees/Vigil Mechanism

The Board of Directors met 6 (six) times during the financial year 2016-17. The details of the composition of Board of Directors, Corporate Social Responsibility Committee, Audit Committee, other committees of the Board, meetings of the board and committees and attendance of directors at the Board and committee meetings and implementation of Vigil Mechanism are given in the Corporate Governance Report forming part of this Annual Report.

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

Particulars of loans given, investments made and guarantees given are given in note no. 3, 4 and 40 to the standalone financial statements. The Company, in its capacity of promoter, has pledged 51% of its holding in Sarda Metals & Alloys Limited., 100% of its holding in Parvatiya Power Limited and 60% of its holding in Madhya Bharat Power Corporation Limited with the lenders for loans granted to the respective companies by the lenders. The loans and the guarantees given are utilized by the recipients for their business purposes. Members are requested to refer the notes for details which are not repeated here for the sake of brevity.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with the related parties were in the ordinary course of business and on an arm's length basis in the best interest of the Company. During the year the Company had not entered into any contract/arrangement /transaction with related party which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

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

Internal Financial Control

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

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

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

Extract of Annual Return

Extract of Annual Return of the Company is annexed as Annexure H to this report.

Particulars of Employees and related disclosures

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

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure J to the Directors' Report.

Risk Management

The Risk Management Committee has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the

DIRECTORS' REPORT

organization faces such as strategic, financial, credit, market, liquidity, accident, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

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

General

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employee Stock Options Scheme referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries, except sitting fees for attending Board/Committee Meetings.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

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

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

Acknowledgement

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

On behalf of the Board of Directors

Raipur
5th August, 2017

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

ANNEXURE 'A' to the Directors' Report

DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014

S.No.	Particulars	ESOP Scheme 2012
(i)	General terms & conditions	
	a. Date of shareholders' approval	12.05.2012
	b. Total number of options approved under ESOP	7,17,000
	c. Vesting requirements	The Options Granted under the SEML ESOP Scheme 2012 shall vest as under: a) 1/3 rd at the end of one year from the date of Grant. b) 1/3 rd at the end of two years from the date of Grant. c) 1/3 rd at the end of three years from the date of Grant.
	d. Exercise price or pricing formula	₹ 125/-
	e. Maximum term of options granted	2 years from the date of vesting
	f. Source of shares (primary, secondary or combination)	Primary
	g. Variation in terms of options	No change was made in the schemes or terms of option during the year 2016-17
(ii)	Method used to account for ESOP	Intrinsic Value Method
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized 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.13(H) to standalone accounts
(iv)	Option movement during the year 2016-17	
	No. of options outstanding as on 1st April, 2016	1,47,852
	Options granted during April 2016-March 2017	NIL
	Number of options forfeited/ lapsed during April 2016-March 2017	69,309
	Number of options vested during April 2016-March 2017	NIL
	Number of options exercised during April 2016-March 2017	52,079
	Number of shares arising as a result of exercise of options during April 2016-March 2017	52,079
	Money realized by exercise of options during April 2015-March 2016 (amount in ₹)	₹ 65,09,875/-
	Loan repaid by the Trust during the year from exercise price received	NA
	Number of options outstanding/in force as on 31st March, 2017	26,464
	Number of options exercisable as on 31st March, 2017	26,464
(v)	Weighted-average exercise price of each option outstanding as on 31st March, 2017	₹ 125.00
	Weighted-average fair value of each option outstanding as on 31st March, 2017	₹ 126.43

ANNEXURE 'A' to the Directors' Report

S.No.	Particulars	ESOP Scheme 2012
(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted during the year to:	No option has been granted during the year under review
	a Senior Managerial Person (including KMP)	
	b Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	
	c Identified employees who were granted options during any 1 year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:	Not Applicable, as no stock option has been granted during the year.
	a the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	
	b the method used and the assumptions made to incorporate the effects of expected early exercise;	
	c how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	
	d whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	

ANNEXURE 'B' to the Directors' Report

Key Evaluation criteria

Evaluation of Board

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

Evaluation of Independent Directors

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

Evaluation of Non-Independent Directors

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

ANNEXURE 'C' to the Directors' Report

Remuneration Policy

I. Preamble

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

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

II. Objective

The objectives of the Policy shall be to:

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

III. Guiding Principles

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

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

IV. Remuneration

1. General

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

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

e. Leave

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

ANNEXURE 'C' to the Directors' Report

- f. Retirement benefits
The Company shall extent Provident Fund and Gratuity benefits as per provisions of the applicable law. In addition, the Company may extent benefit of Provident Fund to employees drawing higher salary and also contribution to superannuation and other pension fund/schemes for selective employees with mutual consent. The gratuity, superannuation and pensionary contribution shall be invested in approved funds.
- g. Loans to employees
The Company may extend interest free/ concessional loans to the employees of the Company for meeting fund requirement for higher education of children, land purchase, building purchase/ construction/ furnishing & repair, marriage of self and family members, medical treatment of self and family members and other exigencies. For the purpose Rules shall be framed with authority for exceptions at appropriate levels.
2. **Remuneration to Whole-time / Managing Director**
- a. Fixed pay
The Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee subject to approval of the shareholders and Central Government, wherever required. The breakup of the pay and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees, allowances, severance payments, etc. shall be decided and approved by the Board/the Person authorized by the Board on the recommendation of the Committee.
- b. Variable pay
The Committee may recommend suitable performance related variable payments linked to the performance of the Director concerned and of the Company.
- c. Minimum Remuneration
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- d. Provisions for excess remuneration
If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
- e. Stock Options
The Committee shall determine the stock options and other share based payments to be made to Whole time Directors, subject to prevailing guidelines of SEBI, if any.
3. **Remuneration to Non- Executive / Independent Director**
- a. Remuneration / Commission
Commission may be paid within the monetary limit approved by shareholders, subject to the limits prescribed in the Act computed as per the applicable provisions of the Act.
- b. Sitting Fees
The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee.
Provided that the amount of such fees shall not exceed the amount as may be prescribed by the Central Government from time to time.
- c. Stock Options
An Independent Director shall not be entitled to any stock option of the Company.
- d. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as remuneration, if the following conditions are satisfied:
i) The Services are rendered by such Director in his capacity as the professional; and
ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

ANNEXURE 'C' to the Directors' Report

4. Remuneration to Key Managerial Personnel and Senior Management

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

5. Other Employees

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

V Remuneration Duties

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

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

VI Implementation

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

VII Policy Review

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

VIII Dissemination

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

ANNEXURE 'D' to the Directors' Report

CRITERIA for determining Qualifications, Positive Attributes and Independence of a Director

Qualifications

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

Positive attributes

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

Independence

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

ANNEXURE 'E' to the Directors' Report

Secretarial Audit Report for the financial year ended 31st March, 2017

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2016-17

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

To,
THE MEMBERS,
M/S SARDA ENERGY & MINERALS LIMITED,
CIN: L27100MH1973PLC016617
73-A, CENTRAL AVENUE,
NAGPUR 440018 (MS)

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 in compliance of the provisions of:

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

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

ANNEXURE 'E' to the Directors' Report

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

- a) *The Company has not submitted any information /documents with the Calcutta Stock Exchange.* In this regard we have been informed that the Company has applied for delisting of its shares from Cochin, Delhi and Calcutta Stock Exchanges in February, 2004. The Cochin and Delhi Stock Exchange have delisted the shares of the Company but the delisting application with the Calcutta Stock Exchange is still pending. In view of the pendency of delisting application, the Company has stopped sending any information to the Calcutta Stock Exchange and has also reported the matter to SEBI.

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

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

requiring compliance thereof by the Company during the Financial Year.

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

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

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

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

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

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

For, **S.G. KANKANI & ASSOCIATES**
COMPANY SECRETARIES

(CS KAMLESH OJHA)
PARTNER

ACS No. : 39476

CP No. : 14660

Raipur
5th August, 2017

ANNEXURE 'E' to the Directors' Report

ANNEXURE-A

To
THE MEMBERS
M/S SARDA ENERGY & MINERALS LIMITED
CIN: L27100MH1973PLC016617
73-A, CENTRAL AVENUE
NAGPUR 440018 (MS)

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

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

For, **S.G. KANKANI & ASSOCIATES**
COMPANY SECRETARIES

(CS KAMLESH OJHA)
PARTNER
ACS No. : 39476
CP No. : 14660

Raipur
5th August, 2017

ANNEXURE 'F' to the Directors' Report

Annual Report on CSR Activities

Brief Outline of CSR Policy

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

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

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

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

CSR Committee

Your Company has a Board Committee (CSR Committee) that oversees the execution of CSR Policy to ensure that the CSR objectives of the Company are met. The Committee comprises of:

- ✓ Mr. P.R. Tripathi, Chairman
- ✓ Mr. K.K. Sarda
- ✓ Mr. Pankaj Sarda

Financial details

As per the Companies Act, 2013, the Company is required to Constitute a Corporate Social Responsibility (CSR) committee of the Board of Directors comprising three or more directors with at least one being independent director and such company shall spend at least 2% of the average net profits of the company's three immediately preceding financial years. The relevant details are as hereunder:

Particulars	Amount (₹ Lakh)
Average net profit of the Company for last three financial years	7,716
Prescribed CSR expenditure (2% of net profit as computed above) (including unspent amount of 2015-16 - ₹ 28.43 lakh)	182.74
Details of CSR Expenditure during 2016-17	
Total amount to be spent	182.74
Amount spent	179.66
Amount unspent*	3.08

* will be spent in 2017-18

ANNEXURE 'F' to the Directors' Report

Details of CSR spent during the financial year 2016-17

(₹ in Lakh)

S. No.	CSR Project or activity identified	Sector in which the project is covered (as per clauses of Schedule VII to Companies Act, 2013)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay	Amount spent on the projects or programs Subheads: (1)Direct expenditure on projects or programs (2)Overheads	Cumulative Expenditure upto the reporting period	Amount Spent Direct or through Implementing Agency
1	Healthcare	Clause (i)	Raipur, Raigarh and Dongarbore in Chhattisgarh	18.00	16.58	16.58	Direct
2	Education	Clause (ii)	Raipur, Raigarh and Dongarbore in Chhattisgarh	120.00	119.12	119.12	Direct/ Implementing agency*
3	Social projects	Clause (iii)	Raipur, Raigarh and Dongarbore in Chhattisgarh	15.00	13.15	13.15	Direct
4	Environment	Clause (iv)	Raipur, Raigarh and Dongarbore in Chhattisgarh	8.00	8.74	8.74	Direct
5	Art & Culture	Clause (v)	Raipur and Dongarbore in Chhattisgarh	5.00	4.98	4.98	Direct
6	Rural development projects	Clause (x)	Raipur, Raigarh and Dongarbore in Chhattisgarh	8.00	8.77	8.77	Direct
7	Administrative Expenses	Office	Raipur	8.74	8.32	8.32	
			Total	182.74	179.66	179.66	

* Friends of Tribal Society

Responsibility Statement

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR projects and activities in compliance with CSR objectives.

K.K. Sarda
(Chairman & Managing Director)

P.R. Tripathi
(Chairman – CSR Committee)

ANNEXURE 'G' to the Directors' Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo
[Pursuant to the Companies (Accounts) Rules, 2014]

A. Conservation of energy

i) Steps taken or impact on conservation of energy :	PELLET & GRINDING PLANT	
	i)	ID fan false air entry restricted by replacing damaged expansion cloth.
	ii)	One no fan (37 KW / 5700 NM ³ / Hr) Traveling grate combustion air distribution.
	iii)	Cold well pump – VFD provided instead of soft starter.
	iv)	ID fan RPM reduced by changing TG to PH2 area damaged roof to avoid false air entry.
	v)	IR make air compressor 15 Amps unloading current reduced now unloading current of compressor is 65-70 Amps.
	SPONGE IRON PLANT	
	vi)	Reduction of running hours through automation (timer etc) at Corporate SB pumps for timely start & stop.
	POWER PLANT	
	vii)	Replacement of TG-03 to reduce specific steam consumption.
	FERRO ALLOYS PLANT	
	viii)	Installation of FRP Fan in old cooling tower instead of Al. fan blade.
	ix)	Installation of P-20 energy saving device for lighting at RMHS shed, Tapping Bay shed and 02 Nos of high mast light (RMHS & RMPU).
x)	Installation of P-20 energy saving device for lighting at RMPU shed.	
xi)	Replacement of Aluminum blades with FRP blades in GCP (AB) FD fan.	
STEEL DIVISION		
xii)	Pump house modification at Wire Rolling Mill.	
ii) The steps taken by the company for : utilising alternate sources of energy	----	
iii) The capital investment on energy : conservation equipments	₹ 2,614 Lakh	

B. Technology absorption

i) The efforts made towards technology : absorption	i)	In power plant replacement of Single phase ESP transformer with 3 phase transformer for increasing the collecting efficiency.
	ii)	In Ferro alloys division FRP blades for cooling tower in the place of Aluminum blades.
	iii)	In Sponge Iron Division Feeding Capacity enhancement through fixing of One new Vibro feeder at Iron ore Primary circuit at 100 T P D and One vibro feeder at Main Iron Ore circuit above crusher for effective utilization of system.
ii) The benefits derived like product : improvement, cost reduction, product development or import substitution	In pellet Plant Indigenous spare developed for import item spare – Grate bar , Fan casing , Hot air fan Impeller , Gear Box , Motors & Instruments	

ANNEXURE 'G' to the Directors' Report

iii)	In case of imported technology : (imported during the last three years reckoned from the beginning of the financial year)-	-----
	a) the details of technology imported :	-----
	b) the year of import :	-----
	c) whether the technology has been : fully absorbed	-----
	d) if not fully absorbed, areas where : absorption has not taken place, and the reasons thereof; and	-----
iv)	The expenditure incurred on Research : and Development	Expenditure on R & D is not specifically accounted for. Internal team undertakes the R & D activities.

C. Foreign exchange earnings and outgo

1	Total foreign exchange earnings and outgo (₹ in crore)	
	a) Foreign exchange earnings :	20.10
	b) Foreign exchange outgo :	157.84

On behalf of the Board of Directors

Raipur
5th August, 2017**(K.K. Sarda)**
Chairman & Managing Director
DIN: 00008170

ANNEXURE 'H' to the Directors' Report**FORM No. MGT-9****EXTRACT OF ANNUAL RETURN**

as on the financial year ended 31.03.2017

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

I. Registration and other details

CIN	L27100MH1973PLC016617
Registration Date	23.06.1973
Name of the Company	Sarda Energy & Minerals Limited
Category / Sub-Category of the Company	Public company / Limited by shares
Address of the Registered Office and contact details	73-A, Central Avenue, Nagpur (M.H.) 440018 Tel: +91-712-2722407 Fax: +91-712-2722107
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Big Share Services Private Limited 1st Floor, Bharat Tin Works Building Opp. Basant Oasis, Makwana Road Marol, Andheri East, Mumbai - 400 059, Maharashtra Tel: +91-22-6263 8200, Fax: +91-22-6263 8299 E-mail : investor@bigshareonline.com

II. Principal Business Activities of the Company

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

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Sponge Iron/Ferro Alloys/Billet/Wire-rod/ Iron ore Pellet	241 - Manufacture of basic iron and steel	96.23%

III. Particulars of Holding, Subsidiary and Associate Companies

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Sarda Energy & Minerals Hongkong Limited 5th Floor, Dah Sing Life Bldg.,99-105 Des Voeux Road, Central, Hongkong	NA	Subsidiary	100.00%	2(87)(ii)
Sarda Global Venture Pte. Limited 9 Raffles Place # 57001, Republic Plaza, Singapore	NA	Subsidiary	100.00%	2(87)(ii)
Sarda Metals & Alloys Limited 125-B Wing, Mittal Court, Nariman Point, Mumbai	U51420MH2008PLC187689	Subsidiary	100.00%	2(87)(ii)
Sarda Energy Limited Vanijya Bhawan, 1st Floor, Sai Nagar Devendra Nagar Road, Raipur	U40102CT2008PLC000406	Subsidiary	100.00%	2(87)(ii)
Madhya Bharat Power Corporation Limited E-585, Ground Floor, Greater Kailash - II, New Delhi	U74899DL1994PLC061349	Subsidiary	62.41%	2(87)(ii)
Parvatiya Power Limited 136 Khari Bazar, Ranikhet, Uttranchal	U40101UP1994PLC017151	Subsidiary	51.00%	2(87)(ii)

ANNEXURE 'H' to the Directors' Report

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Sarda Hydro Power Private Limited Agarwal Bhavan, Bakharabad, Cuttack, Orissa	U40101OR1999PTC005781	Subsidiary	60.00%	2(87)(ii)
Raipur Fabritech Private Limited 125-B Wing, Mittal Court, Nariman Point, Mumbai	U28910MH2011PTC221297	Subsidiary	52.38%	2(87)(ii)
Raipur Industrial Gases Private Limited 125-B Wing, Mittal Court, Nariman Point, Mumbai	U40300MH2011PTC224871	Subsidiary	51.00%	2(87)(ii)
Natural Resources Energy Private Limited JMG House, Near Abhivadan House, Panchsheel Nagar, Raipur	U40101CT2007PTC020163	Subsidiary	71.55%	2(87)(ii)
Chhattisgarh Hydro Power LLP House No.A/02, VIP Road, Moul Shree Vihar, Raipur	AAA-2277	Subsidiary	60.00%	2(87)(ii)
Shri Ram Electricity LLP Vanijya Bhawan, 1st Floor, Sai Nagar, Devendra Nagar Road, Raipur	AAA-2517	Subsidiary	51.00%	2(87)(ii)
Raipur Infrastructure Company Limited Siddharth, Geeta Nagar, Raipur	U45203CT2004PLC016321	Associate	33.33%	2(6)
Madanpur South Coal Company Limited Industrial Growth Centre, Siltara, Raipur	U10300CT2006PLC020006	Associate	20.63%	2(6)
Godawari Natural Resources Limited Hira Arcade, Near New Bus Stand, Pandri, Raipur	U14200CT2008PLC020926	Associate	29.98%	2(6)

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	81,53,428	0	81,53,428	22.66	79,07,697	0	79,07,697	21.95	(0.71)
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	1,64,94,651	0	1,64,94,651	45.85	1,78,64,232	0	1,78,64,232	49.58	3.73
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
f i) Firm	10,00,000	0	10,00,000	2.78	0	0	0	0.00	(2.78)
Sub-Total (A)(1) :	2,56,48,079	0	2,56,48,079	71.29	2,57,71,929	0	2,57,71,929	71.53	0.24
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00

ANNEXURE 'H' to the Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-Total (A)(2):	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	2,56,48,079	0	2,56,48,079	71.29	2,57,71,929	0	2,57,71,929	71.53	0.24
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	14,36,994	650	14,37,644	4.00	1,21,037	650	1,21,687	0.34	(3.66)
b) Banks / FI	0	2,400	2,400	0.00	51,479	2,600	54,079	0.15	0.15
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies		250	250	0.00	0	250	250	0.00	(0.00)
g) FIs	19,828	0	19,828	0.06	92,720	0	92,720	0.26	0.20
h) Foreign Portfolio Investors	0	0	0	0.00	7,69,473	0	7,69,473	2.14	2.14
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1):	14,56,822	3,300	14,60,122	4.06	10,34,709	3,500	10,38,209	2.88	(1.18)
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	16,75,775	11,199	16,86,974	4.69	14,10,009	11,199	14,21,208	3.94	(0.74)
ii) Overseas	18,04,891	0	18,04,891	5.02	18,04,891	0	18,04,891	5.01	(0.01)
b) Individuals									
i) Individual Share holders holding nominal share capital upto ₹ 1 lakh	36,88,436	4,66,217	41,54,653	11.55	38,13,513	4,59,152	42,72,665	11.86	0.31
i) Individual Share holders holding nominal share capital in excess of ₹ 1 lakh	8,92,705	0	8,92,705	2.48	12,17,441	0	12,17,441	3.38	0.90
c) Others (specify)									
c i) NRIs	75,629	0	75,629	0.21	1,87,224	0	1,87,224	0.52	0.31
c ii) Directors	1,03,196	7,841	1,11,037	0.31	98,174	7,841	1,06,015	0.29	(0.01)
c iii) NBFC's regd. with RBI	22,492	0	22,492	0.00	2,750	0	2,750	0.01	0.01
c iv) Clearing Member	1,21,737	0	1,21,737	0.34	2,08,066	0	2,08,066	0.58	0.24
Sub-Total (B)(2):	83,84,861	4,85,257	88,70,118	24.65	87,42,068	4,78,192	92,20,260	25.59	0.94
Total Public Share holding (B)=(B)(1)+(B)(2)	98,41,683	4,88,557	1,03,30,240	28.71	97,76,777	4,81,692	1,02,58,469	28.47	(0.42)
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	3,54,89,762	4,88,557	3,59,78,319	100.00	3,55,48,706	4,81,692	3,60,30,398	100.00	0.00

Note: During the year 16-17, total No. of shares increased due to issue of 52,079 equity shares under ESOP Scheme.

ANNEXURE 'H' to the Directors' Report

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding as on 01.04.2016			Shareholding as on 31.03.2017			% change
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Chhatisgarh Investments Limited	1,22,94,179	34.171	0	1,36,63,760	37.923	0	3.752
2	Sarda Agriculture & Properties Private Limited	26,35,150	7.324	0	26,35,150	7.314	0	(0.011)
3	Prachi Agriculture & Properties Private Limited	15,65,322	4.351	0	15,65,322	4.344	0	(0.006)
4	G.D. Sarda	13,92,378	3.870	0	13,92,378	3.864	0	(0.006)
5	Kamal Kishore Sarda	13,09,149	3.639	0	13,09,149	3.633	0	(0.005)
6	J. K. Sarda	11,72,365	3.259	0	11,72,365	3.254	0	(0.005)
7	Shakuntala Sarda	10,14,518	2.820	0	10,14,518	2.816	0	(0.004)
8	Chhatisgarh Investments Limited (Firm)	10,00,000	2.779	0	-	-	0	(2.779)
9	Veena Sarda	7,02,350	1.952	0	7,02,350	1.949	0	(0.003)
10	Pankaj Sarda	6,91,107	1.921	0	6,91,107	1.918	0	(0.003)
11	Premlata Sarda	4,68,910	1.303	0	4,68,910	1.301	0	(0.002)
12	Uma Sarda	4,89,425	1.360	0	4,89,425	1.358	0	(0.002)
13	Dr. K.K. Rathi	2,51,731	0.700	0	6,000	0.017	0	(0.683)
14	Manish Sarda	2,37,570	0.660	0	2,37,570	0.659	0	(0.001)
15	Aditya Sarda	1,12,840	0.314	0	1,12,840	0.313	0	0.000
16	Raghav Sarda	1,12,840	0.314	0	1,12,840	0.313	0	0.000
17	Neeraj Sarda	98,490	0.274	0	98,490	0.273	0	0.000
18	Anant Sarda	49,140	0.137	0	49,140	0.136	0	0.000
19	J.K. Sarda (HUF)	21,716	0.060	0	21,716	0.060	0	0.000
20	Shashi Rathi	19,767	0.055	0	19,767	0.055	0	0.000
21	Aditi Sarda	9,132	0.025	0	9,132	0.025	0	0.000
	Total	2,56,48,079	71.288	0	2,57,71,929	71.528	0	0.241

Note : Change in % holding except Chhatisgarh Investments Limited, Chhatisgarh Investments Limited (firm) & Dr. K.K. Rathi is due to issue of 52,079 shares under ESOP Scheme.

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

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
1	Chhatisgarh Investments Limited	At the beginning of the year	1,22,94,179	34.17					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			30.03.2017	Purchase*	10,00,000	1,32,94,179	36.90
					31.03.2017	Purchase*	2,45,731	1,35,39,910	37.58
					31.03.2017	Purchase	1,23,850	1,36,63,760	37.92
		At the end of the year	1,36,63,760	37.92					

* inter-se among Promoters/Promoter Group

ANNEXURE 'H' to the Directors' Report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
2	Sarda Agriculture & Properties Private Limited	At the beginning of the year	26,35,150	7.32					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	26,35,150	7.31					
3	Prachi Agriculture & Properties Private Limited	At the beginning of the year	15,65,322	4.35					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	15,65,322	4.34					
4	Ghanshyam Sarda	At the beginning of the year	13,92,378	3.87					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	13,92,378	3.86					
5	Kamal Kishore Sarda	At the beginning of the year	13,09,149	3.64					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	13,09,149	3.63					
6	J. K. Sarda	At the beginning of the year	11,72,365	3.26					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	11,72,365	3.25					

ANNEXURE 'H' to the Directors' Report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
7	Shakuntala Sarda	At the beginning of the year	10,14,518	2.82					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	10,14,518	2.82					
8	Chhatisgarh Investments Limited (Firm)	At the beginning of the year	10,00,000	2.78					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			30.03.2017	Sale*	(10,00,000)	0	0
		At the end of the year	0	0					
* inter-se among Promoters/Promoter Group									
9	Veena Sarda	At the beginning of the year	7,02,350	1.95					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	7,02,350	1.95					
10	Pankaj Sarda	At the beginning of the year	6,91,107	1.92					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	6,91,107	1.92					
11	Premlata Sarda	At the beginning of the year	4,68,910	1.30					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	4,68,910	1.30					

ANNEXURE 'H' to the Directors' Report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
12	Uma Sarda	At the beginning of the year	4,89,425	1.36					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	4,89,425	1.36					
13	Dr. K.K. Rathi	At the beginning of the year	2,51,731	0.70					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			31.03.2017	Sale*	(2,45,731)	6,000	0.02
		At the end of the year	6,000	0.02					
* inter-se among Promoters/Promoter Group									
14	Manish Sarda	At the beginning of the year	2,37,570	0.66					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	2,37,570	0.66					
15	Aditya Sarda	At the beginning of the year	1,12,840	0.31					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	1,12,840	0.31					
16	Raghav Sarda	At the beginning of the year	1,12,840	0.31					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	1,12,840	0.31					

ANNEXURE 'H' to the Directors' Report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
17	Neeraj Sarda	At the beginning of the year	98,490	0.27					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	98,490	0.27					
18	Anant Sarda	At the beginning of the year	49,140	0.14					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	49,140	0.14					
19	J.K. Sarda (HUF)	At the beginning of the year	21,716	0.06					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	21,716	0.06					
20	Shashi Rathi	At the beginning of the year	19,767	0.05					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	19,767	0.05					
21	Aditi Sarda	At the beginning of the year	9,132	0.03					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	9,132	0.03					

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Note: Change in % holding except Chhatisgarh Investments Limited, Chhatisgarh Investments Limited (firm) and Dr. K.K. Rathi is due to issue of 52,079 shares under ESOP

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

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
1	Asia Minerals Limited	At the beginning of the year	18,04,891	5.02	NIL			NIL	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year*	18,04,891	5.01					
2	ICICI Prudential Dynamic Plan	At the beginning of the year	14,36,994	4.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
					29.04.2016	Sale	(8,990)	14,28,004	3.96
					10.06.2016	Sale	(29,005)	13,98,999	3.88
					29.07.2016	Sale	(21,030)	13,77,969	3.82
					05.08.2016	Sale	(3,018)	13,74,951	3.82
					26.08.2016	Sale	(55,430)	13,19,521	3.66
					02.09.2016	Sale	(1,26,339)	11,93,182	3.31
					16.09.2016	Sale	(4,141)	11,89,041	3.30
					23.09.2016	Sale	(1,84,993)	10,04,048	2.79
					30.09.2016	Sale	(1,42,143)	8,61,905	2.39
					14.10.2016	Sale	(22,805)	8,39,100	2.33
					21.10.2016	Sale	(3,59,210)	4,79,890	1.33
			28.10.2016	Sale	(22,295)	4,57,595	1.27		
			04.11.2016	Sale	(3,36,558)	1,21,037	0.34		
		At the end of the year	1,21,037	0.34					
3	Vayudoot Commercial Private Limited	At the beginning of the year	2,90,000	0.81	NIL			NIL	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	2,90,000	0.80					

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Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
4	Fortune Couriers Limited	At the beginning of the year	2,82,503	0.79	NIL			NIL	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	2,82,503	0.78					
5	Ravi Thakurdas Laddha	At the beginning of the year	1,28,592	0.36					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			26.08.2016	Sale	(2,000)	1,26,592	0.35
				02.09.2016	Sale	(1,742)	1,24,850	0.35	
				02.12.2016	Purchase	3,166	1,28,016	0.36	
				31.03.2017	Sale	(1,23,850)	4,166	0.01	
	At the end of the year	4,166	0.01						
6	Prachi Sarda	At the beginning of the year	70,842	0.20	NIL			NIL	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	70,842	0.20					
7	Ajay Natwarlal Vora 13015200 00153044	At the beginning of the year	1,38,000	0.38	NIL			NIL	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	1,38,000	0.38					
8	Indianivesh Securities Private Limited	At the beginning of the year	99,753	0.28					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			22.04.2016	Sale	(99,753)	0	0.00
		At the end of the year	0	0.00					

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Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
9	Anvil Fintrade Private Limited	At the beginning of the year	62,278	0.17					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			04.11.2016	Sale	(62,278)	0	0.00
		At the end of the year	0	0.00					
10	Vikas Ramvilas Maheshwari	At the beginning of the year	61,385	0.17					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			24.03.2017	Sale	(4,000)	57,385	0.16
				31.03.2017	Sale	(4,000)	53,385	0.15	
	At the end of the year	53,385	0.15						
11	Acadian Emerging Markets Small Cap Equity Fund LLC	At the beginning of the year	0	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			28.10.2016	Purchase	22,851	22,851	0.06
				04.11.2016	Purchase	36,558	59,409	0.16	
				18.11.2016	Purchase	57,943	1,17,352	0.33	
				02.12.2016	Purchase	7,671	1,25,023	0.35	
				16.12.2016	Purchase	19,278	1,44,301	0.40	
	At the end of the year	1,44,301	0.40						
12	Subramanian P	At the beginning of the year	44,890	0.12					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			06.08.2016	Sale	(4,500)	40,390	0.11
				14.10.2016	Purchase	64,420	1,04,810	0.29	
	At the end of the year	1,04,810	0.29						
13	The Board of Regents of the University of Texas System Acadian Asset Management	At the beginning of the year	0	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			21.10.2016	Purchase	41,028	41,028	0.11
				28.10.2016	Purchase	37,507	78,535	0.22	
				11.11.2016	Purchase	23,133	1,01,668	0.28	
			At the end of the year	1,01,668	0.28				

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Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year		
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares	
14	Anup Kumar Chhawchharia	At the beginning of the year	0	0.00						
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			02.09.2016	Purchase	50,000	50,000	0.14	
						23.09.2016	Purchase	30,000	80,000	0.22
						03.02.2017	Sale	(5,202)	74,798	0.21
						17.02.2017	Purchase	25,202	1,00,000	0.28
		At the end of the year	1,00,000	0.28						

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
1	Kamal Kishore Sarda	At the beginning of the year	13,09,149	3.64	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/bonus/ sweat equity etc):							
		At the end of the year	13,09,149	3.63					
2	Pankaj Sarda	At the beginning of the year	6,91,107	1.92	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	69,1107	1.92					
3	Uma Sarda	At the beginning of the year	4,89,425	1.36	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	4,89,425	1.36					
4	C. K. Lakshmi-narayanan	At the beginning of the year	7,000	0.02	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	7,000	0.02					

ANNEXURE 'H' to the Directors' Report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
5	A. K. Basu	At the beginning of the year	2,000	0.01	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	2,000	0.01					
6	G. S. Sahni	At the beginning of the year	2,334	0.01	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	2,334	0.01					
7	J. Balakrishnan	At the beginning of the year	833	0.00	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	833	0.00					
8	Rakesh Mehra	At the beginning of the year	5,170	0.01	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	5,170	0.01					
9	P. R. Tripathi	At the beginning of the year	0	0.00	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	0	0.00					
10	P. K. Jain (WTD* & CFO)	At the beginning of the year	6,000	0.02					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			18.11.2016	ESOP	3,000	9,000	0.02
		At the end of the year	9,000	0.02					

* Appointed WTD w.e.f. 1st June, 2016. Also holds the office of CFO

ANNEXURE 'H' to the Directors' Report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
11	Manish Sethi (CS)	At the beginning of the year	1,254	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			18.11.2016	ESOP	426	1,680	0.00
		At the end of the year	1,680	0.00					

V. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	36,779.27	3,152.04	-	39,931.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	190.01	-	-	190.01
Total (i+ii+iii)	36,969.28	3,152.04	-	40,121.32
Change in Indebtedness during the financial year				
Addition	15,240.77	3,297.96	-	18,538.73
Reduction	(16,793.82)	-	-	(16,793.82)
Net Change	(1,553.05)	3,297.96	-	1,744.91
Indebtedness at the end of the financial year				
i) Principal Amount	35,226.22	4,450.00	-	39,676.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	104.06	-	-	104.06
Total (i+ii+iii)	35,330.28	4,450.00	-	39,780.28

ANNEXURE 'H' to the Directors' Report**VI. Remuneration of Directors and Key Managerial Personnel****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in Lakh)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. K. K. Sarda	Mr. Pankaj Sarda	Mr. P. K. Jain (WTD & CFO)*	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	130.60	57.95	45.95	234.50
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.40	0.29	0.29	0.98
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Options	0.00	0.00	2.43	2.43
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission				
	a) as % of profit	225.00	0.00	0.00	225.00
	b) others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	356.00	58.24	48.67	462.91
	Ceiling as per the Act	10% of the net profits of the Company.			

*WTD w.e.f. 1st June, 2016. Also continues as CFO.

B. Remuneration to other Directors :

(₹ in Lakh)

Sl. No.	Particulars of Remuneration	Name of Director						Total	
		Mrs. Uma Sarda	Mr. C.L. Lakshmi-narayanan	Mr. A.K. Basu	Mr. Rakesh Mehra	Mr. P.R. Tripathi	Mr. G.S. Sahni		Mr. J. Bala-krishnan
	Independent Directors:								
	* Fee for attending board / committee meetings	0.00	1.10	2.70	1.10	1.20	1.20	2.30	9.60
	* Commission	0.00	3.00	3.00	3.00	3.00	3.00	3.00	18.00
	* Others, please specify (Stock option)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (1)	0.00	4.10	5.70	4.10	4.20	4.20	5.30	27.60
	Other Non Executive Directors								
	* Fee for attending board committee meetings	1.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
	* Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	* Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	1.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
	Total (B) = (1+2)	1.00	4.10	5.70	4.10	4.20	4.20	5.30	28.60
	Total Managerial Remuneration#								491.51
	Overall Ceiling as per the Act	11% of the net profits of the Company							

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

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

(₹ in Lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel §	Total
		Company Secretary	
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	11.98	11.98
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.00	0.00
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00
2	Stock Options	0.35	0.35
3	Sweat Equity	0.00	0.00
4	Commission		
	a) as % of profit	0.00	0.00
	b) others, specify....	0.00	0.00
5	Others, please specify	0.00	0.00
	Total	12.33	12.33

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

VII. Penalties / Punishment / Compounding of Offences

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

ANNEXURE 'I' to the Directors' Report

Statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Details about top ten employees in terms of remuneration drawn

Name	Designation	Remuneration received (₹ in Lakh)	Nature of employment, whether contractual or otherwise	Qualification	Total Experience	Date of commencement of employment	Age	Last employment held	Names of other directors related to the employee
Mr. K.K. Sarda	Chairman & Managing Director	356.00	Contractual	B.E. (Mech.)	41 Years	16.12.1978	65 years	-	Mr. Pankaj Sarda, Mrs. Uma Sarda
Mr. P. Sarda	Dy. Managing Director	58.24	Contractual	BE (In Engg.), MS(A)	14 Years	01.04.2003	38 Years	-	Mr. K. K. Sarda, Mrs. Uma Sarda
Mr. R.T. Laddha	ED	54.73	Permanent	BE	22 Years	14.06.1995	45 Years	-	-
Mr. P.K. Jain	WTD & CFO	48.67	Permanent	Bcom, CA, CS	31 Years	12.04.1997	54 Years	Somaiva Organo Chem. Limited	-
Mr. A.K. Roy	Head - Siltara Operation	44.73	Permanent	BE-Metal	31 Years	10.12.2010	53 Years	-	-
Mr. A.K. Nanda	Head - Pellet Plant	37.79	Permanent	BSC-Engg	41 Years	03.08.2011	64 Years	Tata Sponge Iron Limited	-
Mr. M.K. Maheshwari	Sr. VP - Corp.	37.08	Permanent	M Tech, MBA	33 Years	18.06.2008	57 Years	IDBI Bank	-
Mr. S K Shome	President - Mines	34.51	Permanent	B Com	38 Years	17.02.1979	66 Years	-	-
Mr. S. Laddha	Head - Legal & Mines	33.44	Permanent	BE-Electronics	14 Years	01.09.2003	47 Years	-	-
Mr. Sanjeev Agrawal	Head - Commercial	31.84	Permanent	B.E. (Mech.)	28 Years	27.08.2007	53 Years	Torrent Power	-

Notes:

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

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

Name	Mr. Kamal Kishore Sarda
Designation	Chairman & Managing Director
Remuneration received	₹ 356 Lakh
Nature of employment, whether contractual or otherwise	Contractual
Qualification and experience	B.E. (Mech.) More than 41 years of industrial experience 16th December, 1978
Date of commencement of employment	65 years
Age	-
Last employment held	Mr. Pankaj Sarda, Mrs. Uma Sarda
Names of other directors related to the employee	

Notes:

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

Raipur
5th August, 2017

On behalf of the Board of Directors
(K.K. Sarda)
Chairman & Managing Director
DIN: 00008170

ANNEXURE 'J' to the Directors' Report

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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17:

S. No.	Name of Director / KMP	Remuneration of Director/ KMP for financial year 2016-17 (₹ in Lakh)	% increase in Remuneration in the Financial Year 2016-17	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. K.K. Sarda	356.00	33.05	124.95
2	Mr. Pankaj Sarda	58.24	7.39	21.14
3	Mr. P.K. Jain – CFO & WTD*	48.67	18.94	16.91
4	Mrs. Uma Sarda	1.00	25.00	0.35
5	Mr. C.K. Lakshminarayanan	4.10	(10.87)	1.44
6	Mr. J. Balakrishnan	5.30	32.50	1.87
7	Mr. G. S. Sahni	4.20	-	1.48
8	Mr. P.R. Tripathi	4.20	61.54	1.48
9	Mr. A.K. Basu	5.70	29.55	2.01
10	Mr. Rakesh Mehra	4.10	70.83	1.44
11	Mr. Manish Sethi (CS)	12.33	43.37	4.65

* Wholtime Director w.e.f. 1st June, 2016.

- ii) The median remuneration of employees of the Company during 2016-17 was ₹ 2.84 lakh.
- iii) In 2016-17, there was an increase of 16.31% in the median remuneration of employees.
- iv) There were 1,261 permanent employees on the rolls of Company as on 31st March, 2017.
- v) Average % increase in the salaries of employees other than the managerial personnel in the last financial year, i.e. 2016-17 was 8.10% as against 5.97% in the previous year. There was an increase of 17.39% in the managerial remuneration for the same period.
- vi) Commission to Chairman & Managing Director is approved by the Nomination & Remuneration Committee keeping in view the performance of the Company. Commission to Non-executive Directors is based on the involvement and contribution towards governance practices and discharging fiduciary duties.
- vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

On behalf of the Board of Directors

Raipur
5th August, 2017

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

Global Economic scenario

Amidst weak international trade, subdued industrial production and investment, the global economy grew at 3% during 2016-17, falling short of expectations as deceleration in key emerging markets and developing economies overshadowed the modest recovery in major developed countries. Even though the outlook is modestly brighter, unusually heightened uncertainty about policy direction in major economies casts a long shadow over the prospects of recovery. Another significant concern clouding the outlook is the substantial slowdown in investment growth in emerging market and developing economies.

Multiple geopolitical changes still create some concern. As per the World Steel Association, the US policy uncertainties, Brexit, the rising populist wave in current European elections and the potential retreat from globalization and free trade under the pressure of rising nationalism add a new dimension of uncertainty in the investment environment.

Indian Economy

Owing to the major policy and executive reforms by the Government, India's economic growth has shown gradual improvement. Prudent fiscal regime and lower crude oil prices have helped boost economic activities in India. Driven by these positive developments, the country has emerged as the world's fastest growing economy. However, India's GDP growth in FY 2016-17 has come down to 7.1% from 7.9% recorded in the previous financial year. This is largely due to the global economic scenario and transitional effect of demonetization. However positive effect of demonetization on the economy will be felt over the period.

In 2016-17, the agricultural sector recorded an encouraging growth of 4.1% on a y-o-y basis, thanks to a normal monsoon. In contrast, the industrial sector grew by 5.2%, whereas the service sector growth was 8.8%. The performance of the external sector has shown signs of improvement. The total FDI investments in India received during FY 2016-17 showed an increase reflecting global confidence in Sustainability of growth in Indian economy and ease of doing business.

The growth recovery has primarily happened due to discretionary spending and public investment. Government initiatives like Make-in-India, Invest India, Start Up India and e-biz Mission Mode Project under the national e-governance plan are helping to improve ease of doing business in the country.

Goods and Services Tax ('GST'), the biggest tax reform since Independence, will help simplify India's tax regime, expand tax base and check the parallel economy, which is likely to boost GDP and reduce inflation in the long-term despite the threat of a potential slowdown in economic activity during the transition in the near term. The Government's endeavour to drive a bigger as well as a cleaner GDP is expected to augur well for the economy in the medium and long term. Higher outlays in the Budget 2017 on infrastructure and housing are expected to drive growth as well.

Iron and Steel

The global crude steel production grew marginally at 0.8% y-o-y to 1.63 billion tones. China, India, Turkey and Ukraine were the only four countries among the top 10 steel-producing nations to witness growth in steel production. The global steel consumption grew by just 1% on y-o-y basis mainly due to an improving apparent consumption in China where the Government's mini stimulus measures drove buoyancy in infrastructure investment and the housing market. However, the statistics remained depressed in CIS, Middle East, Africa and America.

The global steel prices showed sign of recovery with broad-basing of trade remedial actions across countries, sudden spike in iron ore prices, tightness in physical markets in China and restocking demand led by infrastructure and construction sectors in China.

During 2016-17, India's steel sector was impacted by intense competitive pressure with a surge in domestic steel production. The crude steel production grew by 8.5% y-o-y to 97.4 MnT whereas the apparent finished steel consumption grew by just 2.6% y-o-y for the same period. Steel demand was expected to gather momentum in the second half of FY2016-17, driven by the Government's measures, normal monsoon and the Seventh Pay Commission announcements. However, it did not see the expected upswing, amid poor liquidity, lack of investment in private sector and a contraction of the major consuming sectors such as real estate.

Mills exported the excess production to benefit from a rebound in global product prices. To protect the industry from cheap imports, India imposed 'Minimum Import Price' (MIP) in Feb 2016 on various iron and steel products, which provided some relief to the industry. Later on the Government imposed provisional anti-dumping duty on various products as the industry

MANAGEMENT DISCUSSION AND ANALYSIS

needed adequate, swifter and longer shelf-life trade remedial measures to check unbridled and unfair steel imports. As a result Imports plunged 37% to 7.4 MnT. The long-term potential of the Indian steel industry remains bright.

2016 was the year of reforms in the Indian steel industry. Timely remedial measures – like - implementation of BIS norms for the steel industry, annulling classification of manufacturers to provide level-playing field to all players, removal of differential railway freight for the transportation of iron ore and pellets for domestic use & exports and implementation of anti-dumping measures - by the Indian Government, shielded the Indian steel sector from succumbing to external threats of dumping and uniform trade. Various trade measures were also put in place by the Government to protect the industry from cheap imports.

The National Steel Policy (NSP) 2017, released by the Government, envisages, by 2030, the per capita steel consumption at 160 kg & the total steel capacity at 300 MnT. The revamped National Steel Policy, with ambitious targets, expects to garner an investment to the tune of ₹ 10 lakh crore. An impediment in achieving this would be lack of land availability for greenfield projects and large scale NPAs in the sector.

Increased budgetary allocation under the 2017 Union Budget for infrastructural activities-like-affordable housing, housing for all by 2022, power for all by 2019, smart cities projects, expansion of railway networks, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), development of domestic ship building industry, opening up of the defense sector for private participation and the anticipated growth in the automobile sector are expected to create significant demand for steel in the country in the coming years. Infrastructure, water and gas pipelines, renewable energy and road sector should fuel enhanced economic activity, and as a result, steel demand. Together with this, a normal monsoon should also augur well for the economy.

According to projections from Australia's Department of Industry, Innovation and Science, India's output will rise from 103 million tons this year to 110 million in 2018 and 118 million by 2019. The growth will see India draw level with Japan next year and eclipse it after that, it said. By 2022, India will pump out 146 MnT to Japan's 118 MnT.

Sponge Iron

The sponge iron route of steel making uses non-coking coal / natural gas as against coking coal / coke used in blast furnace route. Since India has got huge reserves of non-coking coal, the sponge iron route is suitable to the Indian industry. Because of this, India has emerged as the largest producer of sponge iron in the world.

The sponge iron industry is going through stagnancy due to downturn in the steel industry, as such there was no fresh capacity addition during the financial year 2016-17. Production from the coal based plants remained stagnant at 14.05 MnT as against 13.95 MnT in the previous year. However production from the gas based plants jumped sharply from 3.92 MnT to 7.03 MnT due to improved availability and pricing of gas.

Ferro Alloys

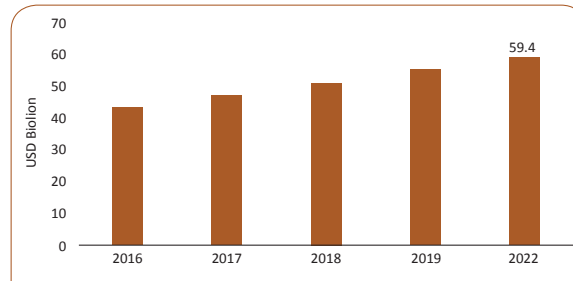
India produces 3.5 million tonne (MnT) of ferro alloys consisting of 2.5 MnT of manganese alloys and 1 MnT of ferro chrome (FeCr) and consumes around 2.3 MnT. The country exported 1.3 MnT of ferro alloys. The domestic ferro alloys industry is bracing to tackle competition from Malaysia and Indonesia, even as it grapples with higher power costs at home to meet growing demand. While 3,65,000 tonne of extra capacity came into the market in 2016, an additional 1,80,000 tonne is slated to come in during 2017. However domestic consumption will also increase with increase in steel production and increasing share of alloy steel which consumes more ferro alloys.

Power tariff in the country is high compared to other ferro alloy producing countries. Another challenge facing producers in India is the non-availability of low phos coke. The anti-dumping duty on Chinese coke has also put an upward pressure on cost of production. Non availability of high grade manganese ore also affects the industry.

Unlike the earlier times, steel production is no more the major determining factor of Manganese alloys prices. Instead, the Manganese ore stock levels and prices in China are calling the shots. There was a spike in prices of Manganese Alloys owing to the sudden increase in imported Manganese ore prices. This increase started in July'16 and continued till Dec'16. From Jan'17 onwards the prices started receding owing to drop in imported Mn ore prices. The consumption of domestic Manganese Alloys was also hit due to the significant imports of FeMn chips & fines of Malaysian origin which is duty free. Coke prices also peaked at 280-300 US\$ CIF with additional Anti-dumping duty, which also increased the prices of manganese alloys. The duty free imports from Malaysia is a big threat to Indian Manganese alloys industry, which is increasing every month. India has lost Japanese SiMn market to Malaysia Additionally the Anti-dumping imposed by S. Korea is slowing down the export to Korean Market.

MANAGEMENT DISCUSSION AND ANALYSIS

However, demand is expected to increase by 5% in 2017 supported by growth in stainless steel. Globally, stainless steel is tipped to grow by 2.9% in 2017 driven mainly by growth in China and India. High carbon ferro manganese is however likely to see a decline in demand from 4.6 MnT to 4.5 MnT and supply from 4.7 MnT to 4.6 MnT. Silico manganese, on the other hand, is expected to see increase in supply by around 5.6% to 14 MnT from 13.2 MnT, while demand is expected to grow by 2% to 13.96 MnT from 13.7 MnT.



As per the research reports, global ferro alloy market was valued at US\$ 37.2 billion in 2013 and is expected to reach US\$ 59.4 billion by 2022, expanding at 5.4% CAGR between 2014 and 2022. By volume, the market for ferro manganese is predicted to expand at a 4.5% CAGR from 2014 to 2020.

The advancement of high strength and light weight steel grades will bring in new growth opportunities in the ferro alloy market. However, the strict environmental regulations enforced by the governments of various nations and the soaring operational costs associated with ferro alloys may impede the development of the market.

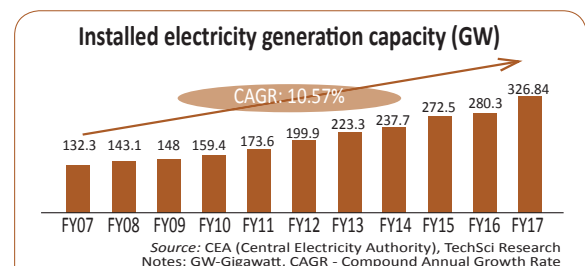
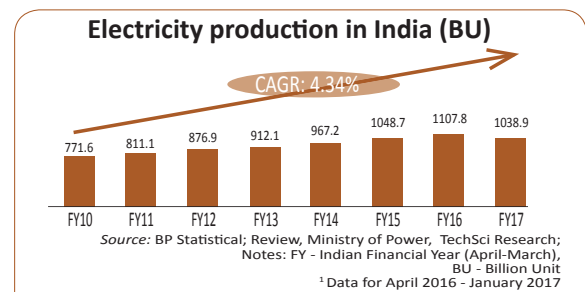
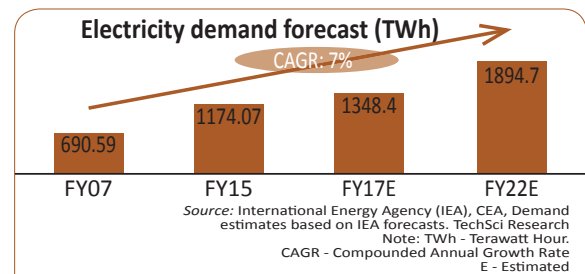
Power

Though India is world's sixth largest energy consumer, accounting for 3.4% of global energy consumption and the demand for energy has grown at an average of 3.6%, per annum over the past 30 years, the per capita power consumption in India is still 733.54 KWh/year, as compared to global average of 2340 KWh/year.

Indian power sector is undergoing a significant change. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower).

About 65% of the electricity consumed in India is generated by thermal power plants, 22% by hydroelectric power plants, 3% by nuclear power plants and rest 10% from other alternate sources like solar, wind, biomass etc. 53.70% of India's commercial energy demand is met through the country's vast coal reserves. The country has also invested heavily in recent years on renewable sources of energy such as wind & Solar energy.

It is peculiar that many parts of India are still facing severe power shortage and at the same time capacity utilization of power plant is going down. This is on account of transmission bottleneck, theft/ leakage of power, supply of power below cost on political consideration, poor health of Discoms and poor distribution infrastructure. The power plants installed in recent years are facing severe challenges in selling the power at viable levels resulting into large scale NPAs in the power sector. This will further discourage fresh investment in the sector.



MANAGEMENT DISCUSSION AND ANALYSIS

The Ministry of Power has set a target of 1,229.4 billion units (BU) of electricity to be generated in the financial year 2017-18, which is 50 BU's higher than the target for 2016-17. The annual growth rate has been estimated to be 27% in renewable energy generation and 18% for conventional energy.

On the back of falling project cost, falling interest rates and improved efficiency of solar cells, the solar power tariff has gone down drastically, putting a challenge to other sources of power. Solar power tariffs hit a record low of ₹ 2.97 per kilowatt hour (kWh). Wind power tariff reached ₹ 3.46 Kwh. To control the carbon emission as per commitment, the government policy continues to support expansion in solar and wind power. The government has also planned various policy and fiscal incentives for meeting viability gap in hydro power projects. Your Company has substantial exposure in hydro power sector and this initiative will be a big positive for the sector.

OPPORTUNITIES AND THREATS

Opportunities

The current per capita steel consumption of 61 kg. as against the international average of 208 kg., gives the Indian Steel Industry a huge potential for growth. Government's focus on infrastructure will generate robust demand in the years ahead.

Most of the large steel units are struggling for survival and are up for sale. In the given industry scenario, your Company sees a good inorganic growth opportunity and exploring right opportunity. Your Company has created a strong base for growth in its core area of operations owing to strong balance sheet, low leveraging, developed infrastructure, vast experience of successfully executing and operating large projects, sufficient land in possession, environmental clearances and available mineral resources.

Threats

Cheap exports from countries like China, Japan and Korea at predatory low prices continues to be the major threat to the steel industry in India, although the Indian Government has taken series of steps like imposition of Minimum Import Price, quality controls and anti-dumping duties to protect domestic steel units. These import barriers are transient in nature and are already under attack by exporters like Japan, which have recently dragged India to the WTO citing that imposition of such minimum import (MIP) prices has flouted global trade rules. There is a threat that these steps may not be sustained for long.

OUTLOOK

The Indian steel industry is riding high on the resurgent economy and rising demand for steel. Rapid rise in steel production has resulted in India becoming the 3rd largest producer of crude steel. According to the World Steel Association, India will contribute 5.1 MnT out of the forecasted growth of around 20 MnT in global steel demand during 2017. According to CRISIL, in the short and medium term, the steel industry is set to grow at 6-6.5% CAGR. This sets the stage for steel producers to grow in line with the steel demand and at the same time capitalize on Government policies.

With several budgetary allocations boosting infrastructure, the demand of steel and steel products is expected to rise. Another major policy reform favouring the Indian companies is the recent ruling that domestic steel will be given preference in Government projects as part of the Make in India programme. The 12th five year plan of the government is envisaging an investment of US\$ 1 trillion in infrastructure that will boost the demand for steel. Further, increase in urban population to 600 million by 2030 from the current level of 400 million, emergence of the rural market for steel currently consuming around 11 kg per annum buoyed by projects like Bharat Nirman, Pradhan Mantri Gram Sadak Yojana, among others, shall also spiral the demand for steel in the country in the future years.

Downside risks to this outlook emanate from the high corporate debt and real estate market situation. Meanwhile, raw materials price volatility is expected to subside with increased availability unlike in CY2016. Trade remedial measures should continue to influence trade flows, and, in turn, regional steel price. Thus, short-term remedial actions alone will not suffice and proactive measures need to be adopted for sustainable industry growth.

As per the Government sources, the Indian power sector has an investment potential of ₹ 15 trillion (US\$ 225 billion) in the next 4-5 years, thereby providing immense opportunities in power generation, distribution, transmission, and equipment. The government's immediate goal is to generate two trillion units (kilowatt hours) of energy by 2019. This means doubling the current production capacity to provide 24x7 electricity for residential, industrial, commercial and agriculture use.

The government is considering policy initiatives and fiscal incentives such as classifying all hydro power projects as

MANAGEMENT DISCUSSION AND ANALYSIS

renewable energy project and interest subvention for initial years, restarting the stalled hydro power projects and to attract fresh investment in the sector.

Your Company believes that with massive spending on infrastructure being lined up, with the developed infrastructure readily available with Company, the outlook for the sectors in which the Company operates appears to be stable/positive. SEML, with its manufacturing and infrastructural facilities, low cost production supported by captive power, strategic location, economic size, prominent position in the market, low leverage and established global clientele base, foresees a good opportunity for growth in the core area of its operation. The Company's prospects look positive and is expected to improve its profitability margins owing improved efficiency of plants, improved revenue stream from ferro alloys plant at its Vizag based subsidiary and revenues from the Hydro Power Plant which commenced operations recently. With low gearing and a strong cash flow, the Company is in a position to take advantage of the opportunities and face the threat emerging in the present economic scenario.

RISKS AND CONCERNS

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

Risk	Risk-mitigating factors
Economic/Industrial risk -Cyclical nature of business. -Unforeseen demand upsurge.	-fully integrated process. -proximity to steel manufacturing belt. -efficient logistics. -diversification.
Environmental risk -Discharge of pollutants. -Compliances.	- adequately equipped with pollution-control devices, complying as per the specified limits. -regular upkeep and maintenance of the equipment to avoid discharge of pollutants in the environment.
Financial risk -Availability of funds for capex and business operations.	-low debt and gearing ratio and efficient financial management.
Currency fluctuation -Unfavourable rupee/foreign currency movement.	-substantial amount of import and export providing natural hedge. -forward contracts and bookings.
Input risk - Procurement of raw materials at the right cost and in the right time.	- integrated business model makes it possible for the end product of one business to be positioned as the raw material of another. - creation of a self-feeding ecosystem within minimal inventory, costing and logistic issues.
Regulatory risk - Compliance with the ever changing applicable statutes and guidelines, rules and regulations.	- complies with all applicable statutory requirements and has systems in place to ensure compliance with the regulatory changes, if any.
Safety risk - Healthy and safe working of workmen,.	- regular safety audit by independent team and compliance review, preventive maintenance of Machines and equipment to avoid any unforeseen accidents. - adequate arrangements of fire station and dispensaries to address emergency situations.
Human resources - Retaining talent at various levels is a challenge.	- ample opportunity of growth and development of individual. - safety and security, motivation, performance linked remuneration in line with market.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has in place an adequate system of internal control commensurate with its size and nature of business.

MANAGEMENT DISCUSSION AND ANALYSIS

The system provides a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

Your Company has a business planning system to set targets and parameters for operations which are reviewed with actual performance to ensure timely initiation of corrective action, if required. The Company's Audit Committee reviews adherence to internal control systems, internal audit reports and legal compliances. This committee reviews all quarterly and yearly results of your Company and recommends the same to Board for its approval.

The Audit Committee also seeks the views/opinions of statutory auditors on the adequacy of the internal control systems in your Company. The scope and authority of the Internal Audit activity are approved by the Audit Committee. Internal Auditor reports directly to the Audit Committee of Board. Audit Committee periodically reviews the Internal Audit Reports and issues guidance and advice. Minutes of the Audit Committee are put up to the Board of Directors.

PRODUCT-WISE PERFORMANCE

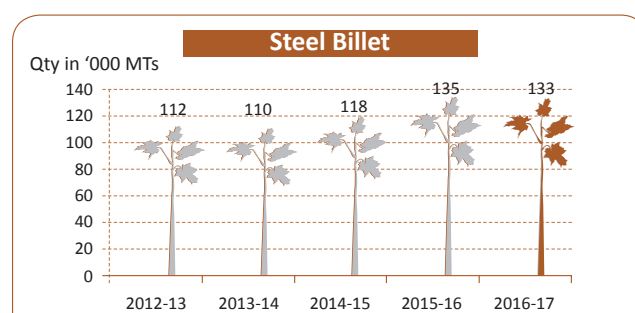
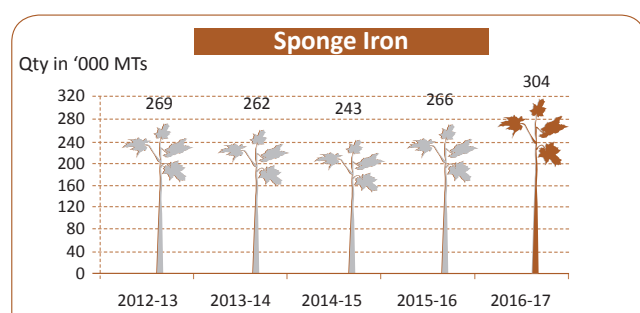
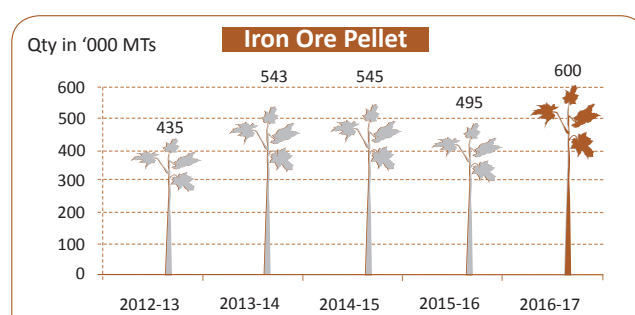
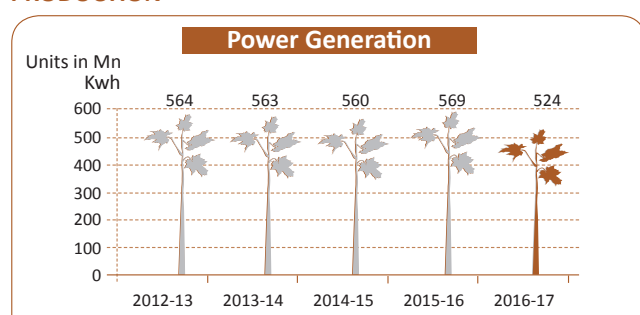
The product wise performance matrix for the year 2016-17 is summarized hereunder:

Product	Production (MTs)		Sales (MTs)		Captive consumption (MTs)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Pellet	5,99,925	4,94,916	2,07,786	2,52,750	4,09,741	2,55,317
Sponge Iron	3,04,193	2,65,508	1,76,315	1,43,240	1,26,614	1,26,989
Steel Billet	1,33,442	1,34,566	29,456	37,852	1,05,027	96,214
Wire Rod	1,01,176	92,437	72,348	52,178	30,002	27,174
HB Wire	29,552	26,764	29,387	26,101	-	-
Ferro Alloys	66,024	70,720	62,648	72,144	1,959	1,540
Power (Mn Kwh)	524	569	13	30	447	481
Iron Ore	1,48,427	3,71,033	-	-	1,60,152	3,76,677

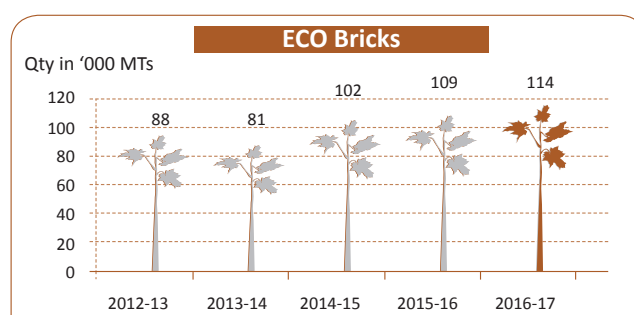
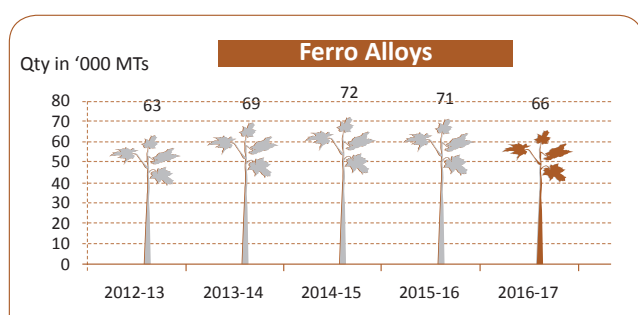
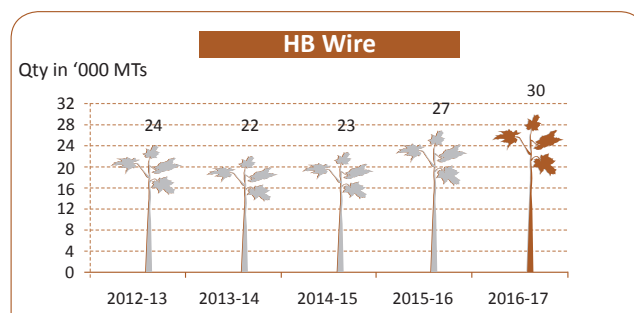
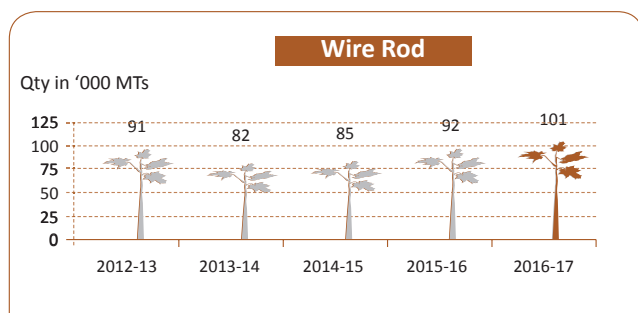
Notes:

- One captive power generating unit was shut down in December, 2016 for replacement affecting production of power, steel billet and ferro alloys. New unit has commenced operation in April, 2017.
- The operations in iron ore mines were suspended in March, 2016 due to Naxal activities. The operations resumed only in November, 2016.

PRODUCTION



MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL PERFORMANCE vis a vis OPERATIONAL PERFORMANCE

Indian Accounting Standard

The Ministry of Corporate Affairs (MCA) notified Companies (Indian Accounting Standard) Rules, 2015 enabling implementation of Ind AS. Pursuant to this notification your Company and its subsidiaries, associates and joint ventures have adopted Ind AS (the converged IFRS) with effect from 1st April, 2016.

Accordingly, the standalone and consolidated financial statements for the year ended 31st March, 2017 and 31st March, 2016 including transition date balance sheet as at 1st April, 2015 have been recast in accordance with Ind AS. The effect of transition to Ind AS has been given in detail in Financial Statement section.

Turnover

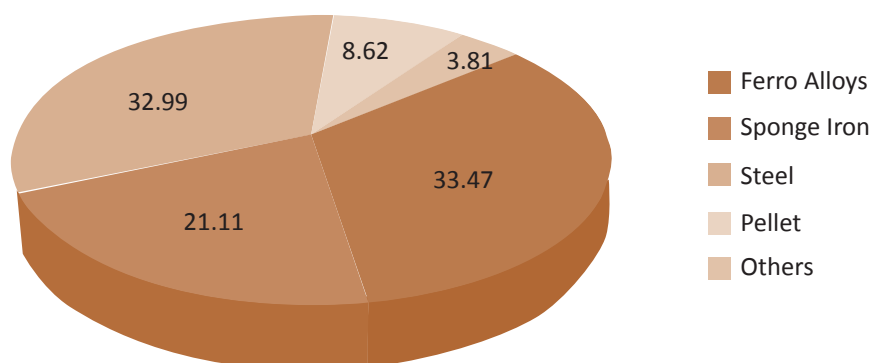
During 2016-17, your Company achieved a turnover of ₹ 1,147 crore on standalone basis as against ₹ 1,150 crore in 2015-16. At the consolidated levels, the turnover in 2016-17 stood at ₹ 1,571 crore as against ₹ 1,606 crore in the year 2015-16. The marginal fall in the turnover is mainly on account of fall in steel prices partly offset by volumes and increase in price of ferro alloys.

Breakup of revenue (%) (Product wise)

Product	2016-17	2015-16	2016-17	2015-16
	Standalone		Consolidated	
Ferro Alloys	33.47	31.89	44.17	35.98
Steel – billets, wire rods and HB wire	32.99	32.08	24.09	22.97
Sponge Iron	21.11	18.93	15.41	13.55
Pellet	8.62	12.26	6.30	8.78
Others	3.81	4.84	10.03	18.72

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover (%) : 2016-17 (Standalone)



Breakup of consolidated revenue (Entity wise)

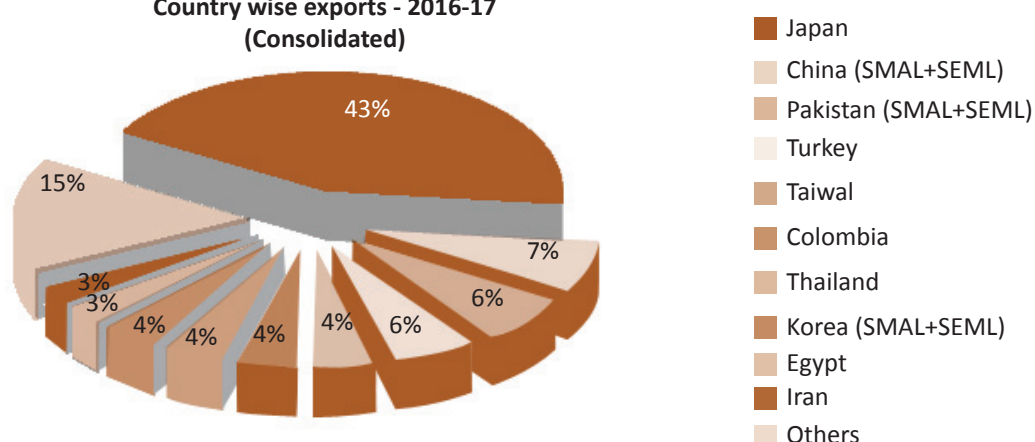
(₹ in crore)

Company	2016-17	2015-16	Product
Sarda Energy & Minerals Limited	1,125	1,112	Steel, Ferro alloys & Thermal Power
Sarda Metals & Alloys Limited	440	488	Ferro Alloys & Thermal Power
Parvatiya Power Limited	6	6	Hydro Power
	1,571	1,606	

Exports

During 2016-17, exports at the consolidated levels stood at 36,616 mt of ferro alloys as against 45,446 mt in the previous year. The export market was catered mostly by Sarda Metals & Alloys Limited due to locational advantage. The exports were lower because of weak market conditions and currency fluctuations. Japan topped the export destination followed by China, Pakistan and Turkey. Your Company and its subsidiary Sarda Metals & Alloys Limited both are recognized as **“Two Star Export House”**.

Country wise exports - 2016-17
(Consolidated)



Finance cost

Finance cost includes Interest expense, other borrowing costs and also exchange differences to the extent considered as an adjustment to the borrowing costs. On a standalone basis, the finance cost was down by 25.50% to ₹ 42 crore in 2016-17 as compared to ₹ 56 crore in the year 2015-16 on account of repayments and reduction in the rate of interest. At the consolidated levels also, the finance cost went down by 16% to ₹ 94 crore in 2016-17 as against ₹ 112 crore in 2015-16. During the year, the Company placed its first ever Commercial Papers @7.3% p.a. which also helped in reducing interest cost.

Depreciation

At the standalone levels, depreciation during 2016-17 amounted to ₹ 47 crore as compared to ₹ 51 crore in the year 2015-16. Depreciation at the consolidated levels was ₹ 69 crore as against ₹ 75 crore in 2015-16.

MANAGEMENT DISCUSSION AND ANALYSIS

Other expenses

The other expenses have reduced considerably in 2016-17 to ₹ 129 crore as compared to ₹ 171 crore in 2015-16. This is mainly on account of reduction in consumption of stores and spares, material handling expenses, repairs and maintenance expenses and various administrative expenses as part of company's cost saving drive to reduce cost and optimize use of resources. Besides, there is reduction in logistics expenses on account of reduced exports. The other expenses have also been partially offset on account of gain in exchange difference.

Profitability

During 2016-17, the Company earned Profit Before Tax (including net exceptional gain of ₹ 44 crore) of ₹ 162 crore as against ₹ 56 crore in the year 2015-16 on account of increased volume in steel and better realization in ferro alloys. The Net Profit for the year was ₹ 131 crore as against ₹ 38 crore in 2015-16.

At the consolidated levels, the Profit Before Tax was ₹ 150 crore in 2016-17 as against ₹ 40 crore in 2015-16. The net profit at consolidated levels stood at ₹ 128 crore in 2016-17 as against ₹ 14 crore in 2015-16. Sarda Metals & Alloys Limited reported loss of ₹ 18 crore as against loss of ₹ 4 crore in the previous year due to fall in the selling price of power and subsidy given by the Andhra Pradesh Government to other ferro alloys producers drawing power from the state grid, making our ferro alloys operations uncompetitive. We have represented to the Andhra Pradesh Govt. to extend benefit of subsidy to us also, which is under active consideration of the government.

Non-current Assets

Property, plant & equipment

At the standalone level (gross), property, plant & equipment stood at ₹ 706 crore as against ₹ 749 crore in the previous year. The fall is mainly on account of disposal of coal mine assets and scrapping of one turbine. Property, plant & equipment (net) stood at ₹ 609 crore as against ₹ 699 crore in the previous year.

At the consolidated levels (gross), property, plant & equipment stood at ₹ 2,126 as against ₹ 1,937 crore in the previous year. Property, plant & equipment (net) stood at ₹ 1982 crore as against ₹ 1863 crore in the 2015-16.

Non-current Investments

During the year, your Company has made further investments of ₹ 53 crore in its subsidiaries and controlled entities mainly in Madhya Bharat Power Corporation Limited [MBPCL] and Chhattisgarh Hydro Power LLP [CHP LLP]. The 24 MW Hydro Power Plant of CHP LLP has commenced generation on 31st March, 2017 and has been synchronized successfully with the grid. The plant has achieved commercial operation during current year. The 96 MW Hydro Power project of MBPCL is under advanced stage of execution. The benefits of the investments would flow to your Company in the coming years.

At the consolidated levels, investments in 2016-17 stood at ₹ 22 crore as against ₹ 27 crore in 2015-16.

Loans

Long term loans and advances remained at the levels of the previous year, both, at the standalone levels and also at the consolidated levels. Loans and advances include security deposits and business advances given by the Company.

Other non-current assets

Other non-current assets stood at ₹ 21 crore as against ₹ 41 crore in the previous year. The reduction in other non-current assets was primarily due to reduction in advance income tax and prepaid expenses.

At the consolidated levels, other non-current assets, in 2016-17, stood at ₹ 43 crore as against ₹ 100 crore in 2015-16. The reduction was mainly due to utilization of MAT Credit entitlement, reduction in security deposits & and capital advances.

Current assets

Inventories

At the standalone level, inventories in 2016-17 stood at ₹ 252 crore as against ₹ 177 crore in 2015-16. At the consolidated level, inventories in 2016-17 stood at ₹ 343 crore as against ₹ 222 crore in 2015-16. The increase in inventories at the standalone and consolidated levels was mainly due to non-availability of low cost captive raw material and stocking of raw material on commercial consideration.

Current Investments

Investments as on 31st March, 2017 stood at ₹ 64 crore showing substantial increase over 2015-16. As a part of treasury

MANAGEMENT DISCUSSION AND ANALYSIS

operation, your Company has made investment of surplus funds in fundamentally strong listed equity shares for long term appreciation and meeting cash flow mismatch, if any. The investment has performed well.

Consolidated investments in 2016-17 stood at ₹ 203 crore, up from ₹ 133 crore in 2015-16 mainly on account of above investment.

Trade receivables

Trade receivables in 2016-17 stood at ₹ 50 crore as against ₹ 41 crore in 2015-16 representing mainly the PSUs or backed by LCs.

At the consolidated levels, in 2016-17, trade receivable stood at ₹ 106 crore as against ₹ 125 crore in 2015-16.

Bank and cash balances

Bank and cash balances (including unpaid dividend lying in the bank) stood at ₹ 1.46 crore in 2016-17 as against ₹ 1.16 crore in the previous year. This marginal increase was due to increase in amount of fixed deposit with the banks.

At the consolidated levels, this amount was ₹ 10.56 crore in 2016-17 as against ₹ 11.87 crore in 2015-16.

Loans

Loans in 2016-17 stood at ₹ 222 crore as against ₹ 224 crore in 2015-16. As a part of treasury operation, surplus funds are lent for earning revenue. These include short term loans and advances to subsidiaries/controlled entities and other group companies to support their activities.

At consolidated levels, loans in 2016-17 stood at ₹ 273 crore as against ₹ 257 crore in 2015-16. During the period, loans to related parties came down whereas earnest money deposits and loans to other parties increased.

Other current assets

Other current assets stood at ₹ 59 crore in 2016-17 as against ₹ 20 crore in 2015-16. The sharp increase was on account of increase in advance to raw material vendors, due to non-availability of captive raw material.

Other current assets, at the consolidated levels, in 2016-17, stood at ₹ 116 crore as against ₹ 72 crore in 2015-16. The increase was mainly due to increase in advance to the vendors.

Share Capital

In 2016-17 the equity share capital has increased nominally on account of issue of 52,079 equity shares to employees under ESOP Scheme implemented by your Company.

Non-current Liabilities

Borrowings

During the year, your company repaid ₹ 81 crore of term loans availed from the banks/ financial institutions. All the loans and the interest payment commitments were met on time.

During the year, your Company availed fresh term loans amounting to ₹ 31 crore against capital expenditure. As on 31st March, 2017, the long term loans (including current maturities) stood at ₹ 190 crore as against ₹ 242 crore in the previous year. The Long Term Debt Equity ratio improved from 0.23:1 to 0.16:1.

Consolidated borrowings stood at ₹ 1015 crore as against ₹ 966 crore in the previous year. The increase was mainly on account of fresh disbursements in ongoing hydro power projects. The consolidated Long term Debt Equity ratio stood at 0.75:1 against 0.79:1 in the previous year.

CARE had maintained the ratings at CARE A1 (A one) for short term loans and CARE A (Single A) for the long term loans and Debentures.

Other long term liabilities

Other long term liabilities stood at the levels of the previous year.

At the consolidated levels, other long term liabilities stood at ₹ 13 crore as against ₹ 8 crore in the previous year. The increase was mainly on account of increase in security deposits from vendors/contractors.

Provisions

Provisions in 2016-17 stood at ₹ 4 crore as against ₹ 33 crore in the previous year. At the consolidated levels, provisions in 2016-17 stood at ₹ 9 crore as against ₹ 34 crore in the previous. The reduction (at the standalone and consolidate levels)

MANAGEMENT DISCUSSION AND ANALYSIS

was mainly on account of write back of provisions related to coal mine expenses, which were no more required because of the de-allocation of mine and also due to reduction in provision for statutory liabilities. Provisions also include provision for leave encashment.

Current liabilities

Borrowings

The short term borrowings in 2016-17 stood at ₹ 207 crore as against ₹ 157 crore in 2015-16. The increase was mainly due to short term loans, Buyers' credit facilities and unsecured loan falling due in the next financial year.

At the consolidated level, the short-term borrowings in 2016-17 stood at ₹ 348 crore as against ₹ 255 crore in 2015-16.

Trade payables

Trade payables in 2016-17 increased to ₹ 76 crore as against ₹ 66 crore in 2015-16 mainly on account of buyers credit availed by the company.

At the consolidated level, trade payable in 2016-17 stood at ₹ 111 crore as against ₹ 92 crore in the year 2015-16.

Other financial liabilities

Other financial liabilities in 2016-17 stood at ₹ 121 crore as against ₹ 115 crore in 2015-16. At the consolidated levels, other financial liabilities in 2016-17 stood at ₹ 186 crore as against ₹ 177 crore in 2015-16. The increase was mainly on account of increase in payables against supply bills discounted by the banks.

Other current liabilities

Other current liabilities stood at the levels of previous year.

At the consolidated level, other current liabilities stood at ₹ 16 crore, marginally up from ₹ 15 crore in 2015-16. The increase at the consolidated level was attributable to advances received from customers, taxes payable and expenses payable.

Provisions

At the standalone level, provisions stood at ₹ 9 crore in 2016-17 as against ₹ 6 crore in the 2015-16. At the consolidated levels, provisions stood at ₹ 10 crore in 2016-17 as against ₹ 6 crore in 2015-16. The increase was mainly on account of increase in provision for gratuity payable and expenses payable.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCE/INDUSTRIAL RELATIONS

Organization growth and development depends on the quality of its human capital. Strategic HR practice requires focus on the long term goals of the organization. Effective human resource (HR) planning and management is required at all stages to ensure employee growth and satisfaction.

At SEML, HR processes are integrated into the fabric of the organization and add value to the business operations. The Human Resource (HR) practices here are geared towards creating a performance driven organization. Various measures have been taken/are being taken to attract and retain the best talents and minimize attrition. The selection process is based on pre-defined Competency Matrix which helps in self-development and organizational growth.

Your Company has recognized an importance of providing training to its employees. The objective is to create a learning oriented organization which ensures that employees can effectively perform, gain competitive advantage and seek self-growth. During the year, average man-days training of 2.63 days per employee was achieved.

During the year, 8 teams of your Company participated in the Quality Circle International Convention through Quality Circle Forum of India, Bhilai Chapter and won Gold Award in International Convention held in Bangkok, Thailand. Quality teams also participated in QCFI national convention held in Bhilai and have won Excellence and Par Excellence awards.

Your Company has ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications. Audit process has already been completed to upgrade these certifications to the revised international standards of ISO 9001:2015 & ISO 14001:2015. This initiative will help your Company to broaden its base on quality/ safety/ health/ environment.

With an objective of inculcating the aspect of Safety in human behavior amongst all employees, Behavior Based Safety Training (BBS) system, was implemented which has received good response and has yielded good results. Over 90% of the manpower has already attended the BBS training system and have reaped benefit from the program.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 31st March, 2017, the total number of employees stood at 1,261 as compared to 1,301 in the previous year. The attrition rate was 3.00% as compared to 5.7% in the previous year. The employee average age is 39 years.

On the whole, the focus was on building internal capabilities and bringing down costs through application of technology, innovation and automation, while keeping the employees engaged and motivated.

FORWARD LOOKING STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the sector, significant changes in political, regulatory and economic environment in India, exchange rate fluctuations, tax laws, litigation and labour relations and other incidental factors.

CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

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

- **Transparency** : We believe in dissemination of information on time and in transparent manner.
- **Protecting Stakeholders' interest** : As a trustee for various stakeholders, we believe in safeguarding and balancing the interest of all stakeholders.
- **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 of ten directors, including two wholtime promoter directors, one wholtime professional director, one non-executive women promoter director and six non-executive independent directors. The non-executive independent directors are eminent professionals having rich and sound experience in diverse fields related to the business of your Company.

The names and categories of the directors on the board and other relevant information, as on 31st March, 2017, are as under:

Names of the Directors	Category	No. of other Directorships held**	Member/ Chairman of other Board committees@	No. of shares held in the Company
Mr. K.K. Sarda^	Promoter Executive	8	-	13,09,149
Mr. Pankaj Sarda^	Promoter/ Wholtime	10	2	6,91,107
Mr. P.K. Jain*	Professional/Wholtime	4	-	9,000
Mrs. Uma Sarda^	Promoter/Non-executive	1	-	4,89,425
Mr. Rakesh Mehra	Independent Non-executive	1	-	5,170
Mr. A.K. Basu	Independent Non-executive	2	3	2,000
Mr. P.R. Tripathi	Independent Non-executive	7	6	Nil
Mr. G.S. Sahni	Independent Non-executive	7	3	2,334
Mr. C.K. Lakshminarayanan	Independent Non-executive	3	3	7,000
Mr. Jitender Balakrishnan	Independent Non-executive	10	6	833

** Excluding directorships in foreign companies.

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

* w.e.f. 1st June, 2016.

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

2.2 Board Meetings

The members of the Board are provided with the requisite information mentioned in the Listing Regulations well before the Board Meetings. Six meetings of the Board of Directors were held during the year ended 31st March, 2017 as given hereunder:

i)	27th May, 2016	ii)	24th August, 2016	iii)	30th September, 2016
iv)	18th November, 2016	v)	5th January, 2017	vi)	11th February, 2017

CORPORATE GOVERNANCE

The attendance record of the Directors at the Board Meetings during the year ended on 31st March, 2017 and at the last Annual General Meeting is as under:

Names of the Directors	No. of Board Meetings attended	Last AGM attended
Mr. K.K. Sarda	6	Yes
Mr. Pankaj Sarda	5	Yes
Mr. P.K. Jain*	5	Yes
Mrs. Uma Sarda	5	Yes
Mr. Rakesh Mehra	4	Yes
Mr. A.K. Basu	6	Yes
Mr. P.R. Tripathi	4	No
Mr. G.S. Sahni	4	Yes
Mr. C.K. Lakshminarayanan	4	Yes
Mr. Jitender Balakrishnan	5	Yes

* w.e.f. 1st June, 2016.

2.3 Governance Policies

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

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

2.4 Meetings of Independent Directors

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

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

2.5 Code of Conduct

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

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

I hereby confirm that the Company has obtained from all the members of the Board and senior executives, affirmation that they have complied with the Code of Conduct for Board of Directors and Senior Executives in respect of the financial year 2016-17.

K. K. Sarda
Chairman & Managing Director

CORPORATE GOVERNANCE

2.6 Particulars of Directors seeking appointment/reappointment

Details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) in respect of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting to be held on 28th September, 2017 are given as under:

1	Name	Mr. Pankaj Sarda
2	i) Age	37 years
	ii) Qualification	Industrial Engineering from Nagpur University, Nagpur and Masters from Purdue University, USA.
	iii) Date of appointment	31.10.2007
3	Experience	More than 14 years Industrial Experience.
4	Other Directorships/ Partnerships	ABS Engineers Private Limited Madhya Bharat Power Corporation Limited Sattva Seeds Private Limited Madanpur South Coal Company Limited Sarda Energy Limited Rishabh Mining & Transport Company Private Limited Raipur Fabritech Private Limited Raipur Industrial Gases Private Limited Sarda Dairy & Food Products Limited Raipur Mega Food Park Private Limited Prosperous Housing Finance Limited (w.e.f. 05.04.17)
5	Chairman/ Member of Committees	Sarda Energy & Minerals Limited - Membership Audit Committee CSR Committee Risk Management Committee Sarda Dairy & Food Products Limited - Membership Audit Committee Nomination & Remuneration Committee
6	Shareholding in the Company	6,91,107 Equity Shares
7	Relationship with Directors	Son of Mr. K.K. Sarda and Mrs. Uma Sarda.

3. Committees of the Board

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

Audit Committee	Nomination & Remuneration Committee
Mr. A.K. Basu (Chairman)	Mr. P. R. Tripathi (Chairman)
Mr. C.K. Lakshminarayanan	Mr. G. S. Sahni
Mr. Rakesh Mehra	Mr. J. Balakrishnan
Mr. Pankaj Sarda	Mr. K. K. Sarda
Mr. G.S Sahni*	
Stakeholders' Relationship Committee	Corporate Social Responsibility Committee
Mr. J. Balakrishnan (Chairman)	Mr. P. R. Tripathi (Chairman)
Mr. A. K. Basu [#]	Mr. K. K. Sarda
	Mr. Pankaj Sarda
Risk Management Committee	
Mr. K.K. Sarda (Chairman)	Mr. P.K. Jain, WTD & CFO [@]
Mr. Pankaj Sarda	Mr. Asish Roy (President)

* w.e.f. 24th August, 2016. | [#] w.e.f. 1st April, 2016. | [@] WTD w.e.f. 1st June, 2016.

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

CORPORATE GOVERNANCE

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

Board Committees	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Meetings held	4	2	11	2	1
Attendance:					
Mr. K.K. Sarada	NA	2	NA	2	1
Mr. Pankaj Sarada	4	NA	NA	2	1
Mrs. Uma Sarada	NA	NA	NA	NA	NA
Mr. P.K. Jain*	NA	NA	NA	NA	1
Mr. A.K. Basu	4	NA	11	NA	NA
Mr. C.K. Lakshminarayanan	3	NA	NA	NA	NA
Mr. G.S. Sahni @	2	2	NA	NA	NA
Mr. J. Balakrishnan	NA	2	11	NA	NA
Mr. P. R. Tripathi	NA	2	NA	2	NA
Mr. Rakesh Mehra	3	NA	NA	NA	NA

* Director w.e.f. 1st June, 2016

@ Member of Audit Committee w.e.f. 24th August, 2016

3.3 Procedure at Committee Meetings

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

3.4 Terms of Reference of Board Committees

Audit Committee

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

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

Nomination & Remuneration Committee

The Nomination & Remuneration Committee is responsible for:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Evaluation of every director's performance;
- Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Administering, monitoring and formulating detailed terms and conditions of the Employees' Stock Option Scheme.

CORPORATE GOVERNANCE

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

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

The Executive Directors have been paid remuneration as per terms of their appointment. The Non-Executive Directors have been paid sitting fees for meetings of the Board and/or Committees attended by them. Also, pursuant to the approval of members, Non-Executive Independent Directors have been paid Commission on the net profits of your Company for the year 2016-17.

Details of remuneration to Chairman & Managing Director and Wholetime Directors are as under: (₹ in Lakh)

Name of the Director	Salary	Perquisites & Allowances	Retiral Benefits	Commission	Total	Stock Options granted*
Mr. K.K. Sarda	116.64	0.40	13.96	225.00	356.00	NIL
Mr. Pankaj Sarda	51.14	0.29	6.81	0.00	58.24	NIL
Mr. P.K. Jain#	40.99	2.72	4.96	0.00	48.67	NIL

WTD w.e.f. 01.06.2016. Also holds the office of CFO.

* No stock options were granted during the year.

Note :

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

Details of remuneration to Non-Executive Directors are as under: (₹ in Lakh)

Name of the Director	Sitting fees	Commission	Total
Mr. A. K. Basu	2.70	3.00	5.70
Mr. C. K. Lakshminarayanan	1.10	3.00	4.10
Mr. G. S. Sahni	1.20	3.00	4.20
Mr. J. Balakrishnan	2.30	3.00	5.30
Mr. P. R. Tripathi	1.20	3.00	4.20
Mr. Rakesh Mehra	1.10	3.00	4.10
Mrs. Uma Sarda	1.00	0.00	1.00

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

Stakeholders' Relationship Committee

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

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

The number of complaints received during the year : 11 complaints were received which were attended in time. Apart from the above, requests for issue of duplicate shares, share transmissions, revalidation of warrants and change in bank account details, were also received and were attended promptly.

The number of complaints not solved to the satisfaction of shareholders : NIL

Number of pending complaints : 2 complaints pending for redressal as on 31st March, 2017 have since been redressed.

CORPORATE GOVERNANCE

Corporate Social Responsibility Committee

The role of the Committee is to:

- formulate and recommend to the Board, suitable Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in terms of Schedule VII of the Companies Act, 2013;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- delegating powers for approving CSR spend within the framework of CSR policy; and
- monitor the Corporate Social Responsibility spending of the Company from time to time.

Risk Management Committee

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

4. General Body Meetings

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

Date	Time	Location	Special Resolution Passed
30th September, 2016	11.30 a.m.	Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025	No Special Resolution was passed in the meeting
28th September, 2015	3.00 p.m.	Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025	No Special Resolution was passed in the meeting
29th September, 2014	11.00 a.m.	Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025	To enter into sale/ purchase contracts / arrangements with M/s. Sarada Metals & Alloys Limited, Wholly Owned Subsidiary, subject to annual limit of ₹ 500 crore.

Special Resolution(s) passed through Postal Ballot

During 2016-17, the members of the Company have approved, by passing Special Resolution through postal ballot effective October 27, 2016, the dilution of Company's holding in Sarada Metals & Alloys Limited [SMAL], its wholly owned Subsidiary, in case the lenders of SMAL convert loan into equity.

The Board had appointed Mr. Kamlesh Ojha, Practicing Company Secretary of M/s. S.G. Kankani & Associates, Raipur as Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner.

The details of the voting pattern in respect of Special Resolution was as under:

Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
		(1)	(2)	$(3) = [(2)/(1)] * 100$	(4)	(5)	$(6) = [(4)/(2)] * 100$	$(7) = [(5)/(2)] * 100$
Promoter & Promoter Group	E-Voting	25648079	19486300	75.97	19486300	-	100.00	-
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		-	-	-	-	-	-
	Total		25648079	19486300	75.97	19486300	0	100.00
Public – Institutions	E-Voting	5295194	1208869	22.83	1189041	19828	98.36	1.64
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		-	-	-	-	-	-
	Total		5295194	1208869	22.83	1189041	19828	98.36

CORPORATE GOVERNANCE

Category	Mode of Voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
Public – Non Institutions	E-Voting	5035046	19718	0.39	17057	2661	86.50	13.50
	Poll		-	-	-	-	-	-
	Postal Ballot (if applicable)		-	-	-	-	-	-
	Total		5035046	19718	0.39	17057	2661	86.50
Total		35978319	20714887	57.58	20692398	22489	99.89	0.11

5. Means of communication

Quarterly, half-yearly and annual results are submitted to the stock exchange in accordance with the Listing Regulations and published in Indian Express (English) and Loksatta (vernacular) newspapers. The financial results and other relevant information are placed simultaneously on your Company's website - www.seml.co.in. Neither official news releases nor any presentations have been made to the institutional investors or to the analysts during the year.

6. General shareholder information

Annual General Meeting	: Date: 28th September, 2017
	: Time: 11.00 a.m.
	: Venue: Hotel Pride, Opp. Airport, Wardha Road, Nagpur (M.H.) 440025
Financial calendar for 2017-18 (tentative)	:
Financial results for the quarters ended:	:
30th June, 2017	: 1st week of August, 2017
30th September, 2017	: 2nd week of November, 2017
31st December, 2017	: 2nd week of February, 2017
31st March, 2018	: 4th week of May, 2018 (audited)
Annual General Meeting (for F.Y. 2017-18)	September, 2018
Dividend payment date	Within 5 days from 28th September, 2017
Listing on stock exchanges Equity shares	: The shares of the company are listed on the following exchanges:
	i. BSE Limited, Mumbai (504614)
	ii. The National Stock Exchange of India Ltd., Mumbai (SARDAEN) ISIN no. NSDL & CDSL - INE385C01013
Non-convertible debentures	: The 9.55% non-convertible debentures of your Company were 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

The Non-convertible Debentures have been redeemed in full on 26th July, 2017.

No Security of the Company has been suspended from trading on any of the stock exchanges where they are listed. Your company has paid annual listing fees to the BSE Limited for equity shares and the NCD's and to The National Stock Exchange of India Limited, Mumbai, for the equity shares for the financial year 2017-18.

CORPORATE GOVERNANCE

Trustees for NCDs (9.55%)	: Axis Trustee Services Limited Axis House, 2nd Floor Wadia International Centre Pandurang Budhkar Marg, Worli, Mumbai 400025
Registrar and share transfer agents (for physical and electronic) (for equity shares and NCD)	: Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building Opp. Vasant Oasis, Makwana Road Marol, Andheri East, Mumbai - 400059 (M.H.)
Share transfer system	: Share transfers in physical form can be lodged with the R&T agents at the above address. Transfers are, if the documents are complete in all respects, processed within the stipulated time. All share transfer requests are approved by the Stakeholders' Relationship Committee or the persons authorised by the Board.

Market price data: High/low during the year 2016-17

Month	SEML on the BSE (in ₹)		SEML on the NSE (in ₹)	
	High	Low	High	Low
Apr 2016	124.90	91.90	124.90	92.65
May 2016	115.95	97.85	115.80	98.05
Jun 2016	133.25	103.05	133.20	103.00
Jul 2016	158.20	122.05	158.00	122.25
Aug 2016	183.60	127.10	183.80	126.30
Sep 2016	224.25	164.00	224.00	164.00
Oct 2016	281.85	202.65	281.40	202.55
Nov 2016	296.60	185.00	296.20	185.10
Dec 2016	244.20	202.00	245.80	200.10
Jan 2017	263.45	220.70	264.00	220.40
Feb 2017	265.00	227.00	265.00	228.60
Mar 2017	260.00	238.90	259.85	238.10

Comparison of SEML share price movements with SENSEX and NIFTY



Shareholding pattern as on 31st March, 2017

Sl. No.	Category	No. of shares	Percentage
1.	Promoter and Promoter Group	2,57,71,929	71.53%
2.	Institutions	10,40,959	2.89%
3.	Resident Individuals	55,96,121	15.53%
4.	Bodies Corporate	14,21,208	3.94%
5.	Overseas Corporate Bodies	18,04,891	5.01%
6.	Individuals NRIs	1,87,224	0.52%
7.	Clearing member	2,08,066	0.58%
	TOTAL	3,60,30,398	100.00%

CORPORATE GOVERNANCE

Distribution of shareholding as on 31st March, 2017

Shareholding of nominal value (₹)	Shareholders		Shares	
	Number	% to total	₹	% to total
Up to 5,000	17,442	90.58	2,04,87,930	5.69
5,001 – 10,000	868	4.51	70,81,810	1.97
10,001 – 20,000	453	2.35	68,02,550	1.89
20,001 – 30,000	167	0.87	42,42,810	1.18
30,001 – 40,000	66	0.34	23,54,090	0.65
40,001 – 50,000	45	0.23	21,30,300	0.59
50,001 – 1,00,000	85	0.44	61,87,730	1.71
1,00,001 and above	127	0.68	31,10,16,760	86.32
Total	19,253	100.00	36,03,03,980	100.00

Dematerialization of securities : Your Company has arrangement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialization of equity shares. As on 31st March, 2017, out of the total 3,60,30,398 equity shares held by about 19,253 (PY 15,211) shareholders, 3,55,48,706 (PY 3,54,89,562) equity shares held by 15,033 (PY 10,963) shareholders representing 98.66% (PY 98.64%) percent of the total paid-up equity capital have been dematerialized.

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

Debentures are also held in dematerialized form.

Plant location : The plant of your Company is located at Industrial Growth Centre, Siltara, Raipur (C.G).

Address for correspondence : Sarda Energy & Minerals Limited
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 73-A, Central Avenue, Nagpur (M.H.)
 Ph: +91-771-2722407 / Fax: +91-771-2722107
 e-mail: cs@seml.co.in
Works:
 Industrial Growth Centre, Siltara
 Raipur [C.G.] 493 111
 Ph: +91-771-2216100 / Fax: +91-771-2216198
 e-mail: cs@seml.co.in

7. Disclosures

a) Related Party Transactions

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

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

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

CORPORATE GOVERNANCE

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

b) Hedging of Risks

Company is not having much exposure to foreign exchange and there is a natural hedging partly available in terms of exports made by the Company.

In respect of price risk of raw materials used for manufacturing purpose, the same is taken care of as per industry requirement.

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

During the last three years, the Company has complied with all applicable Acts and Regulations and there was no non-compliance by the Company. No penalties, strictures were imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets. Your Company's application for delisting is pending with the Calcutta Stock Exchange, for long. The matter has been reported to SEBI. In view of the pendency of delisting application with the Calcutta Stock Exchange, your Company has stopped reporting about the same and has also stopped sending the information to the Calcutta Stock Exchange.

d) Whistle Blower policy

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

e) Compliance

Financial Statements: The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015. The financial statements for all periods upto and including year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) ("previous GAAP"). The financial statements for the year ended March 31, 2017 are the first financial statements prepared by the Company in accordance with Ind AS. The figures of the Previous year has also been recast to make them comparable as per applicable Ind AS.

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

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

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

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

Transfer of shares to IEPF: Pursuant to the General Circulars issued by the Ministry of Corporate Affairs with respect to Section 124 (6) of the Companies Act, 2013 read with Rules made thereunder in relation to transfer of

CORPORATE GOVERNANCE

shares on which dividend remains unpaid for 7 consecutive years to the Investor Education and Protection Fund (IEPF), the matter is under process. The Company will comply with the formalities, as may be necessary, in this regard.

f) Web-links

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

g) Material financial & commercial transactions by Senior Management

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

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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 31 March, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

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

(Sanjay Singhania)
Partner

M.No.076961

Raipur
5th August, 2017

INDEPENDENT Auditor's Report

To the Members of
Sarda Energy & Minerals Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Sarda Energy & Minerals Limited** ('the Company'), which comprise the balance sheet as at 31st March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes 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 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

INDEPENDENT

 auditor's report

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 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 it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - (e) on the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 40 to the standalone Ind AS financial statements;
 - 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; and
 - iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 37 to the standalone Ind AS financial statements.

Raipur, 6th June, 2017

For **O P Singhania & Co.**
(ICAI Firm Regn. No.002172C)
Chartered Accountants
Sanjay Singhania
Partner
Membership No.076961

ANNEXURE - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31st March, 2017, we report that:

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

Name of the Statute	Nature of the Dues	Amount (₹ in Lakh)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	20.57	Mar' 1986 to Oct 1988	M.P. High Court
Central Excise Act, 1944	Excise Duty	7.62	Mar' 1989 to Aug 1989	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty Penalty	29.95 1.00	Apr'2008 to Aug'2012	Customs Excise & Service Tax Appellate Tribunal

ANNEXURE - A to the Auditors' Report

Name of the Statute	Nature of the Dues	Amount (₹ in Lakh)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty Penalty	11.61 0.50	Sept'2012 to Aug'2013	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Penalty	21.02	Apr'2008 to Aug'2012	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Penalty	5.31	Sept'2012 to Aug'2013	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty Penalty	9.93 9.92	2011-2012 to 2014-15	Commissioner Appeals
Central Excise Act, 1944	Excise Duty Penalty	30.45 15.22	Aug' 14 to Mar' 15	Commissioner Appeals
Central Excise Act, 1944	Penalty	6.97	2006-07	C.G. High Court
Central Excise Act, 1944	Excise Duty	17.49	2007-08	C.G. High Court
Finance Act, 1994	Service Tax Penalty	15.55 15.55	2005-06	Customs Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax Penalty	32.46 32.46	Apr' 08 to Dec' 12	Customs Excise & Service Tax Appellate Tribunal
Central Sales Tax Act & Sales Tax Acts of Various states and Entry Tax Act, 1976	Value Added Tax, Central sales tax and Entry tax.	451.82	1992-93 to 2010-11	Appellate Authorities upto Commissioner's level
The Income Tax Act, 1961	TDS	39.24	2007-08 to 2016-17	Assessing Officer
The Income Tax Act, 1961	Penalty	95.97	A.Y. 2006-07	Income tax Appellate Tribunal
Chhatisgarh Upkar Adhinyam, 1981	Energy Development Cess	5,003.80	May 2006 to Jan' 2017	Supreme Court

- (viii) Based on our audit procedures, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or debenture holders as at the balance sheet date.
- (ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). According to the information and explanations given to us, and in our opinion, the term loans have been applied progressively for the purpose for which the loans were obtained.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. Therefore, the provisions of clause 3(x) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xi) The Company has provided for managerial remuneration during the year in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Therefore, the provisions of clause 3(xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, the provisions of clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

ANNEXURE - A to the Auditors' Report

- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

Raipur, 6th June, 2017

For **O P Singhania & Co.**
(ICAI Firm Regn. No.002172C)
Chartered Accountants
Sanjay Singhania
Partner
Membership No.076961

ANNEXURE - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Sarda Energy & Minerals Limited** ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ANNEXURE - B to the Auditors' Report

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Raipur, 6th June, 2017

For **O P Singhania & Co.**
(ICAI Firm Regn. No.002172C)
Chartered Accountants
Sanjay Singhania
Partner
Membership No.076961

BALANCE SHEET as at 31st March, 2017

(₹ in Lakh)

Particulars	Note	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ASSETS				
(1) Non-current Assets				
(a) Property, Plant & Equipment		53,863.64	58,125.15	62,726.85
(b) Capital work-in-progress		1,925.55	2,850.51	2,896.10
(c) Investment Property	2	3,725.66	4,181.23	3,241.95
(d) Other Intangible Assets		329.53	3,983.84	4,019.27
(e) Intangible Assets under development		1,053.11	772.41	703.46
(f) Financial Assets				
(i) Investments	3	51,166.51	45,852.20	45,125.16
(ii) Loans	4	489.66	549.78	873.49
(g) Other Non-current Assets	5	2,134.64	4,078.14	4,573.81
		1,14,688.30	1,20,393.26	1,24,160.09
(2) Current Assets				
(a) Inventories	6	25,220.77	17,656.26	33,476.25
(b) Financial Assets				
(i) Investments	7	6,393.33	6.89	6.09
(ii) Trade receivables	8	4,986.86	4,081.00	8,112.62
(iii) Bank, Cash & cash equivalents	9	89.30	34.35	111.17
(iv) Bank balances other than (iii) above	10	56.42	81.76	54.21
(v) Loans	11	22,187.74	22,417.86	8,592.62
(c) Current Tax Assets (net)		-	118.95	286.62
(d) Other Current Assets	12	5,910.12	2,004.37	4,860.68
		64,844.54	46,401.44	55,500.26
TOTAL ASSETS		1,79,532.84	1,66,794.70	1,79,660.35
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	13	3,603.04	3,597.83	3,595.24
(b) Other Equity		1,15,950.68	1,02,766.99	1,00,714.60
Liabilities				
(1) Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14	11,907.84	16,237.39	21,082.09
(ii) Other financial liabilities	15	250.08	270.48	310.61
(b) Provisions	16	386.89	3,255.36	3,248.48
(c) Deferred Tax Liabilities (Net)	17	5,090.16	5,405.90	4,777.72
		1,37,188.69	1,31,533.95	1,33,728.74
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	20,690.75	15,718.86	17,633.45
(ii) Trade Payables		7,592.90	6,621.36	5,279.09
(iii) Other financial liabilities	19	12,077.80	11,462.40	20,940.61
(b) Other Current Liabilities	20	855.05	906.23	1,195.28
(c) Provisions	21	909.65	551.90	883.18
(d) Current Tax Liabilities (net)		218.00	-	-
		42,344.15	35,260.75	45,931.61
TOTAL EQUITY AND LIABILITIES		1,79,532.84	1,66,794.70	1,79,660.35

Significant Accounting Policies

1

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

For and on Behalf of the Board

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

6th June, 2017

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

6th June, 2017

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2017

(₹ in Lakh)

Particulars	Note	Year ended 31.03.2017	Year ended 31.03.2016
I. Revenue from operations	22	1,14,700.34	1,14,971.83
II. Other income	23	3,614.22	3,974.03
III. Total Revenue (I + II)		1,18,314.56	1,18,945.86
IV. Expenses			
Cost of materials consumed	24	63,811.34	55,069.44
Purchases of Stock-in-Trade		2,440.96	1,541.86
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	312.89	12,009.40
Excise Duty		12,121.65	11,432.92
Employee benefits expense	26	6,044.78	5,629.45
Finance costs	28	4,161.94	5,590.51
Depreciation and amortization expense	2	4,731.80	5,051.27
Other expenses	29	12,875.80	17,067.55
Total Expenses		1,06,501.16	1,13,392.40
V. Profit before Exceptional Items and Tax (III - IV)		11,813.40	5,553.46
VI. Exceptional Items (Income) / Expense		(4,354.04)	-
VII. Profit Before Tax (V - VI)		16,167.44	5,553.46
VIII. Tax expense			
(1) Current tax		3,829.27	1,376.10
(2) Deferred tax		(781.65)	439.87
IX. Profit for the period (VII - VIII)		13,119.82	3,737.49
Other comprehensive income for the year, net of tax			
Items that will not be reclassified to profit or loss		(44.17)	117.91
Income tax relating to items that will not be reclassified to profit or loss		16.16	(38.11)
Total comprehensive income for the year		13,091.81	3,817.29
X. Earnings per equity share:	31		
Basic		36.37	10.61
Basic (After prior period and exceptional items)		36.37	10.61
Diluted (Before prior period and exceptional items)		36.36	10.56
Diluted		36.36	10.56

Significant Accounting Policies

1

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

For and on Behalf of the Board

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

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6th June, 2017

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6th June, 2017

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DIN: 00008379

Manish Sethi

Company Secretary

STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2017

a Equity Share Capital

(₹ in Lakh)

For the year ended 31st March, 2016	Balance at 1st April, 2015	Changes in equity share capital during the year	Balance at 31st March, 2016
	3,595.24	2.60	3,597.83
For the year ended 31st March, 2017	Balance at 1st April, 2016	Changes in equity share capital during the year	Balance at 31st March, 2017
	3,597.83	5.21	3,603.04

b Other Equity

Particulars	Reserves and Surplus						OCI Remeasurements of the defined benefit plans	Total Other Equity
	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	General Reserve	Share option outstanding account	Retained Earnings		
Balance as of April 1, 2015	404.78	19,289.94	3,125.00	14,057.75	53.28	63,785.44	-	1,00,716.19
Transfer to general reserve	-	-	(1,041.00)	1,041.00	-	-	-	-
Share based payment to employees	-	29.86	-	-	(3.48)	-	-	26.38
Other Comprehensive Income	-	-	-	-	-	-	79.80	79.80
ESOP Option Added/(lapsed)	-	-	-	-	6.06	-	-	6.06
Profit for the year	-	-	-	-	-	3,737.48	-	3,737.48
Dividends & Tax thereof	-	-	-	-	-	(1,798.92)	-	(1,798.92)
Balance as of March 31, 2016	404.78	19,319.80	2,084.00	15,098.75	55.86	65,724.00	79.80	1,02,766.99

Particulars	Reserves and Surplus						OCI Remeasurements of the defined benefit plans	Total Other Equity
	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	General Reserve	Share option outstanding account	Retained Earnings		
Balance as of April 1, 2016	404.78	19,319.80	2,084.00	15,098.75	55.86	65,724.00	79.80	1,02,766.99
Transfer to general reserve	-	-	(1,041.00)	1,041.00	-	-	-	-
Share based payment to employees	-	59.89	-	-	-	-	-	59.89
Other Comprehensive Income	-	-	-	-	-	-	(28.01)	(28.01)
ESOP Option Added/(lapsed)	-	-	-	-	(6.06)	-	-	(6.06)
Profit for the year	-	-	-	-	-	13,157.87	-	13,157.87
Balance as of March 31, 2017	404.78	19,379.69	1,043.00	16,139.75	49.80	78,881.87	51.79	1,15,950.68

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

For and on Behalf of the Board

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

6th June, 2017

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

6th June, 2017

P. K. Jain

Wholtime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

CASH FLOW STATEMENT for the year ended 31st March, 2017

(₹ in Lakh)

PARTICULARS	Year ended 31.03.2017	Year ended 31.03.2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit & Loss	16,167.44	5,553.46
Adjustments to reconcile profit before tax to cash generated by operating activities		
Depreciation and amortization expense	4,731.80	5,051.27
Finance costs	4,161.94	5,590.51
Exchange differences on translation of assets and liabilities	(427.56)	74.44
Loss pertaining to scraping of assets	417.04	-
Coal Mining Assets written off	4,287.12	-
Reversal of Coal Mine related provisions	(2,221.99)	-
Pre-operative expenses written off	318.35	-
Amortization/(Reversal) of Employee Stock Option Cost	(6.06)	2.58
Allowance for credit losses on financial assets	142.92	129.84
Interest Income	(3,128.55)	(1,869.40)
Corporate Gurantee Commission	(48.10)	-
Net (Gain)/Loss on investments pertaining to Fair valuation	(144.29)	(2.23)
Dividend income	(0.37)	(1,812.94)
(Profit) / Loss on sale of investments	(26.48)	(109.95)
(Profit) / Loss on sale of fixed assets	(203.47)	96.31
Changes in assets and liabilities		
Trade Receivables	(1,050.92)	3,899.97
Inventories	(7,564.51)	15,819.99
Trade Payables	1,127.85	1,314.12
Loans and advances and other assets	(4,300.43)	3,796.81
Liabilities and provisions	1,258.56	(4,355.11)
	13,490.29	33,179.66
Income Tax Paid	(1,457.60)	(1,350.10)
NET CASH (USED)/GENERATED IN OPERATING ACTIVITIES	12,032.69	31,829.56
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/decrease in Property, Plant and equipment including CWIP & Capital advances	(524.23)	(599.89)
Sale of Fixed Assets	416.19	64.07
Investments made in subsidiaries	(2,605.00)	(3,219.71)
Investments liquidated in subsidiaries	-	2,348.51
Investment made in others	(16,102.79)	(370.25)
Investment liquidated in others	7,081.63	623.57
Net (Gain)/Loss on investments pertaining to Fair valuation	144.29	2.23
Loan repaid by/(given to) Subsidiaries & other parties	760.70	(14,458.88)
Interest received	3,128.55	1,869.40
Dividend received	0.37	1,812.94
NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES	(7,700.29)	(11,928.01)

CASH FLOW STATEMENT for the year ended 31st March, 2017

(₹ in Lakh)

PARTICULARS		
	Year ended 31.03.2017	Year ended 31.03.2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from fresh issue of shares	65.10	32.46
Proceeds from long term borrowings	3,127.00	3,127.00
Repayment of long term borrowings	(8,353.98)	(13,578.05)
Short term borrowings (net)	5,271.35	(1,994.71)
Interest Paid	(4,386.92)	(5,766.14)
Dividend & dividend tax paid	-	(1,798.93)
NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES	(4,277.45)	(19,978.37)
Increase/(decrease) in Cash and Cash equivalents (A+B+C)	54.95	(76.82)
Unrealised Exchange (Gain)/Loss on Cash & Cash Equivalents	-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	54.95	(76.82)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	34.35	111.17
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	89.30	34.35
Supplementary Information:		
Restricted Cash Balance	56.42	81.76

Notes:

a) Cash and cash equivalent include the following :

Cash on Hand	26.94	23.86
Balances with Scheduled banks	62.36	10.49
	89.30	34.35

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

c) Figures in brackets represent outflows.

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

6th June, 2017

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

6th June, 2017

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

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

1 Company Overview

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

1.1 Significant Accounting Policies

Basis of preparation of financial statements

1.2 Statement of compliance

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

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note no 41.

1.3 Basis of measurement

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

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

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

1.4 Use of estimate

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

1.5 Summary of significant accounting policies

1.5.1 Revenue recognition

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

1.5.2 Other income

i) Interest income

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

ii) Dividend income

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

Incentives

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

1.5.3 Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation/ amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. These are included in profit or loss within other gains/ losses.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

ii) Depreciation

Depreciation has been provided based on life assigned to each asset in accordance with Schedule II of the Companies Act, 2013. Leased assets are amortized on a straight-line basis over the useful life of the asset or the remaining period of lease, whichever is earlier. Spares parts procured along with the plant and machinery of subsequently which are capitalized and added in the carrying amount of the item are depreciated over the residual useful life of the related plant and machinery or their useful life which ever is lower.

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

iii) Subsequent costs

Subsequent expenditure including cost of major overhaul and inspection is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

iv) Spare parts

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

1.5.4 Investment properties

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

1.5.5 Intangible assets

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

Amortization

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

1.5.6 Capital work in progress

Capital work in progress is stated at cost.

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

1.5.7 Leases

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

As a lessee

A lease is classified on the inception date as a finance or an operating lease. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or if lower, the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

As a lessor

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

1.5.8 Inventory

- i) Stores and Spares are carried at cost (net of CENVAT & VAT credits availed) on moving average basis and net realizable value, whichever is lower.
- 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 labor cost and a proportion of manufacturing overheads. Cost of finished goods includes excise duty based on prevailing rate.
- iv) By products are valued at net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

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

Financial asset

i) Initial measurement

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

ii) Classification and subsequent measurement

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

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

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

Financial instruments measured at amortized cost:

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

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

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

Financial instruments measured at fair value through other comprehensive income (FVTOCI)

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

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

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

Financial instruments measured at fair value through profit and loss (FVTPL)

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

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

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

iii) Derecognition of financial assets

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

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

Financial liability

i) Initial measurement

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

ii) Classification and subsequent measurement

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

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

Financial liabilities at amortized cost:

Financial liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost using the Effective Interest Rate method.

Offsetting of financial instrument

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

1.5.10 Investments

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

1.5.11 Trade receivables

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

1.5.12 Loans and borrowings

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

1.5.13 Trade and other payables

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

1.5.14 Derivatives

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

1.5.15 Impairment

a) Financial assets

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

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

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

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

Loss allowance for trade receivable are always measured at an amount equal to life time expected credit losses,

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss.

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

b) Non-financial assets

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

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

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

1.5.16 Taxes

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

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

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

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

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

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the carrying amount of the MAT credit entitlement at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

1.5.17 Employee benefits

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

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

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

1.5.18 Provisions and contingent liabilities

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

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

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

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

1.5.19 Cash and cash equivalents

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

1.5.20 Foreign currency transactions

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

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

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

1.5.21 Borrowing cost

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

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

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

All other borrowing costs are recognized as an expense in the year in which they are incurred.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

1.5.22 Share Based Payments

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

1.5.23 Advance stripping cost

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

1.5.24 Mine restoration expense

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

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

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

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

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

1.5.25 Earnings per share

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

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

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

1.5.26 Segment Reporting

i) Identification of Segments

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

ii) Segment Accounting Policies

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

iii) Inter-Segment Transfers

The Company generally accounts for inter-segment transfers at an agreed transaction value.

iv) Unallocated Items

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

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

1.5.27 Onerous Contracts

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

1.5.28 Cash Flow Statement

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block				Depreciation			Net Block	
	As on 01.04.2016	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2017	Up to 01.04.2016	Depreciation for the year	Transfer / Adjustment	As on 31.03.2017	As on 31.03.2017
Freehold Land	975.83	24.82	154.74	845.91	-	-	-	-	845.91
Leasehold Land	852.03	-	-	852.03	9.41	9.41	-	18.82	833.21
Building	14,031.94	337.54	1,109.54	13,259.94	836.40	798.29	9.97	1,624.72	11,635.22
Plant & Machinery	46,462.03	3,346.55	2,197.55	47,611.03	3,847.47	3,670.36	53.21	7,464.62	40,146.41
Furniture, Fixture & Equipment	324.13	16.30	-	340.43	107.65	81.22	-	188.87	151.56
Vehicles	408.35	102.68	29.42	481.61	128.21	106.85	4.79	230.27	251.34
Total	63,054.31	3,827.89	3,491.25	63,390.95	4,929.14	4,666.13	67.97	9,527.30	53,863.65
Capital Work in Progress (Including Capital Stock)									1,925.55

INVESTMENT PROPERTY

Particulars	Gross Block				Depreciation			Net Block	
	As on 01.04.2016	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2017	Up to 01.04.2016	Depreciation for the year	Transfer / Adjustment	As on 31.03.2017	As on 31.03.2017
Freehold Land-IP	2,511.36	-	-	2,511.36	-	-	-	-	2,511.36
Admin Bldg- IP	971.63	-	-	971.63	17.84	17.77	-	35.61	936.02
Total	3,482.99	-	-	3,482.99	17.84	17.77	-	35.61	3,447.38
Investment Property under development									278.28

OTHER INTANGIBLE ASSETS

Particulars	Gross Block				Amortisation			Net Block	
	As on 01.04.2016	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2017	Up to 01.04.2016	Amortisation for the year	Transfer / Adjustment	As on 31.03.2017	As on 31.03.2017
Software	110.06	6.14	-	116.20	28.58	29.31	-	57.89	58.31
Minig Rights & Development	3,920.96	-	3,612.54	308.42	18.60	18.60	-	37.20	271.22
Total	4,031.02	6.14	3,612.54	424.62	47.18	47.91	-	95.09	329.53
Intangible assets under development									1,053.11

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block				Depreciation				Net Block
	As on 01.04.2015	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2016	Up to 01.04.2015	Depreciation for the year	Transfer / Adjustment	As on 31.03.2016	As on 31.03.2016
Freehold Land	981.72	-	5.89	975.83	-	-	-	-	975.83
Leasehold Land	852.03	-	-	852.03	-	9.41	-	9.41	842.62
Building	14,691.44	291.73	951.23	14,031.94	-	840.56	4.15	836.41	13,195.53
Plant & Machinery	45,512.65	1,137.01	187.63	46,462.03	-	3,897.78	50.31	3,847.47	42,614.56
Furniture, Fixture & Equipment	266.05	58.41	0.33	324.13	-	107.69	0.03	107.66	216.47
Vehicles	422.98	14.36	28.99	408.35	-	134.97	6.76	128.21	280.14
Total	62,726.87	1,501.51	1,174.07	63,054.31	-	4,990.41	61.25	4,929.16	58,125.15
Capital Work in Progress									2,850.51

INVESTMENT PROPERTY

Particulars	Gross Block				Depreciation				Net Block
	As on 01.04.2015	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2016	Up to 01.04.2015	Depreciation for the year	Transfer / Adjustment	As on 31.03.2016	As on 31.03.2016
Freehold Land-IP	2,505.46	-	(5.89)	2,511.35	-	-	-	-	2,511.35
Admin Bldg- IP	20.40	-	(951.23)	971.63	-	13.69	(4.15)	17.84	953.79
Total	2,525.86	-	(957.12)	3,482.98	-	13.69	(4.15)	17.84	3,465.14
Investment property under development									716.09

OTHER INTANGIBLE ASSETS

Particulars	Gross Block				Amortisation				Net Block
	As on 01.04.2015	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2016	Up to 01.04.2015	Amortisation for the year	Transfer / Adjustment	As on 31.03.2016	As on 31.03.2016
Software	98.31	11.75	-	110.06	-	28.58	-	28.58	81.48
Minig Rights & Development	3,920.96	-	-	3,920.96	-	18.60	-	18.60	3,902.36
Total	4,019.27	11.75	-	4,031.02	-	47.18	-	47.18	3,983.84
Intangible assets under development									772.41

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
3 NON CURRENT ASSETS - FINANCIAL ASSET : INVESTMENTS			
A. Investments in Equity Instruments			
Fully paid up with face value of ₹ 10/- each unless otherwise specified			
Subsidiary Companies - Unquoted (at cost)			
(a) 10,00,000 (P.Y. 10,00,000) Equity Shares of Sarda Energy & Minerals Hong Kong Limited of HK\$ 1.00 each	55.83	55.83	55.83
(b) 10,85,100 (P.Y. 10,85,100) Equity Shares of Sarda Global Venture Pte Limited of US\$ 1.00 each	660.88	660.88	625.25
(c) 7,16,307 (P.Y. 7,16,307) Equity Shares of Sarda Energy Limited	7,460.34	7,460.34	9,682.88
(d) 2,10,16,000 (P.Y. 2,10,16,000) Equity Shares of Sarda Metals & Alloys Limited	21,035.18	20,987.07	20,971.00
(e) 5,35,86,000 (P.Y. 4,09,14,000) Equity Shares of Madhya Bharat Power Corporation Limited	15,494.50	12,889.50	9,721.50
(f) 7,83,182 (P.Y. 7,83,182) Equity Shares of Parvatiya Power Private Limited	783.52	783.52	783.52
(g) 1,64,700 (P.Y. 1,64,700) Equity Shares of Sarda Hydropower Private Limited	21.49	21.49	21.49
(h) 11,000 (P.Y. 11,000) Equity Shares of Raipur Fabritech Private Limited	1.10	1.10	1.10
(i) 5,100 (P.Y. 5,100) Equity Shares of Raipur Industrial Gases Private Limited	0.51	0.51	0.51
(j) 7,155 (P.Y. 7,155) Equity Shares of Natural Resources Energy Private Limited	0.72	0.72	0.72
Joint Ventures (at cost)			
(a) 1,30,800 (P.Y. 1,30,800) Equity Shares of Raipur Infrastructure Company Limited	210.70	210.70	210.70
(b) 1,74,030 (P.Y. 2,30,144) Equity Shares of Madanpur South Coal Company Limited	243.20	243.20	321.61
(c) 14,990 (P.Y. 14,990) Equity Shares of Godawari Natural Resources Limited	1.50	1.50	1.50
B. Other Investments			
Share application money			
Madhya Bharat Power Corporation Limited	370.00	-	453.00
C. Investments in LLP			
(a) Shri Ram Electricity LLP	352.53	351.80	351.01
(b) Chattisgarh Hydro Power LLP	4,382.19	2,096.74	1,829.51
D. In Other companies-Carried at FVTOCI			
4,85,000 (P.Y. 4,85,000) Equity Shares of Chhattisgarh Ispat Bhumi Limited	87.30	87.30	87.30
E. Investments in Mutual Funds; (Carried at FVTPL)			
50000 units (P.Y. NIL units) of KBC Mutual Fund	5.02	-	6.73
	51,166.51	45,852.20	45,125.16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Aggregate book value of quoted investments	5.02	-	6.73
Aggregate market value of quoted investments	5.02	-	6.73
Aggregate value of unquoted investments	51,161.49	45,852.20	45,118.44
Investment carried at cost	51,074.19	45,764.90	45,031.14
Investment carried at fair value through OCI	87.30	87.30	87.30
Investment carried at fair value through Profit & Loss	5.02	-	6.73

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
4 NON CURRENT ASSETS - FINANCIAL ASSET : LOANS			
(a) Security Deposits			
Unsecured, considered good	148.38	234.86	148.57
(b) Other loans and advances			
Unsecured, considered good			
Other advances	341.28	314.92	724.92
	489.66	549.78	873.49

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
5 OTHER NON-CURRENT ASSETS			
(a) Capital Advances			
Unsecured, considered good	1,533.87	1,821.31	2,662.88
(b) Advances other than capital advances			
Unsecured, considered good			
(i) Security Deposits			
Unsecured, considered good	272.40	203.22	175.68
(ii) Other loans and advances			
Advance income tax	301.61	1,855.81	1,562.41
Prepaid expenses	26.76	197.80	172.84
	2,134.64	4,078.14	4,573.81

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
6 INVENTORIES			
(valued at lower of cost and net realisable value)			
(a) Raw Material	12,674.28	4,674.78	7,642.01
(b) Finished / semi finished goods	10,643.97	10,790.15	22,928.58
(c) Stock-in-Trade	-	166.71	37.68
(d) Stores and spares	1,902.52	2,024.62	2,867.98
	25,220.77	17,656.26	33,476.25

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

Amount recognised in profit or loss

In FY 2016-17, inventories of ₹ 899.33 Lakh (Prev Yr ₹ 15.21 Lakh) were recognized as an expense during the period and included in 'cost of sales'.

In addition, during FY 2016-17, inventories of ₹ 395.99 Lakh (Prev Yr ₹ 635.45 Lakh) were written down to net realisable value.

(₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
7 CURRENT ASSETS - FINANCIAL ASSETS: INVESTMENTS			
Investments in Equity Instruments-Carried at FVTPL			
In Other Companies			
32,813 (P.Y. 32,813) Equity Shares of Abhishek Mills Limited	0.64	2.81	4.25
3,00,000 (P.Y. NIL) Equity Shares of Canfin Homes Limited	6,364.34	-	-
3,688 (P.Y. 3,688) Equity Shares of Indian Metals & Ferro Alloys Limited	28.35	4.08	1.84
	6,393.33	6.89	6.09

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Aggregate amount of quoted investments and market value thereof;	6,393.33	6.89	6.10

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
8 CURRENT ASSETS - FINANCIAL ASSETS: TRADE RECEIVABLES			
Unsecured, considered good	5,282.68	4,504.27	8,418.69
Less: Provision for doubtful debts	(295.82)	(423.27)	(306.07)
	4,986.86	4,081.00	8,112.62

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
9 CURRENT ASSETS - FINANCIAL ASSETS: BANK, CASH & CASH EQUIVALENTS			
Balances with banks			
In current accounts	29.55	10.49	66.15
FDR with Bank (Bank deposits with maturity upto 3 months)	32.81	-	10.00
Cash on hand	26.94	23.86	35.02
	89.30	34.35	111.17

- ₹ 32.50 Lakh held with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments.
- As at 31st March 2017, the Company had available ₹ 3,691 Lakh (P.Y. ₹ 3,127 Lakh) of undrawn committed borrowing facilities.
- The Company has pledged a part of its short term deposits to fulfill collateral requirements. Company has pledged FD of ₹ 32.50 Lakh as margin money against borrowings.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

4 For the purpose of cash flow statement, cash and cash equivalents comprises of: (₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Balances with banks			
- In current accounts	29.55	10.49	66.15
- Bank Deposits with original maturity of upto 3 months	32.81	-	10.00
Cash on hand	26.94	23.86	35.02
	89.30	34.35	111.17

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
10 CURRENT ASSETS - FINANCIAL ASSETS: OTHER BANK BALANCE			
Unpaid dividend	56.42	81.76	54.21
	56.42	81.76	54.21

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
11 CURRENT ASSETS - FINANCIAL ASSETS: LOANS			
(a) Loans and advances to related parties	12,620.83	17,119.90	7,428.65
Unsecured, considered good			
(b) Other loans			
Unsecured, considered good			
(i) Earnest money deposit	568.55	40.17	20.75
(ii) Advances to employees	11.30	7.31	15.69
(iii) Loans and advances to other parties	8,820.97	5,082.60	314.97
(iv) INR receivable from bank in forex a/c	-	38.07	63.89
(v) Claims & recoverables	166.09	129.81	748.67
	22,187.74	22,417.86	8,592.62

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
12 OTHER CURRENT ASSETS			
Advances other than capital advances			
(a) Other Advances			
(i) Employee Advance	46.43	46.43	46.35
(ii) Advances to vendors	5,700.17	1,765.34	4,569.64
(b) Other Advances			
(i) Advance royalty paid	13.18	12.99	2.86
(ii) Prepaid expenses	2.59	113.60	133.40
(iii) Balances with tax authorities	119.44	18.22	54.98
(iv) Others	28.31	47.79	53.45
	5,910.12	2,004.37	4,860.68

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
13 EQUITY SHARE CAPITAL						
A Authorised						
Equity Shares of ₹ 10/- each	5,00,00,000	5,000.00	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	3,60,30,398	3,603.04	3,59,78,319	3,597.83	3,59,52,353	3,595.24
	3,60,30,398	3,603.04	3,59,78,319	3,597.83	3,59,52,353	3,595.24

B Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period is as given below:

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
Number of shares outstanding at the beginning of the period	3,59,78,319	35,97,83,190	3,59,52,353	35,95,23,530	3,58,50,000	35,85,00,000
Add: Increased during the year	52,079	5,20,790	25,966	2,59,660	1,02,353	10,23,530
Less: Decreased during the year	-	-	-	-	-	-
Number of shares outstanding at the end of the period	3,60,30,398	36,03,03,980	3,59,78,319	35,97,83,190	3,59,52,353	35,95,23,530

C Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the sales proceeds of the remaining assets of the company after distribution of all the preferential amounts. The distribution shall be in proportion to the number of equity shares held by the shareholders.

D Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chhatisgarh Investments Limited	1,36,63,760	37.92%	1,22,94,179	34.17%	1,22,94,179	34.20%
Sarda Agriculture & Properties Private Limited	26,35,150	7.31%	26,35,150	7.32%	26,35,150	7.33%
Asia Minerals Limited	18,04,891	5.01%	18,04,891	5.02%	18,04,891	5.02%

E In the period of five years immediately preceding 31st March, 2017, the Company has neither issued bonus shares, nor bought back any equity shares nor has allotted any equity shares as fully paid up without payment being received in cash except 1,80,398 options given to employees under ESOP for subscription of shares @ ₹ 125/ per share.

F There are no shares reserved for issue under options and there are no contracts or commitments for the sale of shares or disinvestment.

G During the year the Company has issued 52079 Equity Shares of ₹ 10/- each at a premium of ₹ 115/- under ESOP scheme.

H. 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. Nomination & Remuneration Committee of the Company administers the ESOPs. All options under the ESOPs 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

- b. The options Granted under the SEML ESOP Scheme 2012 shall vest as under:
- 1/3 rd at the end of one year from the date of Grant.
 - 1/3 rd at the end of two years from the date of Grant.
 - 1/3 rd at the end of three years from the date of Grant.
- c. The Grantees 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			
	31st March, 2017		31st March, 2016	
	Options	Weighted Average exercise price	Options	Weighted Average exercise price
	Number	Amount (in ₹)	Number	Amount (in ₹)
Outstanding at the beginning of year	1,47,852	125.00	2,01,848	125.00
Granted during the year	Nil	Nil	Nil	Nil
Exercised during the year	52,079	125	25,966	125
Forfeited during the year	Nil	Nil	Nil	Nil
Expired during the year	69,309	Nil	28,030	Nil
Outstanding at the end of the year	26,464	125.00	1,47,852	125.00
Exercisable at the end of the year (Options which have vested)	26,464	125.00	1,47,852	125.00
Number of Equity Shares of ₹ 10/- each fully paid up to be issued on exercise of option	3,33,360	125.00	3,33,360	125.00
Exercise price at the date of exercise	N.A.	N.A.	N.A.	N.A.
Weighted average remaining contractual life (months) (including exercise period)	5	-	11	-

- f. Proforma 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 changed to the proforma amounts as indicated: (₹ in lakh)

Sl. No.	Particulars	Year Ended	Year Ended
		31st March, 2017	31st March, 2016
		Amount	Amount
1	Net Profit as reported	13,091.81	3,817.29
2	Add : Stock based employee compensation expense debited to statement of profit and loss	-	1.66
3	Less : Stock based employee compensation expense based on fair value	-	1.66
4	Difference between (2) & (3)	-	-
5	Adjusted pro forma profit	13,091.81	3,817.29
6	Difference between (1) & (5)	-	-
7	Basic earnings per share as reported	36.47	10.41
8	Proforma earnings per share	36.47	10.41
9	Diluted earnings per share as reported	36.24	10.39
10	Proforma Diluted earnings per share	36.24	10.39

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

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

Particulars	Assumptions
Risk free interest rate (in %)	8%
Expected life (in months)	41
Volatility (in %)	8%
Dividend yield (in %)	30%

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

- h. Details of weighted average exercise price and fair value of the stock options granted at price below market price (on the date of grant):

Total options granted	3,33,360
Weighted average exercise price (in ₹)	125.00
Weighted average fair value (in ₹)	126.43

(₹ in Lakh)

	Non-Current portion			Current Maturities		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
14 BORROWINGS : FINANCIAL LIABILITIES						
Bonds/debentures (Secured)						
1250 (1250) 9.55 % Redeemable Non-convertible Debentures of ₹ 3.3 Lakh (P.Y. ₹ 6.67 Lakh each)	-	4,164.91	8,324.54	4,164.91	4,166.68	4,166.67
Term loans (Secured)						
from banks						
Indian Rupee Loan	11,907.84	11,941.15	11,194.00	2,783.33	2,372.80	4,414.03
from other parties						
Indian rupee loan from financial institutions	-	-	1,041.67	-	1,041.67	4,166.67
Hire purchase loans	-	131.33	521.88	129.40	393.91	358.82
	11,907.84	16,237.39	21,082.09	7,077.64	7,975.06	13,106.19
Deferred payment liabilities						
Deferred Sales tax Loan (Unsecured)	-	-	-	-	-	475.22
	11,907.84	16,237.39	21,082.09	7,077.64	7,975.06	13,581.41

1) Nature of security :

- Term Loans from Bank, Financial Institution and Debentures are secured by first pari-passu charge by way of hypothecation of entire movable assets of the Company situated at Industrial Growth Centre, Siltara, Raipur subject to prior charge on current assets in favour of Working Capital Bankers and by way of joint equitable mortgage of immovable properties of the Company situated at Industrial Growth Centre, Siltara, Raipur and Urkura, Raipur.
- The Non-convertible Debentures are also secured by a registered mortgage of an immovable property of the Company situated at Ahmedabad.
- Term Loan of ₹ 5,000 Lakh which is secured by way of mortgage of immovable properties of related companies (Present outstanding is ₹ 2,000 Lakh).
- Hire purchase loan from bank is secured by hypothecation of related vehicles.
- Besides this, the Term Loan from Banks are also secured by unconditional and irrevocable personal guarantees of Mr. K. K. Sarada, Mr. Manish Sarada & Mr. Pankaj Sarada.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

2) Repayment terms :

- Company has issued 9.55% p.a. Non-Convertible Debentures amounting to ₹ 12,500 Lakh which are redeemable in three equal annual installments commencing from July 2015. The Company has an option to redeem these debentures earlier. The third and final installment of Debentures is due for repayment in July 2017.
- Rupee term loan of ₹ 14,797 lakh from Bank is payable in 32 equal quarterly installments starting from June 2016.
- Rupee term loan of ₹ 5,000 Lakh from Bank is payable in 10 equal half yearly installments starting from August 2014. Six installments have been repaid upto the financial year 2016-2017.
- Hire purchase loan of ₹ 1,080 Lakh from Bank is payable in installments starting from August 2014 to December 17. (₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
15 OTHER FINANCIAL LIABILITIES			
Security Deposit Received			
Deposits from Vendors	235.36	256.15	273.18
Other payables	14.72	14.33	37.43
	250.08	270.48	310.61

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
16 PROVISIONS			
(a) Provision for employee benefits			
Provision for Leave encashment	230.33	175.45	197.77
(b) Others			
Statutory liabilities	156.56	820.55	791.35
Mines restoration expenses	-	311.99	311.99
OB reserve	-	1,947.37	1,947.37
	386.89	3,255.36	3,248.48

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
17 DEFERRED TAX LIABILITIES (NET)			
Deferred Tax Liabilities			
Deferred tax liability / (assets) at the beginning of the year	5,405.91	4,777.72	6,698.41
Deferred tax liability / (assets) during the year on account of timing difference	(796.26)	567.39	(250.99)
Deferred Tax MAT Credit	480.51	60.80	(1,669.70)
Deferred tax liabilities / assets at the end of the year	5,090.16	5,405.91	4,777.72

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
18 BORROWINGS			
From Banks (Secured)			
Short term loans-Commercial Paper	5,000.00	-	-
Working capital loans (repayable on demand)	5,051.28	8,544.01	12,491.16
Working capital Buyers Credit loans	6,189.47	4,022.81	1,356.55
	16,240.75	12,566.82	13,847.71
From Banks and Financial Institutions (Unsecured)			
From banks	2,000.00	2,000.00	3,500.00
From Others	2,000.00	1,000.00	-
Other loans and advances			
Loans from Related Parties	450.00	152.04	285.74
	4,450.00	3,152.04	3,785.74
	20,690.75	15,718.86	17,633.45

Terms of repayment

- Short term loan from Bank ₹ 2,000 Lakh is payable in August 2017 and ₹ 2,000 Lakh from others is payable in April 2018.
- Commercial Paper of ₹ 5,000 lakh was issued in January 2017, redeemable in July 2017.

Security

- Working Capital loans from banks are secured by first pari-passu charge on stocks & book debts and second pari-passu charge on all present and future movable Plant & Machinery and second charge by way of joint equitable mortgage of immovable properties located at Industrial Growth Centre, Siltara, Raipur and land located at Urkura, Raipur. These facilities are also secured by irrevocable personal guarantees of Mr. K.K.Sarda, Mr. Pankaj Sarda and Mr. Manish Sarda.
- Commercial Paper issued is secured by earmarking the existing Working Capital facilities of the Company.
- Short term loan from others is secured by pledge of shares belonging to related companies.

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
19 OTHER FINANCIAL LIABILITIES			
(a) Current maturities of long term debt	7,077.64	7,975.06	13,581.41
(b) Interest accrued but not due on borrowings	104.06	190.01	269.94
(c) Deposits from customers	0.12	0.55	272.47
(d) Expenses payable	230.19	634.30	2,740.80
(e) Salary & reimbursements	846.87	679.46	865.50
(f) Bill discounting (backed by LCs)	3,738.86	1,901.26	3,156.28
(g) INR payable to bank in forex account-on Financial Instruments at FVTPL-Level 1	23.64	-	-
(h) Unpaid Dividends	56.42	81.76	54.21
	12,077.80	11,462.40	20,940.61

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
20 OTHER CURRENT LIABILITIES			
(a) Others -			
Indirect taxes payable	222.81	369.60	475.03
(b) Deposit from Employees	31.09	47.49	51.58
(c) Advances from customers	381.26	347.78	521.56
(d) TDS payables	219.89	141.36	147.11
	855.05	906.23	1,195.28

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
21 PROVISIONS			
Provision for employee benefits			
(a) Provision for gratuity	215.19	88.61	87.82
(b) Provision for Leave	19.92	36.63	37.58
Provision for expenses	674.54	426.66	757.78
	909.65	551.90	883.18

	2016-17	2015-16
22 REVENUE FROM OPERATIONS (GROSS)		
Sale of products		
Sponge Iron	24,211.50	21,762.90
Ferro Alloys	38,261.52	36,421.20
Steel Billets	7,158.31	9,906.99
Wire Rod / HB Wire	30,480.39	26,984.32
Pellet	9,891.58	14,096.81
Power	163.74	558.74
Others	4,165.27	4,812.31
Other operating revenues	368.03	428.56
	1,14,700.34	1,14,971.83

	2016-17	2015-16
23 OTHER INCOME		
Interest Income	3,176.65	1,869.40
Dividend Income		
From Subsidiaries	-	1,812.88
From Others	0.37	0.06
Net gain on sale of investments	26.48	109.95
Fair value gain on financial instruments at FVTPL	144.29	2.23
Other non-operating income (net of expenses directly attributable to such income)	266.43	179.51
	3,614.22	3,974.03

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	2016-17	2015-16
24 COST OF RAW MATERIAL CONSUMED		
Iron Ore	16,376.63	19,033.84
Mn Ore	13,262.03	14,495.15
Coal	25,963.96	15,226.85
Scrap	2,821.42	4,739.92
Other Material	5,387.30	1,573.68
	63,811.34	55,069.44

	2016-17	2015-16
25 CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS AND STOCK-IN-TRADE		
Inventories at the end of the year		
Finished Goods / Semi-finished goods	10,643.97	10,790.15
Trading Goods	-	166.71
	10,643.97	10,956.86
Inventories at the beginning of the year		
Finished Goods / Semi-finished goods	10,790.15	22,928.58
Trading Goods	166.71	37.68
	10,956.86	22,966.26
Increase/(Decrease) in Inventories	(312.89)	(12,009.40)

	2016-17	2015-16
26 EMPLOYEE BENEFITS EXPENSE		
Salaries, incentives & Managerial Remuneration	5,530.52	5,142.58
Contributions to -		
Provident fund	270.41	260.06
Superannuation scheme	7.00	8.50
Gratuity fund	105.66	99.75
Staff welfare expenses	131.19	118.56
	6,044.78	5,629.45

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

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(₹ in Lakh)

27 EMPLOYEE BENEFITS

a) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

Actuarial study analysis	31st March, 2017	31st March, 2016
Principal actuarial assumptions		
Discount rate	7.50%	8.00%
Range of compensation increase	9.50%	9.50%
Attrition rate:		
Age 21 - 44	5.00%	5.00%
Age 45 - 59	5.00%	5.00%
Expected rate of return on plan assets	8.00%	7.50%
Plan duration	58.00	58.00
Components of statement of income statement charge		
Current service cost	95.18	90.50
Interest cost	10.49	7.03
Recognition of past service cost	-	-
Settlement/curtailment/termination loss	-	-
Total charged to consolidated statement of profit or loss	105.67	97.53
Movements in net liability/(asset)		
Net liability at the beginning of the year	88.61	87.82
Employer contributions	(21.27)	(21.16)
Total expense recognized in the consolidated statement of profit or loss	103.92	97.53
Total amount recognized in OCI	43.93	(75.58)
Net liability at the end of the year	215.19	88.61
Reconciliation of benefit obligations		
Obligation at start of the year	768.61	748.58
Current service cost	95.18	90.50
Interest cost	61.49	59.89
Benefits paid directly by the Company	(31.69)	(55.63)
Extra payments or expenses/(income)		
Obligation of past service cost	43.81	(74.73)
Actuarial loss		
Defined benefits obligations at the end of the year	937.40	768.61
Re-measurements of defined benefit plans		
Actuarial gain/(loss) due to changes in financial assumptions	44.17	20.58
Actuarial gain/(loss) on account of experience adjustments	(0.25)	(96.16)
Total actuarial gain/(loss) recognised in OCI	43.92	(75.58)
Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	679.99	660.75
Interest on plan assets	51.00	52.86
Contributions made	21.27	21.16
Benefits paid	(31.69)	(55.63)
Actuarial (loss)/gain on plan assets	(0.11)	0.85
Fair value of plan assets at the end of the year	720.46	679.99

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

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b) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakh)

	31st March, 2017	31st March, 2016
Discount rate		
+ 1% discount rate	852.24	687.18
- 1% discount rate	1,037.14	863.34
Salary increase		
+ 1% salary growth	1,031.57	857.47
- 1% salary growth	854.18	690.22

c) Experience adjustments

	31st March, 2017	31st March, 2016	1st April, 2015
Defined benefit obligation	937.40	768.61	748.58
Fair value of plan assets	720.46	679.99	660.75
(Surplus)/deficit in plan assets	216.94	88.62	87.83
Experience adjustment on plan liabilities	(0.25)	(96.16)	(16.40)
Actual return on plan assets less interest on plan assets	(0.11)	0.85	(1.19)

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

	2016-17	2015-16
28 FINANCE COSTS		
Interest expense	3,480.84	5,125.49
Other borrowing costs	602.45	367.97
Amortisation of ancilliary borrowing costs	6.08	-
Exchange difference to the extent considered as an adjustment to borrowing costs	72.57	97.05
	4,161.94	5,590.51

The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 11.96% (P.Y. 12.27%).

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	2016-17	2015-16
29 OTHER EXPENSES		
Stores & spares consumption	4,136.06	5,467.03
Power	448.85	477.11
Manufacturing expenses-		
Plant process & services	1,478.63	1,494.25
Material handling expenses	1,957.77	2,333.37
Other manufacturing expenses	151.39	2,538.45
Increase/ (Decrease) of excise duty on inventory	122.27	(564.21)
Repairs & manitenance		
Building	111.93	157.73
Plant & machinery	720.72	763.01
Others	278.28	377.74
Rent	114.96	116.11
Rates & taxes	597.42	455.75
Insurance charges	79.51	147.25
Miscellaneous expenses		
Travelling & conveyance expenses	318.34	385.70
Legal & professional expenses	368.69	661.03
Administrative expenses	520.45	519.10
Other expenses	831.32	70.00
Selling expenses		
Carriage outward	828.54	1,298.92
Selling commission & brokerage	363.55	327.98
Other selling expenses	16.50	99.28
Exchange differences (net)	(585.38)	(74.05)
Payment to auditors	16.00	16.00
	12,875.80	17,067.55

	2016-17	2015-16
30 PAYMENTS TO THE AUDITOR		
As auditor:		
Audit fee	14.00	14.00
Tax audit fee	2.00	2.00
	16.00	16.00

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

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(₹ in Lakh)

	2016-17	2015-16
31 EARNINGS PER SHARE (EPS)		
Net Profit after tax as per Statement of profit & loss attributable to equity shareholders (₹ in Lakh)	13,091.81	3,817.29
Nominal value of equity shares (₹)	10	10
Weighted average number of equity shares used as denominator for calculating basic EPS	359.96	359.78
Weighted average number of equity shares used as denominator for calculating Diluted EPS	360.10	361.49
Basic (₹)	36.37	10.61
Diluted (₹)	36.36	10.56

	As at 31st March, 2017	As at 31st March, 2016
32 OTHER COMPREHENSIVE INCOME		
(i) Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(44.17)	117.91
(ii) Income tax relating to items that will not be reclassified to profit or loss	16.16	(38.11)
	(28.01)	79.80

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

33 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 Lakh)

Particulars	2016-17				2015-16			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
Revenue								
Sales & other income	64,368.75	37,200.80	239.17	1,01,808.72	65,953.93	34,976.29	1,837.63	1,02,767.85
Inter segment sales		701.07	13,576.23	14,277.30		617.26	15,332.01	15,949.27
Others Unallocated				770.00				771.06
Total Revenue	64,368.75	37,901.87	13,815.40	1,16,856.02	65,953.93	35,593.55	17,169.64	1,19,488.18
Result								
Segment Result	7,690.08	8,617.85	(1564.57)	14,743.36	9,062.95	2,432.33	431.01	11,926.29
Unallocated Expenses net off unallocated income				5,000.62				(856.37)
Operating Profit				19,743.98				11,069.93
Interest & Forex Fluctuation Loss (Net)				(3,576.56)				(5,516.47)
Profit Before Tax & Extraordinary Item				1,6167.42				5,553.46
Provision for taxation								
For Current Year				(3,829.27)				(1,376.11)
For Deferred Taxation				781.66				(439.86)
Profit After Taxation				13,119.81				3,737.49
Other Information								
Segment Assets	62,978.83	19,666.69	12,804.96	95,450.48	64,480.51	11,310.26	12,467.56	88,258.33
Unallocated Assets				25,921.75				29,024.59
Total Assets				1,21,372.23				117,282.92
Segment Liabilities	6,350.00	2,771.73	1,123.07	10,244.80	6,056.17	3,810.95	1,657.66	11,524.78
Unallocated Liabilities				5,095.87				1,628.64
Total Liabilities				15,340.67				13,153.42
Capital Expenditure	(6,933.05)	(84.36)	1,070.05	(5,947.36)	608.74	31.14	(41.82)	598.06
Depreciation / Amortization	3,398.09	354.62	409.62	4,162.34	3,326.87	407.77	422.48	4,157.12
Unallocated Capital Exp. & Depreciation				(1,425.54)				457.19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

34 RELATED PARTY DISCLOSURE

a) Names of related parties and description of relationship

S.No.	Relationship	Name of Related Parties
1	Subsidiaries	Sarda Energy & Minerals Hongkong Limited, Hongkong Sarda Global Ventures Pte Limited, Singapore Sarda Metals & Alloys Limited Sarda Energy Limited Madhya Bharat Power Corporation Limited Parvatiya Power Limited Sarda Hydro Power Private Limited Raipur Fabritech Private Limited Raipur Industrial Gases Private Limited Natural Resources Energy Private Limited
2	Controlled Entities	Chhattisgarh Hydro Power LLP Shri Ram Electricity LLP
3	Joint Ventures	Raipur Infrastructure Company Limited Madanpur South Coal Company Limited Godawari Natural Resources Limited
4	Related Enterprises where interest of the company/directors exists	Chhattisgarh Investments Limited Sarda Solution and Technologies Private Limited Rishabh Mining & Transport Company Private Limited Sarda Dairy & Food Products Limited Goldenlife Financial Services Private Limited Earth Stahl & Alloys Private Limited Chhattisgarh Metaliks & Alloys Private Limited Jai Balaji Enterprises
5	Director / Key Management Personnel (KMP)	Mr. Kamal Kishore Sarda Mrs. Uma Sarda Mr. Pankaj Sarda Mr. Padam Kumar Jain (WTD & CFO) Mr. Manish Sethi (CS)
6	Relatives of Directors / KMP's	Mr. Ghanshyam Sarda Mrs. Veena Sarda Mr. Satyanarayan Khator Mr. Mahesh Khator Ms. Niharika Jain

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

b) Material Transactions with Related Parties

(₹ in Lakh)

Particulars	Subsidiaries	Controlled Entities	Joint Ventures	Related Enterprises where interest of the company /directors exists	Director / KMP	Relatives of Directors / KMP's
Loans/Advances Given	9,987.18 (9,895.15)	641.74 (3,136.78)	- -	22,074.46 (18,524.62)	- -	- -
Loans/Advances Received Back	13,339.33 (6,989.75)	3,345.26 (650.00)	- -	24,955.35 (14,945.18)	- -	- -
Material Transferred/Sold	2,268.67 (1,682.08)	3.30 (9.76)	- -	69.45 (64.50)	0.86 (0.07)	- -
Materials Purchased	4.08 (1,217.86)	- -	- -	23.51 (503.37)	- -	- -
Interest Received	764.96 (362.04)	230.11 (240.82)	- -	1,006.06 (689.87)	- -	- -
Interest Paid	- -	- -	- -	44.53 (42.65)	- -	1.44 (1.00)
Commission Paid	- -	- -	- -	5.11 (4.14)	- -	4.53 (3.48)
Dividend Income	- (1,812.88)	- -	- -	- -	- -	- -
Remuneration	- -	- -	- -	- -	476.23 (372.10)	2.43 -
Rent Paid	- -	- -	- -	118.95 (120.61)	- -	2.40 (2.40)
Services Offered	- -	- -	3.00 (3.00)	- -	- -	- -
Services Received	- -	- -	- -	125.10 (153.15)	- -	- -
Corporate Guarantee Given	- (6,000.00)	- -	- -	- -	- -	- -
Investments made/Share application money	3,039.18 (2,750.63)	2,286.18 (268.02)	- -	- -	- -	- -
Investments Buyback	- (2,222.54)	- -	- (78.42)	- -	- -	- -

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

Outstanding as at 31.03.2017

(₹ in Lakh)

Particulars	Subsidiaries	Controlled Entities	Joint Ventures	Related Enterprises where interest of the company / directors exists	Director / KMP	Relatives of Directors / KMP's
Receivable	4,619.53	-	-	6,186.82	6.81	-
	(5,018.63)	(2,703.52)	-	(8,004.23)	(3.05)	(0.14)
Corporate Guarantee Outstanding	6,417.09	-	-	-	-	-
	(6,417.09)	-	-	-	-	-
Investments	45,514.06	4,734.73	455.40	-	-	-
	(42,844.89)	(2,448.55)	(455.40)	-	-	-
Share Application Money Pending Allotment	370.00	-	-	-	-	-
	-	-	-	-	-	-
Payables	-	2.30	-	456.27	-	18.07
	-	-	(48.00)	(254.30)	(0.25)	(16.90)

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

Particulars	2016-17	2015-16
Loans/Advances given		
Sarda Metals & Alloys Limited	9,017.18	6,631.74
Chhatisgarh Investments Limited	21,627.44	17,699.62
Parvatiya Power Limited	970.00	3,263.41
Goldenlife Financial Services Private Limited	437.01	800.00
Loans/Advances Received Back		
Sarda Metals & Alloys Limited	11,246.33	5,494.85
Chhatisgarh Investments Limited	24,260.35	14,169.07
Materials Transferred/Sold		
Sarda Metals & Alloys Limited	2,268.67	1,667.00
Materials Received/Purchased		
Sarda Metals & Alloys Limited	4.08	1,217.86
Sarda Dairy & Food Products Limited	7.54	13.31
Chhattisgarh Metaliks & Alloys Private Limited	15.37	-
Interest Received		
Sarda Metals & Alloys Limited	519.06	261.04
Chhattisgarh Investments Limited	1,003.83	679.72
Parvatiya Power Limited	245.89	101.00
Chhattisgarh Hydro Power LLP	230.11	240.82
Interest Paid		
Goldenlife Financial Services Private Limited	44.41	42.53
Commission paid		
Satyanarayan Khator	4.53	3.28
Jai Balaji Enterprises	5.11	4.14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

Particulars	2016-17	2015-16
Remuneration Paid		
Mr. Kamal Kishore Sarda	356.00	267.56
Mr. Pankaj Sarda	58.24	54.23
Mr. Ghanshyam Das Mundra	-	34.00
Mr. Padam Kumar Jain	48.67	40.92
Dividend Income		
Sarda Energy & Minerals Hongkong Limited	-	1,812.88
Rent Paid		
Chhatisgarh Investments Limited	73.78	75.64
Rishabh Mining & Transport Company Private Limited	45.17	44.97
Services Given		
Raipur Infrastructure Company Limited	3.00	3.00
Services Received		
Sarda Solutions & Technologies Private Limited	113.63	118.93
Corporate Guarantee Given		
Sarda Metals & Alloys Limited	-	6,000.00
Investment Made including Share Application		
Madhya Bharat Power Corporation Limited	2,975.00	2,715.00
Chhattisgarh Hydro Power LLP	2,285.44	267.23

Outstanding as on

Particulars	31st March, 2017	31st March, 2016
Investments		
Sarda Metals & Alloys Limited	21,035.18	20,971.00
Madhya Bharat Power Corporation Limited	15,494.50	12,889.50
Sarda Energy Limited	7,460.34	7,460.34
Receivables		
Sarda Metals & Alloys Limited	3,353.77	2,851.17
Chhatisgarh Investment Limited	6,130.35	7,859.81
Chhattisgarh Hydro Power LLP	-	2,703.52
Parvatiya Power Limited	1,262.70	2,164.40
Share Application Money Pending Allotment		
Madhya Bharat Power Corporation Limited	370.00	-
Corporate Guarantee Given		
Sarda Metals & Alloys Limited	6,417.09	6,417.09
Payables		
Remuneration	153.45	108.42
Raipur Infrastructure Company Limited	-	48.00
Rishabh Mining & Transport Company Private Limited	-	43.14
Goldenlife Financial Services Private Limited	450.00	152.04

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

35 COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account, net of advance given and not provided for as at 31st March, 2017 is ₹ 1,922.72 Lakh (P.Y. ₹ 3,068.96 lakh).
- Company has commitments of ₹ 1,100.00 lakh as at 31st March, 2017 (P.Y. ₹ 644.00 lakh) for further investment in controlled entity Chhattisgarh Hydro Power LLP and ₹ 10,311.50 lakh as at 31st March, 2017 (P.Y. ₹ 12,447.00 lakh) in Madhya Bharat Power Corporation Limited.

36 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

- Gross amount required to be spent by the company during the year is ₹ 182.74 Lakh.

- Amount spent during the year on:

(₹ in Lakh)

Sl. No.	Particulars	In Cash	Yet to be paid	Total
(i)	Construction / acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	179.66	-	179.66

37 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016. The denomination wise SBNs and other notes as per the notification is given below:

(₹ in Lakh)

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	21.39	4.01	25.40
(+) Permitted receipts	-	36.90	36.90
(-) Permitted payments	-	(25.11)	(25.11)
(-) Amount deposited in Banks	(21.39)	-	(21.39)
Closing cash in hand as on December 30, 2016	-	15.80	15.80

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

38 DUE 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 supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2017 as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is NIL.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

- 39 Consequent to the deallocation of the coal block Gare Palma IV/7, the Company has filed a writ petition before the Hon'ble High Court of Delhi challenging the compensation amount and exclusion of washary from the mine infrastructure. This matter is still under subjudice. However, the Company has received compensation of ₹ 2,641.44 lakh as per the calculations of the Government of India. Following prudence, pending decision of the Hon'ble High court, the Company on the basis of compensation received, has booked losses of ₹ 2,027.76 lakh (shown under exceptional items) on coal mine assets handed over to the new allottee of the said block.

(₹ in Lakh)

Particulars	Year ended	Year ended
	31st March, 2017	31st March, 2016
40 CONTINGENT LIABILITIES		
Guarantees given by Company's bankers	1,664.70	1,046.42
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	318.21	318.21
Bills discounted with the Company's bankers under Letters of Credit	3,738.86	1,901.26
Corporate Guarantee given to Axis Trustee Services Limited (P.Y. L & T Infrastructure Finance Company Limited) for disbursement of term loan to Sarda Metals & Alloys Limited, wholly owned subsidiary of the Company (SMAL)	6,000.00	6,000.00
Claims against the Company not acknowledged as debt & disputed in appeals	1,456.06	1,473.49
Excise Duty & Service Tax Demand	283.57	481.05
VAT, CST & Entry Tax	451.82	224.20
Income Tax	135.21	90.60
Energy Development Cess	5,003.80	4,452.20

- i) Guarantee given to Director General of Foreign Trade ₹ 98.88 lakh (P.Y. ₹98.88 lakh) and Assistant Commissioner of Customs ₹318.21 lakh (P.Y. ₹318.21 lakh) on behalf of Sarda Metals & Alloys Limited, wholly owned subsidiary of the Company for fulfillment of Export Obligation against import of capital goods under Export Promotion Capital Goods Scheme.
- ii) **Excise Duty & Service Tax**
- Excise duty demand of ₹ 20.57 lakh (P.Y. ₹ 20.57 Lakh) raised on account of Cenvat credit availed, which the Company has disputed in High Court, Jabalpur (MP).
 - ₹ 6.97 lakh (P.Y. ₹6.97 Lakh) on account of duty on VAT Collected by the Company against which the Company has filed an appeal before the High Court, Bilaspur (CG).
 - Excise Duty demand of ₹ 17.49 lakh (P.Y. NIL) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the High Court, Bilaspur (CG).
 - Excise Duty demand of ₹ 69.38 lakh (P.Y. ₹172.58 lakh) 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).
 - Excise Duty demand of ₹ NIL (P.Y. ₹77.40 lakh) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the CESTAT.
 - Excise Duty demand of ₹ 65.52 lakh (P.Y. ₹ 92.79 lakh) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
 - Excise Duty demand of ₹ 7.62 lakh (P.Y. ₹ 7.62 lakh) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

- h Service Tax demand of ₹ 31.09 lakh (P.Y. ₹ 31.09 lakh) raised on account of Service Tax on foreign services availed, which the Department has disputed and has filed appeal before CESTAT.
 - i Service Tax demand of ₹ 64.93 lakh (P.Y. ₹ 65.37 lakh) raised on account of Cenvat credit availed on service Tax on construction services (Ready mix concrete) has been disputed before Commissioner (Appeals), Raipur.
- iii) **Value Added Tax/Central Sales Tax/Entry Tax**
- Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 451.82 lakh (P.Y. ₹ 224.20 lakh) are pending in appeal against assessment of various years.
- iv) **Income Tax**
- Nil (P.Y. ₹ 46.58 lakh) for the Assessment Year 2012-13 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. The Company has filed appeals before Commissioner of Income Tax (Appeals), Nagpur and the matter is decided in favor of Company vide order dated 24.03.2017. ₹ 95.97 Lakh (P.Y. ₹ 44.02 lakh) for the Assessment Year 2006-07 on account of penalty u/s 271(1)(C) of the Income Tax Act, 1961, for the same, the Company has filed appeals before Commissioner of Income Tax (Appeals), Raipur, which was rejected and upward by its order dated 08.12.2016, against the order of Commissioner of Income Tax (Appeals), application is filed before Income Tax Appellate Tribunal and the matter is pending.
- ₹39.24 Lakh (P.Y. NIL) TDS demand raised by the TRACES is on account of a matter disputed by Company. We have already filed application before concerned AO for correction and rectification, which is still under process.
- During the financial year 2014-15, search operation was conducted in the premises of the company, u/s 132 of Income Tax Act, 1961. The block assessment is pending before Hon'ble Income Tax Settlement Commission. The Company does not foresee any liability at this stage, however the due provision of liability, if any, shall be made after completion of the block assessment.
- v) Energy Development Cess of ₹ 5,003.80 lakh (P.Y. ₹ 4,452.20 lakh) net of amount deposited ₹ 294.34 lakh (P.Y. ₹ 294.34 Lakh) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to January 2017. 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 Hon'ble Supreme Court.
 - vi) Bank Guarantee of ₹ 500.00 lakh (P.Y. ₹ 500.00 lakh) given as security deposit against contract for disposal of old power project awarded to the Company was invoked by M/s. West Bengal Power Development Corporation Limited. The Company has challenged the wrongful invocation in the High court of Kolkata. WBPDCCL has on the orders of the Hon'ble High Court deposited the amount of bank guarantee with the Court. The Company has been legally advised that it has a strong case in its favour, hence no liability provided.
 - vii) Bank Guarantee of ₹ 780.00 lakh (P.Y. ₹ 780.00 lakh) was invoked by M/s. Power Grid Corporation Limited after the Company notified force majeure for annulling the transmission corridor agreement for its proposed 350 MW power project. Implementation of the project became impossible as the land on which the power project was to come-up has been notified as coal bearing area and allocated to NTPC for development of coal mine. On Company's petition, CERC has asked PGCIL to keep the money in separate deposit account.

41 TRANSITION TO IND AS

The Company's financial statements for the year ended 31st March, 2017 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 in accordance with the accounting policies notified in Note 1. For the year ended 31st March, 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provisions of the act ('previous GAAP').

The accounting policies as set out in Note No. 1 have been applied in preparing financial statements for the year ended 31st March, 2017 including comparative information for the year ended 31st March, 2016 and the opening Ind AS balance sheet on the date of transition date i.e. 1st April, 2015.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

In preparing its Ind AS balance sheet as at 1st April, 2015 and in preparing the comparative information for the year ended 31st March, 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position.

A. Exceptions:

- 1) Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.
- 2) The Company has classified financial assets in accordance with Ind AS 109 on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B. Exemptions:

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- 1) The Company has elected to apply the deemed cost option available under Para D7AA of Ind AS 101 i.e. all items of property, plant and equipment, investment property and intangible assets have been recognized in the financial statements as at the date of transition to Ind AS at the carrying value measured as per previous GAAP.
- 2) The Company has elected to apply previous GAAP carrying amount to its investment in subsidiaries, associates and joint venture as deemed cost as on the date of transition to Ind AS.
- 3) An entity may elect to apply Ind AS 102 to equity instruments that vested before the date of transition to Ind AS. The Company has not applied Ind AS 102 to grants which vested before the date of transition to Ind AS.

C. Reconciliations:

- (i) Equity as at April 1, 2015 and March 31, 2016.
- (ii) Total Comprehensive Income for March 31, 2016.

Standards issued but not yet effective

The standards issued but not yet effective upto the date of issuance of the financial statements is disclosed below:

Ind AS 115 - Revenue from contracts with customers

This standard will come into force from accounting period commencing on or after 1 April, 2018. The Company will adopt the standard on the required effective date.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

RECONCILIATION OF EQUITY AS PREVIOUSLY REPORTED UNDER IGAAP TO IND AS

(₹ in Lakh)

Particulars	Note	Opening balance sheet as at 1st April, 2015			Opening balance sheet as at 31st March, 2016		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
ASSETS							
Non-current Assets							
Property, Plant & Equipment	a (i) & (ii)	64,944.00	(2,217.15)	62,726.85	61,175.73	(3,050.58)	58,125.15
Capital work-in-progress	a(i)	3,840.47	(944.37)	2,896.10	3,080.60	(230.09)	2,850.51
Investment Property	a(i)	-	3,241.95	3,241.95	-	4,181.23	4,181.23
Other Intangible Assets		4,019.27	-	4,019.27	3,983.84	-	3,983.84
Intangible Assets under Development		37.37	666.09	703.46	772.41	-	772.41
Financial Assets							
(i) Investments	b	45,084.64	40.52	45,125.16	45,797.33	54.87	45,852.20
(ii) Loans	c	1,109.72	(236.24)	873.49	786.00	(236.22)	549.78
Other Non- current Assets	d,g	5,332.48	(758.67)	4,573.81	4,743.93	(665.79)	4,078.14
		1,24,367.95	(207.86)	1,24,160.09	1,20,339.84	53.42	1,20,393.25
Current Assets							
Inventories	e	33,502.74	(26.49)	33,476.25	17,727.57	(71.31)	17,656.26
Financial Assets							
(i) Investments		6.10	-	6.10	4.65	2.24	6.89
(ii) Trade Receivables	f	5,372.58	2,740.05	8,112.63	2,681.67	1,399.33	4,081.00
(iii) Bank, Cash & cash Equivalents		111.17	-	111.17	34.35	-	34.35
(iv) Bank balances other than (iii) above		54.20	-	54.20	81.76	-	81.76
(v) Loans	c	8,541.72	50.90	8,592.62	22,379.78	38.08	22,417.86
Current Tax Assets (Net)		286.62	-	286.62	118.95	-	118.95
Other Current Assets	d,g	5,745.49	(884.81)	4,860.68	2,872.28	(867.91)	2,004.37
		53,620.63	1,879.64	55,500.26	45,901.01	500.43	46,401.44
TOTAL ASSETS		1,77,988.58	(1,671.77)	1,79,660.35	1,66,240.85	553.84	1,66,794.69
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		3,595.24	-	3,595.24	3,597.83	-	3,597.83
Other Equity	l	99,535.05	1,179.55	1,00,714.60	1,01,521.44	1,245.55	1,02,766.99
Total Equity		1,03,130.29	1,179.55	1,04,309.84	1,05,119.27	1,245.55	1,06,364.82
Liabilities							
Non-current Liabilities							
Financial Liabilities							
(i) Borrowings	g	21,439.42	(357.33)	21,082.09	16,508.84	(271.45)	16,237.39
(ii) Other financial Liabilities		362.19	(51.58)	310.61	317.97	(47.49)	270.48
Provisions		3,248.48	-	3,248.48	3,255.36	-	3,255.36
Deferred Tax Liabilities (Net)	h	7,013.80	(2,236.07)	4,777.73	7,678.18	(2,272.28)	5,405.90
		32,063.89	(2,644.98)	29,418.91	27,760.35	(2,591.22)	25,169.13

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

Particulars	Note	Opening balance sheet as at 1st April, 2015			Opening balance sheet as at 31st March, 2016		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
Current Liabilities							
Financial Liabilities							
(i) Borrowings		17,633.45	-	17,633.45	15,718.86	-	15,718.86
(ii) Trade Payables		5,301.38	(22.29)	5,279.09	6,621.35	-	6,621.35
(iii) Other Financial Liabilities	g & f(ii)	17,816.08	3,124.52	20,940.60	9,565.25	1,897.16	11,462.41
Other Current Liabilities		1,197.90	(2.62)	1,195.28	940.50	(34.28)	906.22
Provisions		845.59	37.59	883.18	515.27	36.63	551.90
		42,794.40	3,137.20	45,931.60	33,361.23	1,899.51	35,260.74
TOTAL EQUITY AND LIABILITIES		1,77,988.58	1,671.77	1,79,660.35	1,66,240.85	553.84	1,66,794.69

Reconciliation of total comprehensive Income as previously reported under IGAAP to Ind AS

Particulars	Note No.	Year ended 31st March, 2016		
		IGAAP	Adjustments	Ind AS
Revenue from operations	i	1,14,953.59	18.24	1,14,971.83
Other income	c	3,899.52	74.51	3,974.03
Total Revenue (I + II)		1,18,853.11	92.75	1,18,945.86
Expenses:				
Cost of materials consumed		55,069.44	-	55,069.44
Purchases of Stock-in-Trade		1,541.86	-	1,541.86
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		11,980.66	28.74	12,009.40
Excise Duty on Sales		11,432.92	-	11,432.92
Employee benefits expense	j	5,510.39	119.06	5,629.45
Finance costs	c	5,522.08	68.43	5,590.51
Depreciation and amortization expense	k and a(i)	4,955.41	95.86	5,051.27
Other expenses	i	17,135.89	(68.35)	17,067.55
Total Expenses		1,13,148.65	243.74	1,13,392.39
Profit before Exceptional Items and Tax (III - IV)		5,704.46	(150.99)	5,553.46
Exceptional items		-	-	-
Profit Before Tax (V - VI)		5,704.46	(150.99)	5,553.46
Tax expense:				
(1) Current tax		1,376.11	-	1,376.11
(2) Deferred tax	h and d	573.41	(133.54)	439.87
Profit for the period (VII - VIII)		3,754.94	(17.45)	3,737.49
Other comprehensive income				
Items that will not be reclassified to profit or loss	j	-	117.91	117.91
Income tax relating to items that will not be reclassified to profit or loss		-	(38.11)	(38.11)
Total other comprehensive income, net of tax		-	79.80	79.80
Total Comprehensive Income for the period		3,754.94	62.35	3,817.29

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

Explanation for reconciliations of Equity, Total Comprehensive Income and Cash Flow as previously reported under IGAAP to Ind AS

a) Property, Plant and Equipment (PPE)

- (i) Under previous GAAP, investment properties were presented as a part of property, plant and equipment. Based on Ind AS 40, the Company has reclassified land building held for rental or undetermined future use to Investment Property.
- (ii) As per Ind AS 16, PPE are defined as tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period. Certain spare parts now meets the definition of PPE and are accordingly classified as PPE.

b) Investments

Under previous GAAP, the Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments.

Under Ind AS, financial assets representing investments in equity shares of other entities other than subsidiaries, joint venture and associates have been fair valued. The Company has designated such investments as FVTOCI/ FVTPL investments. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognized as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes for investments measured at FVTOCI. Investments which are measured at FVTPL, difference between the instruments fair value and Indian GAAP carrying amount should be recognized under Profit & Loss.

c) Financial Assets - Loans

The Company has given interest free advances to parties and security deposits for leasehold land. The same have been measured at transaction price as per Previous GAAP. However, as per Ind AS, all financial assets should be measured at fair value on initial recognition. The initial fair value is estimated as the present value of the refundable amount of security deposits, discounted using the market interest rates for similar instruments. The difference between nominal amount and fair value of the such advance/security deposit is classified as pre paid expense.

Subsequent to initial recognition, the security deposit and such advances are measured at amortized cost using the Effective Interest Rate method with the carrying amount increased over the contract/lease period up to the refundable/repayable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The prepaid expense is amortized on a straight line basis over the term as lease rental expense in case of lease and finance cost in case of interest free advances. The prepaid expenses are further classified in to non-current and current.

d) Other Non- current Assets

Under Ind AS, carry forward of unused tax credits i.e. Minimum Alternative Tax (MAT) forms parts of deferred tax balances.

e) Inventory

- (i) Recognition of inventory on account of deferral of sales due to continuing managerial involvement.
- (ii) Stores and spare parts in the nature of property, plant and equipment has been reclassified.

f) Trade Receivables

- (i) Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss Model (ECL). Due to ECL model, the Company impaired its trade receivable by ₹ 39 lakh on 1st April, 2015 which has been eliminated against retained earnings. The impact of ₹ 91 lakh for year ended on 31st March, 2016 has been recognized in the statement of profit and loss.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

- (ii) Under Indian GAAP, trade receivables derecognized by way of bills of exchange have been shown as contingent liability since there is recourse clause. Under Ind AS, the trade receivables have been restated with corresponding recognition of short term borrowings.

g) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the Effective Interest Rate method. The unamortized transaction cost is further classified into non current and current.

(h) Deferred Tax liabilities

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences i.e. land which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

(i) Revenue

- (i) Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased by ₹ 11,433 lakh with a corresponding increase in other expense.
- (ii) Under Ind AS the timing of risk and reward varies to the extent that revenue can be recognized when there is no continuing control over or the managerial involvement over the goods. This has resulted in deferment of revenue to the extent of ₹ 18 lakh with a consequential impact on recognition of inventory.

(j) Employee Benefits Expenses

- (i) Under Ind AS, all actuarial gains and losses are recognized in other comprehensive income. Under previous GAAP, the company recognized actuarial gains and losses in profit and loss. However, this has no impact on the total comprehensive income and total equity as on 1st April, 2015 or as on 31st March, 2016.
- (ii) As per the previous GAAP, in respect of stock options granted pursuant to the Company's stock option schemes, the intrinsic value of the options (excess of market price of the share on the grant date over the exercise price of the option) is treated as employee compensation cost and is charged over the vesting period of the options. As per Ind AS fair value of options on grant date is recognized as employee cost and accordingly, an additional expense of ₹ 2.10 lakh was recognized in the profit and loss for the year ended 31st March, 2016.

(k) Depreciation

Recognition of additional PPE from spare parts has resulted in additional depreciation charge for the year ended 31st March, 2016.

(l) Equity

Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS for the above mentioned line items.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

42 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's principal financial liabilities comprises of loans and borrowings in foreign as well as domestic currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also enters into derivative contracts.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market Risk
- Interest rate risk
- Currency risk
- Price risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note presents information about the risks associated with its financial instruments, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Credit Risk

The Company is exposed to credit risk as a result of the risk of counterparties non performance or default on their obligations. The Company's exposure to credit risk primarily relates to investments, accounts receivable and cash and cash equivalents. The Company monitors and limits its exposure to credit risk on a continuous basis. The Company's credit risk associated with accounts receivable is primarily related to party not able to settle their obligation as agreed. To manage this the Company periodically reviews the financial reliability of its customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivables.

Trade receivables

Trade receivables represent the most significant exposure to credit risk and are stated after an allowance for impairment and expected credit loss.

Loans and Advances

Financial assets in the form of loans and advances are written off when there is no reasonable expectations of recovery. Where recoveries are made, these are recognized as income in the statement of profit and loss. The Company measures the expected credit loss of dues based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on historical data, loss on collection of dues is not material hence no additional provisions considered.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to cash. These are subject to insignificant risk of change in value or credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

(₹ in Lakh)

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Trade and other receivables	4,986.86	4,081.00	8,112.63
Loans and advances	22,677.40	22,967.64	9,466.10
Cash and cash equivalents	89.30	34.35	111.17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

Impairment losses	31st March, 2017	31st March, 2016	1st April, 2015
Particulars			
Trade and other receivables (measured under life time excepted credit loss model)			
Opening balance	423.27	306.07	306.07
Provided during the year	(127.45)	117.20	-
Closing balance	295.82	423.27	306.07

Ageing analysis	31st March, 2017	31st March, 2016
Particulars		
Upto 3 months	3,862.69	3,659.15
3-6 months	892.35	62.02
More than 6 months	527.64	783.10
	5,282.68	4,504.27

No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity risk

The Company is exposed to liquidity risk related to its ability to fund its obligations as they become due. The Company monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The Company has access to credit facilities and debt capital markets and monitors cash balances daily. In relation to the Company's liquidity risk, the Company's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions as they fall due while minimizing finance costs, without incurring unacceptable losses or risking damage to the Company's reputation.

Financing arrangements

The Company has access to following undrawn borrowing facilities and liquid investments at the end of the reporting period:

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Term Loan - Union Bank of India-TG3	3,691.00	-	-
Term Loan - Union Bank of India	-	-	3,127.00
Term Loan - Bank of Baroda	-	3,127.00	3,127.00
Cash Credit facility	3,374.72	392.99	3,253.84
Current investments	6,393.72	6.89	6.09

Maturities of financial liabilities

The contractual undiscounted cash flows of financial liabilities are as follows:

As at 31st March, 2017	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	27,386.38	8,400.43	3,696.53	39,483.34
Trade payables	7,592.91	-	-	7,592.91
Security deposits	0.12	250.08	-	250.20
Other financial liabilities	5,450.03	-	-	5,450.03
	40,429.44	8,650.51	3,696.53	52,776.48

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

As at 31st March, 2016	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	23,627.76	10,962.29	5,546.53	40,136.59
Trade payables	6,621.36	-	-	6,621.36
Security deposits	0.55	270.48	-	271.03
Other financial liabilities	3,638.82	-	-	3,638.82
	33,888.49	11,232.77	5,546.53	50,667.80

Interest rate risk

Interest rate risk is the risk that an upward movement in the interest rate would adversely effect the borrowing cost of the Company. The Company is exposed to long term and short-term borrowings, Commercial Paper Program. The Company manages interest rate risk by monitoring its mix of fixed and floating rate instruments, and taking action as necessary to maintain an appropriate balance.

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

Market risk

a) Interest rate risk exposure

	31st March, 2017	31st March, 2016	1st April, 2015
Variable rate borrowings	17,497.82	23,173.83	21,513.54
Fixed rate borrowings	21,985.53	16,962.77	30,465.74

b) Sensitivity analysis

Profit or loss estimate to higher/lower interest rate expense from borrowings as a result of changes in interest rates.

	Impact on profit after tax	
	31st March, 2017	31st March, 2016
Interest rates - increase by 70 basis points	(156.37)	(180.78)
Interest rates - decrease by 70 basis points	156.37	180.78

Currency risk

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies.

Foreign currency exchange rate exposure is partly balanced by purchasing of goods in the respective currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Currency in Lakh

Particulars	Currency	2016-17	2015-16
Borrowings	USD	94.07	60.73
	Euro	1.29	-
Trade Payables		33.52	34.15
Trade Receivables	USD	(4.71)	(1.70)
	JPY	-	(647.58)
Forward Contract for Payables	USD	(26.44)	(10.00)
Forward Contract for Receivables	USD	-	31.00

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

Profit or loss estimate to higher/lower as a result of changes in foreign exchange rates:

(₹ in Lakh)

	Impact on profit after tax	
	31st March, 2017	31st March, 2016
Foreign exchange rates - increase by 1%	(63.43)	(71.81)
Foreign exchange rates - decrease by 1%	63.43	71.81

Price risk

The entity is exposed to equity price risk, which arised out from FVTPL quoted equity shares & mutual funds and FVTOCI unquoted equity shares. The management monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the management. The primary goal of the entity's investment strategy is to maximize investments returns.

Sensitivity Analysis for Price Risk

Equity Investments carried at FVTOCI are not listed on the stock exchange. For equity investments and mutual funds classified as at FVTPL, the impact of a 2 % in the index at the reporting date on profit & loss would have been an increase of ₹ 132.43 lakh (P.Y. ₹ 0.73 lakh); an equal change in the opposite direction would have decreased profit and loss. For equity investments classified as at FVTOCI, the impact of a 2 % in the index at the reporting date on profit & loss would have been an increase of ₹ 1.75 lakh (P.Y. ₹ 1.75 lakh); an equal change in the opposite direction would have decreased profit and loss.

43 CAPITAL MANAGEMENT

The Company's main objectives when managing capital are to:

- ensure sufficient liquidity is available (either through cash and cash equivalents, investments or committed credit facilities) to meet the needs of the business;
- ensure compliance with covenants related to its credit facilities and secured debentures;
- minimize finance costs while taking into consideration current and future industry, market and economic risks and conditions;
- safeguard its ability to continue as a going concern; and
- to maintain an efficient mix of debt and equity funding thus achieving an optimal capital structure and cost of capital.

The Board of Directors has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

For the purpose of Company's capital management, capital includes issued capital and all other equity reserves. The Company manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants.

The Company manages its capital on the basis of net debt to equity ratio which is net debt (total borrowings net of cash and cash equivalents) divided by total equity.

	31st March, 2017	31st March, 2016
Total liabilities	18,985.48	24,212.45
Less : Cash and cash equivalent	89.30	34.35
Net debt	18,896.18	24,178.10
Total equity	1,19,553.72	1,06,364.82
Net debt to equity ratio	0.16	0.23

The Company has complied with the covenants as per the terms of the major borrowing facilities throughout the reporting period.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

44 FINANCIAL INSTRUMENTS

A. Accounting classification and fair values

(₹ in Lakh)

31st March, 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost*	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	89.30	89.30	-	-	-	89.30
Non-current investments	-	-	-	-	-	-	-	-
Unquoted equity investments	-	87.30	-	87.30	-	87.30	-	87.30
Quoted mutual funds	-	-	-	-	-	-	-	-
Current investments	-	-	-	-	-	-	-	-
Quoted equity investments	28.99	-	-	28.99	28.99	-	-	28.99
Financial Asset: Loans	-	-	22,677.40	22,677.40	-	-	-	-
Trade and other receivables	-	-	4,986.86	4,986.86	-	-	-	-
	28.99	87.30	27,753.56	27,869.85	28.99	87.30	-	205.59
Financial liabilities								
Long term borrowings	-	-	11,907.84	11,907.84	-	-	11,907.84	11,907.84
Short term borrowings	-	-	20,690.75	20,690.75	-	-	20,690.75	20,690.75
Trade and other payables	-	-	7,592.91	7,592.91	-	-	-	-
Other financial liabilities	23.64	-	12,304.24	12,327.88	23.64	-	-	23.64
	23.64	-	52,495.74	52,519.38	23.64	-	32,598.59	32,622.23

31st March, 2016	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost*	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	34.35	34.35	-	-	-	34.35
Non-current investments	-	-	-	-	-	-	-	-
Unquoted equity investments	-	87.30	-	87.30	-	87.30	-	87.30
Quoted mutual funds	-	-	-	-	-	-	-	-
Current investments	-	-	-	-	-	-	-	-
Quoted equity investments	6.89	-	-	6.89	6.89	-	-	6.89
Financial Asset: Loans	38.07	-	22,929.57	22,967.64	38.07	-	-	38.07
Trade and other receivables	-	-	4,081.00	4,081.00	-	-	-	-
	44.96	87.30	27,044.92	27,177.18	44.96	87.30	-	166.61
Financial liabilities								
Long term borrowings	-	-	16,237.39	16,237.39	-	-	16,237.39	16,237.39
Short term borrowings	-	-	15,718.86	15,718.86	-	-	15,718.86	15,718.86
Trade and other payables	-	-	6,621.35	6,621.35	-	-	-	-
Other financial liabilities	-	-	11,732.88	11,732.88	-	-	-	-
	-	-	50,310.48	50,310.48	-	-	31,956.25	31,956.25

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

1st April, 2015	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost*	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	111.17	111.17	-	-	-	111.17
Non-current investments	-	-	-	-	-	-	-	-
Unquoted equity investments	-	87.30	-	87.30	-	87.30	-	87.30
Quoted mutual funds	-	-	-	-	-	-	-	-
Current investments	-	-	-	-	-	-	-	-
Quoted equity investments	6.10	-	-	6.10	6.10	-	-	6.10
Financial Asset: Loans	63.89	-	9,402.21	9,466.10	63.89	-	-	63.89
Trade and other receivables	-	-	8,112.63	8,112.63	-	-	-	-
	69.99	87.30	17,626.01	17,783.30	69.99	87.30	-	268.46
Financial liabilities								
Long term borrowings	-	-	21,082.09	21,082.09	-	-	21,082.69	21,082.69
Short term borrowings	-	-	17,633.45	17,633.45	-	-	17,633.45	17,633.45
Trade and other payables	-	-	5,279.09	5,279.09	-	-	-	-
Other financial liabilities	-	-	21,197.00	21,197.00	-	-	-	-
	-	-	65,191.63	65,191.63	-	-	38,715.54	38,715.54

* The carrying value and the fair value approximates.

B. Measurement of fair values

The table shown below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

C. Valuation techniques

The following methods and assumptions were used to estimate the fair values –

- 1) Fair value of the cash and short term deposits, current loans and advances and other current financial liabilities, short term borrowing from banks and other financial institutions and other similar items approximate their carrying value largely due to short term maturities of these instruments.
- 2) Long-term receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- 3) The fair values of the quoted instruments and mutual funds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt of similar terms, credit risk and remaining maturities.
- 4) The fair values of the unquoted equity shares designated at FVTOCI have been estimated by using the most recent purchase price of such shares. (level 2)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

(₹ in lakh)

	31st March, 2017	31st March, 2016	
45 INCOME TAX EXPENSE			
i) Income tax recognised in profit or loss			
a) Current tax expense			
Current year	3,847.09	1,224.34	
Adjustment for prior periods	(17.82)	151.76	
Deferred tax expense			
Origination and reversal of temporary differences	(781.66)	439.87	
Total income tax expense	3,047.62	1,815.97	
ii) Income tax recognised in OCI			
Remeasurements of defined benefit plans and fair valuation of Equity Instruments	(16.16)	(38.11)	
Total income tax expense relating to OCI items	(16.16)	(38.11)	
b) Reconciliation of tax expense and accounting profit			
Accounting profit before tax from continuing operations	16,167.44	5,553.46	
Accounting profit before tax from discontinued operations			
Accounting profit before tax	16,167.44	5,553.45	
Expected Tax Rate	34.61%	34.61%	
Tax using the Company's domestic tax rate (Current year 34.61% and Previous Year 34.61%)	5,595.23	1,921.94	
Adjustments in respect of current income tax of previous years	(17.82)	151.76	
Exceptional item not considered for tax purpose	(127.02)	52.26	
	31st March, 2017	31st March, 2016	
Exp Allowable for tax purpose	(4,853.42)	(3,275.50)	
Expense not allowed for tax purpose	3,331.19	2,118.98	
Deduction under Chapter VIA	(111.26)	(0.18)	
Income not considered for tax purpose in other than PGBP	12.37	2.16	
Income Taxable at special rate of tax	-	313.70	
MAT Tax Paid	-	90.97	
Other temporary differences	(781.66)	439.87	
Effective income tax rate	18.85%	32.70%	
At the effective income tax rate of 18.85% (31 March 2016: 32.70%)			
Income tax reported in the statement of profit and loss	3,047.62	1,815.97	
Income tax attributed to discontinued operations	-	-	
Total	3,047.62	1,815.97	
	31st March, 2017	31st March, 2016	1st April, 2015
c) Deferred tax assets and liabilities			
Accelerated depreciation for tax purposes	870.31	(690.63)	(497.32)
Expenses allowed on payment basis	21.72	26.24	181.93
DTA impact on indexation of land	61.16	86.00	639.53
DTA impact on net movement, valuation & others	(155.37)	9.43	(73.15)
MAT Credit Adjusted	-	90.97	-
Total	797.82	(477.98)	250.99
d) Reconciliation of deferred tax assets/ Liabilities			
Opening balance as at 1st April	5,405.91	4,777.72	6,698.41
Tax income/expense during the period recognised in profit or loss	(796.26)	567.39	(250.99)
MAT Credit Adjusted	480.51	60.80	(1,669.70)
Closing balance	5,090.16	5,405.91	4,777.72

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Financial Statements for the year ended 31st March, 2017

46	DISCLOSURE AS PER REGULATION 34 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015	Relationship	2016-17		
			Amount outstanding as at 31.03.2017	Maximum amount outstanding during the year	Investment by the loanee in the shares of the Company
			₹ in Lakh	₹ in Lakh	No. of shares
Name of Entities					
Loans where there is no repayment schedule:					
	Sarda Metals & Alloys Limited	Subsidiary	3,353.77	7,393.03	
	Parvatiya Power Limited	Subsidiary	1,262.70	2,425.40	
	Mosh Varaya Infrastructure Limited	Others	5,310.24	5,310.24	
	Kamal Trading Company	Others	0.10	0.10	
	Chhatisgarh Investments Limited	Associate	6,130.35	11,919.16	1,36,63,760
	Sarda Power & Steel Limited	Others	1,870.94	1,870.94	
	Chhattisgarh Hydro Power LLP	Others	-	2,703.52	
	Orient Press Limited	Others	-	-	
	B K Infrastructure Private Limited	Others	186.74	186.74	
	Maneesh Pipes Private Limited	Others	275.66	730.00	
	Simplex Prefeb Infrastructure India	Others	34.53	34.53	
	Earth Sthal & Alloys Private Limited	Others	21.14	21.14	
	Shiv Trading Company	Others	0.12	75.00	
	K K Vyas	Others	0.28	75.00	
	Vyas & Co.	Others	0.40	100.00	
	G R Mining and Logistics Private Limited	Others	475.03	683.40	
	Shree Pariyojna Nirman Limited	Others	-	275.00	
	Neha Devcon Private Limited	Others	105.10	105.10	
	Aarti Sponge and Power Limited	Others	103.08	103.08	
	Subh Raipur Vyapar Vihar Developers	Others	100.85	100.85	
Loans where there no repayment schedule and no interest is charged:					
	Bhawans' R K Sarda Vidya Mandir	Others	470.08	720.08	
	Gnani Investment and Trading	Others	1,705.07	1,705.07	
	Natural Resources Energy Private Limited	Subsidiary	3.06	3.06	

47 Previous years' figures have been recasted/regrouped/restated wherever necessary to make them comparable.

Signatures to notes from 1 to 47

As per our report of even date attached
For **O. P. Singhania & Co.**
(ICAI FRN 002172C)
Chartered Accountants

For and on Behalf of the Board

Sanjay Singhania
Partner
Membership No. 076961
Raipur
6th June, 2017

K. K. Sarda
Chairman & Managing Director
DIN: 00008170
Raipur
6th June, 2017

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

Manish Sethi
Company Secretary

INDEPENDENT Auditor's Report

To the Members of
Sarda Energy & Minerals Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Sarda Energy & Minerals Limited** (“the Holding Company”) and its subsidiaries (collectively referred to as “the Company” or “the Group”), and its jointly controlled entities, which comprise the consolidated balance sheet as at 31st March, 2017, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

Management’s Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company’s Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the 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 consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company’s preparation of the consolidated Ind AS 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 their reasonableness of the accounting estimates made by the Holding Company’s Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view

INDEPENDENT Auditor's Report

in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group, as at 31st March, 2017 and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Other Matters

We did not audit the financial statements of nine subsidiaries whose financial statements reflect total assets of ₹ 1,687.56 crore and net assets of ₹ 689.02 crore as at 31st March, 2017, total revenues of ₹ 465.02 crore, net loss of ₹ 7.37 crore and net cash flows amounting to ₹ 27.36 crore for the year ended on that date and also the financial statements of one joint venture in which the share of profit of ₹ 27.36 crore as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, that:
 - (a) We have sought and obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiaries included in the group and jointly controlled companies including relevant records relating to the preparation of the consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries included in the group and jointly controlled companies including relevant records relating to the preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiaries and jointly controlled companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure - A; and
 - (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated Ind AS financial statements disclose the impact of pending litigation on the consolidated financial position of the Group. Refer Note 38 to the consolidated Ind AS financial statements;

INDEPENDENT Auditor's Report

- ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India; and
- iv. the Group has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Group. These details are not disclosed for its foreign subsidiaries, as this disclosure is required only for the companies to which schedule III of the Companies Act, 2013 is applicable. Refer Note 43 to the consolidated Ind AS financial statements.

For **O P Singhania & Co.**
(ICAI Firm Regn. No.002172C)
Chartered Accountants
Sanjay Singhania
Partner
Membership No.076961

Raipur, 6th June, 2017

ANNEXURE - A to the Auditors' Report

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of **Sarda Energy & Minerals Limited** ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ANNEXURE - A to the Auditors' Report

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

Raipur, 6th June, 2017

For **O P Singhania & Co.**
(ICAI Firm Regn. No.002172C)
Chartered Accountants
Sanjay Singhania
Partner
Membership No.076961

CONSOLIDATED BALANCE SHEET as at 31st March, 2017

(₹ in Lakh)

Particulars	Note	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ASSETS				
(1) Non-current Assets				
(a) Property, Plant & Equipment		109,977.46	115,728.71	121,829.24
(b) Capital work-in-progress		79,445.53	57,923.39	42,665.10
(c) Investment Property	2	3,931.78	4,387.35	3,448.08
(d) Other Intangible Assets		3,801.75	6,821.43	7,215.50
(e) Intangible Assets under development		1,085.40	1,474.19	1,121.77
(f) Financial Assets				
(i) Investments	3	2,246.16	2,742.83	1,239.84
(ii) Loans	4	1,498.49	1,474.91	1,811.62
(g) Other Non-current Assets	5	4,274.28	9,995.08	10,834.90
		206,260.85	200,547.89	190,166.05
(2) Current Assets				
(a) Inventories	6	34,261.99	22,186.17	42,820.01
(b) Financial Assets				
(i) Investments	7	20,348.79	13,332.12	21,181.59
(ii) Trade receivables	8	10,647.61	12,482.59	12,374.02
(iii) Bank, Cash & cash equivalents	9	1,000.01	1,105.07	7,236.77
(iv) Bank balances other than (iii) above	10	56.42	81.76	54.21
(v) Loans	11	27,330.33	25,681.40	20,057.08
(c) Current Tax Assets (net)		18.88	118.95	301.89
(d) Other Current Assets	12	11,586.82	7,166.68	11,111.93
		105,250.85	82,154.74	115,137.50
TOTAL ASSETS		311,511.70	282,702.63	305,303.55
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	13	3,603.04	3,597.83	3,595.24
(b) Other Equity		132,155.83	118,745.43	118,526.03
Non Controlling Interests		8,308.30	7,233.11	7,065.06
Total Equity		144,067.17	129,576.37	129,186.33
Liabilities				
(1) Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14	92,318.92	87,697.92	81,222.61
(ii) Other financial liabilities	15	1,285.30	781.81	399.48
(b) Provisions	16	948.00	3,386.70	3,386.77
(c) Deferred Tax Liabilities (Net)	17	5,567.21	6,614.61	5,409.47
		100,119.43	98,481.04	90,418.33
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	34,834.26	25,506.42	47,246.85
(ii) Trade Payables		11,107.86	9,217.20	6,256.14
(iii) Other financial liabilities	19	18,579.12	17,693.63	29,065.00
(b) Other Current Liabilities	20	1,565.55	1,502.20	2,142.77
(c) Provisions	21	1,003.82	643.76	971.18
(d) Current Tax Liabilities (net)		234.49	82.01	16.95
		67,325.10	54,645.22	85,698.89
TOTAL EQUITY AND LIABILITIES		311,511.70	282,702.63	305,303.55

Significant Accounting Policies

1

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

For and on Behalf of the Board

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

6th June, 2017

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

6th June, 2017

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2017

(₹ in Lakh)

Particulars	Note	Year ended 31.03.2017	Year ended 31.03.2016
I. Revenue from operations	22	157,102.30	160,593.65
II. Other income	23	6,739.23	3,556.55
III. Total Revenue (I + II)		163,841.53	164,150.20
IV. Expenses			
Cost of materials consumed	24	93,988.06	76,126.32
Purchases of Stock-in-Trade		3,450.40	4,993.10
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(3,213.25)	15,200.73
Excise Duty		13,679.74	12,604.02
Employee benefits expense	26	7,539.72	7,020.86
Finance costs	27	9,376.79	11,160.60
Depreciation and amortization expense	2	6,865.46	7,498.48
Other expenses	28	19,954.09	25,548.09
Total Expenses		151,641.02	160,152.20
V. Profit before Exceptional Items and Tax (III - IV)		12,200.51	3,998.00
VI. Exceptional Items (Income) / Expense		(2,815.77)	59.69
VII. Profit Before Tax (V - VI)		15,016.29	3,938.31
VIII. Tax expense			
(1) Current tax		3,868.60	1,643.12
(2) Deferred tax		(1,555.12)	1,016.59
(3) Deferred tax related to prior period		6.20	4.02
IX. Profit for the period (VII - VIII)		12,696.61	1,274.58
X. Add: Share of Profit of Joint Ventures		6.98	2.16
XI. Profit for the period (IX - X)		12,703.59	1,276.74
XII. Other comprehensive income for the year, net of tax	29		
Items that will not be reclassified to profit or loss		113.50	174.71
Income tax relating to items that will not be reclassified to profit or loss		16.50	(37.58)
Items that will be reclassified to profit or loss		(195.16)	(40.15)
Income tax relating to items that will be reclassified to profit or loss		172.41	0.49
XIII TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,810.84	1,374.22
XIV Net Profit/(loss) attributable to			
a) Owner of the Company		13,180.93	1,256.18
b) Non Controlling Interest		(484.32)	18.41
XV Total Comprehensive income /(loss) attributable to			
a) Owner of the Company		13,229.28	1,349.27
b) Non Controlling Interest		(418.44)	24.95
XVI Earnings per equity share	30		
Basic		35.59	3.82
Basic (After prior period and exceptional items)		35.58	3.80
Diluted (Before prior period and exceptional items)		35.59	3.82
Diluted		35.58	3.80

Significant Accounting Policies

1

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

6th June, 2017

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

6th June, 2017

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

For and on Behalf of the Board

STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2017

a Equity Share Capital

(₹ in Lakh)

For the year ended 31st March, 2016	Balance at 1st April, 2015	Changes in equity share capital during the year	Balance at 31st March, 2016
	3,595.24	2.60	3,597.83
For the year ended 31st March, 2017	Balance at 1st April, 2016	Changes in equity share capital during the year	Balance at 31st March, 2017
	3,597.83	5.21	3,603.04

b Other Equity

Particulars	Reserves and Surplus					OCI		Foreign Currency Translation Reserve	Total Other Equity	
	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	General Reserve	Share option outstanding account	Retained Earnings	Remeasurements of the defined benefit plans			Equity instruments through Other Comprehensive Income
Balance as of April 1, 2015	224.71	19,351.68	3,125.00	14,057.75	53.28	81,088.70	(13.01)	36.54	601.39	1,18,526.03
Transfer to general reserve	-	-	(1,041.00)	1,041.00	-	-	-	-	-	-
Share based payment to employees	-	29.87	-	-	(3.48)	-	-	-	-	26.38
Other Comprehensive Income	-	-	-	-	-	-	115.17	(16.11)	-	99.05
ESOP Option Added/(lapsed)	-	-	-	-	6.06	-	-	-	-	6.06
Profit for the year	-	-	-	-	-	1,258.34	-	-	-	1,258.34
Changes in control	-	-	-	-	-	37.92	-	-	-	37.92
Dividends & Tax thereof	-	-	-	-	-	(1,798.92)	-	-	-	(1,798.92)
Prior period adjustments	-	-	-	-	-	256.34	-	-	-	256.34
Foreign exchange translation difference of foreign operations	-	-	-	-	-	-	-	-	334.23	334.23
Balance as of March 31, 2016	224.71	19,381.55	2,084.00	15,098.75	55.86	80,842.37	102.16	20.42	935.62	1,18,745.43

Particulars	Reserves and Surplus					OCI		Foreign Currency Translation Reserve	Total Other Equity	
	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	General Reserve	Share option outstanding account	Retained Earnings	Remeasurements of the defined benefit plans			Equity instruments through Other Comprehensive Income
Balance as of April 1, 2016	224.71	19,381.55	2,084.00	15,098.75	55.86	80,842.37	102.16	20.42	935.62	1,18,745.43
Transfer to general reserve	-	-	(1,041.00)	1,041.00	-	-	-	-	-	-
Share based payment to employees	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	-	-	89.95	19.73	-	109.68
ESOP Option Added/(lapsed)	-	-	-	-	(6.06)	-	-	-	-	(6.06)
Addition during the year	617.50	-	-	-	-	-	-	-	-	617.50
Profit for the year	-	-	-	-	-	13,187.92	-	-	-	13,187.92
Changes in control	-	-	-	-	-	324.13	-	-	-	324.13
Prior period adjustments	-	-	-	-	-	378.51	-	-	(1,201.28)	(822.78)
Retained earnings of Joint Venture Companies	-	-	-	-	-	-	-	-	-	0.00
Balance as of March 31, 2017	842.21	19,381.55	1,043.00	16,139.75	49.80	94,732.92	192.12	40.15	(265.67)	1,32,155.83

As per our report of even date attached

For and on Behalf of the Board

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

Sanjay Singhania
Partner
Membership No. 076961
Raipur
6th June, 2017

K. K. Sarda
Chairman & Managing Director
DIN: 00008170
Raipur
6th June, 2017

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

Manish Sethi
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2017

(₹ in Lakh)

PARTICULARS	Year ended 31.03.2017	Year ended 31.03.2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit & Loss	15,016.29	3,938.31
Adjustments to reconcile profit before tax to cash generated by operating activities		
Depreciation and amortization expense	6,865.46	7,498.48
Finance costs	9,376.79	11,160.60
Loss pertaining to scraping of assets	417.04	36.99
Capital advances written off due to non recoverability	1,538.27	59.68
Pre-operative expenses written off	318.35	-
Share of profit of associate & joint venture	6.98	2.16
Coal Mining Assets written off	4,287.12	-
Reversal of Coal Mine related provisions	(2,221.99)	-
Amortization/(Reversal) of employee stock option cost	(6.06)	2.58
Exchange differences on translation of assets & liabilities	(857.54)	82.26
Net (Gain)/Loss on investments pertaining to Fair valuation	(1,546.82)	1,795.52
Interest income	(3,141.65)	(2,715.15)
Dividend income	(326.21)	(186.36)
(Profit) / Loss on sale of investments	(481.51)	(459.16)
(Profit) / Loss on sale of fixed assets	(204.34)	91.67
Effect of exchange difference on translation of subsidiaries	(1,201.28)	334.23
Changes in assets and liabilities		
Trade receivables	1,825.94	(114.50)
Inventories	(12,075.82)	20,633.84
Trade payables	2,046.95	2,885.00
Loans and advances and other assets	(1,818.41)	5,279.85
Liabilities and provisions	1,486.80	(1,841.41)
	19,304.36	48,484.61
Income Tax Paid	(1,591.88)	(1,538.73)
NET CASH (USED)/GENERATED IN OPERATING ACTIVITIES	17,712.48	46,945.88
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/decrease in Property, Plant and equipment including CWIP & Capital advances	(24,091.51)	(16,088.12)
Sale of fixed assets	417.58	77.62
Investment made in joint venture, MFs & others	(7,783.68)	(5,132.00)
Investment liquidated in joint venture, MFs & others	3,423.42	10,141.45
Loan repaid by/(given to) related parties & others	(1,169.82)	(6,831.03)
Interest received	3,141.65	2,715.15
Dividend received	326.21	186.36
Increase in non-controlling interest	1,559.52	149.64
NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES	(24,104.63)	(14,780.93)

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2017

PARTICULARS	(₹ in Lakh)	
	Year ended 31.03.2017	Year ended 31.03.2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from fresh issue of shares	5.21	32.46
Proceeds from long term borrowings	8,553.69	9,354.16
Repayment of long term borrowings	(3,729.92)	(12,630.70)
Short term borrowings (net)	10,064.19	(21,776.35)
Interest paid	(9,223.57)	(11,477.30)
Dividend & dividend tax paid	-	(1,798.92)
Increase in capital reserve	617.49	-
NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES	6,287.09	(38,296.65)
Increase/(decrease) in Cash and Cash equivalents (A+B+C)	(105.06)	(6,131.70)
Unrealised Exchange (Gain)/Loss on Cash & Cash Equivalents	-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(105.06)	(6,131.70)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,105.07	7,236.77
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,000.01	1,105.07
Supplementary Information - Restricted cash balance	56.42	81.76
Notes:		
a) Cash and cash equivalent include the following :		
Cash on Hand	38.74	31.64
Balances with Scheduled banks	961.27	1,073.43
	1,000.01	1,105.07

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

c) Figures in brackets represent outflows.

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

6th June, 2017

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

6th June, 2017

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

Significant Accounting Policies on Consolidated Financial Statements

1.1 Basis of Preparation of consolidated financial statements:

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

Upto the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the requirements of the Indian GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006. Opening balance sheet as on 1st April, 2015 and 31st March, 2016 have been presented as comparatives. The transition was carried out retrospectively as on the transition date which is 1st April, 2015, and for any variation in the amounts represented in the comparative balance sheet vis-à-vis earlier presentation, reconciliation is given as part of notes. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

For clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the consolidated financial statements, where applicable.

1.2 Basis of Consolidation

The Consolidated Financial Statements comprise individual financial statements of Sarda Energy & Minerals Limited, its subsidiaries and jointly controlled entities as on 31st March, 2017. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases. The Consolidated Financial Statements have been prepared on the following basis:

- i) The consolidation of accounts of the Company with its subsidiaries has been prepared in accordance with (Ind AS) 110 - Consolidated Financial Statements. The financial statements of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and unrealized profits or losses are fully eliminated. Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent Company's separate financial statements unless stated otherwise.

The assets and liabilities of foreign subsidiaries are translated at year end exchange rates and all other items in Statement of Profit and Loss are translated at average annual rate. The resultant gains and losses are shown separately as Foreign Currency Translation Reserve under the head Other Equity in the consolidated financial statements.

The carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated.

- ii) The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognized as 'Goodwill' being an asset in the consolidated financial statements. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognized as 'Capital Reserve' and shown under the head Other Equity in the consolidated financial statements.
- iii) Investment in Joint Ventures have been accounted under the equity method as per Ind AS 28 - Investments in Joint Ventures.

Under the equity method, an investment in Joint Ventures are initially recognized at cost on the date of the investment, and inclusive of any goodwill/capital reserve embedded in the cost, in the Balance Sheet. The proportionate share of the Group in the net profits / losses as also in the other comprehensive income is

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

recognized in the Statement of Profit and Loss and the carrying value of the investment is adjusted by a like amount. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Unrealized gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint venture.

- iv) The Audited financial statements of the subsidiaries and the jointly controlled entities used in the consolidation are drawn up to the same reporting date as of the Holding Company i.e. up to 31st March, 2017.
- v) Non Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- vi) Non-controlling interests in the net assets of consolidated subsidiaries is identified and is presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:
 - (a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
 - (b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

1.3 Other significant accounting policies

i) Property, plant and equipment

a) Property, Plant and Equipment under Construction and Capitalization

In Specific Hydro Project of the Group, the assets which cannot be used in isolation without other assets/ completion of the project have not been capitalized even if they are fully constructed. Such assets will be capitalized only on completion of the other assets/ project. (e.g. powerhouse/ barrage/ tunnel, etc. are capitalized on commissioning of the project while individually they may be complete prior to commissioning of the project).

b) Depreciation

The useful life of assets used during the construction period of Specific Hydro Project which are different from those specified in Part C of Schedule II of Companies Act, 2013 are disclosed below. Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognized in the statement of profit and loss.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Class of assets	Estimated Life	Depreciation Method
Furniture and Fixtures	5-10 years	SLM
Civil structures meant for Project construction period	1-5 years	SLM
Office Equipments	5-10 years	SLM
Mobile phones	5 years	SLM
Plant and Machinery used during project construction period	5-10 years	SLM

Land-Right to use will be amortized over a period of 35 years from the date of commercial operation of the project in line with CERC Tariff Regulations notified for tariff fixation.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

c) Service Concession Agreement

Specific Hydro Power Project of the Group recognizes an intangible asset arising from Service concession agreements to the extent it has a right to charge for use of concession infrastructure as per Appendix A of IND AS 11. The fair value at the time of initial recognition of such intangible asset received as a consideration for providing construction upgrade services in a service concession agreement, is regarded to be its cost. Subsequent to initial recognition the intangible asset is measured at cost less any accumulated amortization.

d) Revenue- Service Concession Arrangements

Revenue related to construction or upgrade services under a service concession arrangement is recognized based on the stage of completion of the work performed. Operation or service revenue is recognized in the period the services are rendered by the group.

e) Free of Cost Materials issued to the Contractor

Materials for the purpose of being used in specific Hydro Power project of the Group are recognized at purchase cost by the Company. Since they are to be used in the project construction, they are immediately issued at cost to Contractor. Therefore no materials stock is separately disclosed in the Financial statements on the reporting date, as their cost forms part of the carrying value of Capital Work in Progress as soon as they are procured and issued. Materials issued to the Contractor and lying with it are reconciled periodically and differences identified, if any, are recovered from the Contractor or recognized appropriately according to the nature of difference and as per contractual obligations.

The rest of the Accounting Policies followed by the Group are set out under "Significant Accounting Policies" as given in the Parent Company's standalone financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

2 PROPERTY, PLANT & EQUIPMENT									
Particulars	Gross Block				Depreciation				Net Block
	As on 01.04.2016	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2017	Up to 01.04.2016	Depreciation for the year	Transfer / Adjustment	As on 31.03.2017	As on 31.03.2017
Freehold Land	2,982.43	24.82	154.74	2,852.51	-	-	-	-	2,852.51
Leasehold Land	999.79	-	-	999.79	14.72	10.68	-	25.40	974.39
Building	23,946.24	512.01	1,109.54	23,348.71	1,479.55	1,247.82	9.97	2,717.40	20,631.31
Plant & Machinery	94,065.46	3,870.01	2,197.55	95,737.92	5,472.79	5,377.25	53.21	10,796.83	84,941.09
Furniture, Fixture & Equipments	471.54	43.48	-	515.02	139.52	120.36	-	259.88	255.14
Vehicles	521.43	108.31	34.48	595.26	151.57	130.00	9.35	272.23	323.04
Total	122,986.89	4,558.63	3,496.31	124,049.21	7,258.15	6,886.11	72.53	14,071.73	109,977.48
Depreciation taken to Preoperative Expenses						166.89			
Net Depreciation during the year						6,719.21			
Capital Work in Progress				79,445.53					79,445.53

INVESTMENT PROPERTY									
Particulars	Gross Block				Depreciation				Net Block
	As on 01.04.2016	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2017	Up to 01.04.2016	Depreciation for the year	Transfer / Adjustment	As on 31.03.2017	As on 31.03.2017
Freehold Land-IP	2,717.48	-	-	2,717.48	-	-	-	-	2,717.48
Admin Bldg- IP	971.63	-	-	971.63	17.84	17.77	-	35.61	936.02
Total	3,689.11	-	-	3,689.11	17.84	17.77	-	35.61	3,653.50
Investment Properties under development				278.28					278.28

OTHER INTANGIBLE ASSETS									
Particulars	Gross Block				Amortization				Net Block
	As on 01.04.2016	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2017	Up to 01.04.2016	Amortization for the year	Transfer / Adjustment	As on 31.03.2017	As on 31.03.2017
Goodwill	-	383.03	-	383.03	-	-	-	-	383.03
Computer Software	110.07	6.14	-	116.21	28.58	29.32	-	57.90	58.31
Minig Rights & Development	3,920.96	-	3,612.54	308.42	18.60	18.60	-	37.20	271.22
Rights to use land	2,906.86	332.19	-	3,239.05	69.27	80.59	-	149.86	3,089.19
Total	6,937.89	721.36	3,612.54	4,046.71	116.45	128.51	-	244.96	3,801.75
Intangible assets under development				1,085.39					1,085.39

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block				Depreciation			Net Block	
	As on 01.04.2015	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2016	Up to 01.04.2015	Depreciation for the year	Transfer / Adjustment	As on 31.03.2016	As on 31.03.2016
Freehold Land	2,988.32	-	5.89	2,982.43	-	-	-	-	2,982.43
Leasehold Land	960.35	39.44	-	999.79	-	10.68	(4.04)	14.72	985.07
Building	23,708.15	1,189.32	951.23	23,946.24	-	1,483.70	4.15	1,479.55	22,466.69
Plant & Machinery	93,222.24	1,464.41	621.19	94,065.46	-	5,576.91	104.12	5,472.79	88,592.67
Furniture, Fixture & Equipment	389.40	80.78	(1.36)	471.54	-	137.07	(2.48)	139.55	331.99
Vehicles	560.57	14.90	54.04	521.43	-	174.74	23.17	151.57	369.86
Total	121,829.03	2,788.85	1,630.99	122,986.89	-	7,383.10	124.92	7,258.18	115,728.71
Depreciation taken to Preoperative Expenses						26.13			
Net Depreciation during the year						7,356.98			
Capital Work in Progress	42,665.10			57,923.39					57,923.39

INVESTMENT PROPERTY

Particulars	Gross Block				Depreciation			Net Block	
	As on 01.04.2015	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2016	Up to 01.04.2015	Depreciation for the year	Transfer / Adjustment	As on 31.03.2016	As on 31.03.2016
Freehold Land-IP	2,711.59	-	(5.89)	2,717.48	-	-	-	-	2,717.48
Admin Bldg- IP	20.40	-	(951.23)	971.63	-	13.69	(4.15)	17.84	953.79
Total	2,731.99	-	(957.12)	3,689.11	-	13.69	(4.15)	17.84	3,671.27
Investment properties under development	716.09	-	-	716.09	-	-	-	-	716.09

OTHER INTANGIBLE ASSETS

Particulars	Gross Block				Amortization			Net Block	
	As on 01.04.2015	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2016	Up to 01.04.2015	Amortization for the year	Transfer / Adjustment	As on 31.03.2016	As on 31.03.2016
Computer Software	98.32	11.75	-	110.07	-	28.58	-	28.58	81.48
Minig Rights & Development	4,248.74	-	327.78	3,920.96	-	18.60	-	18.60	3,902.36
Rights to use land	2,868.44	38.42	-	2,906.86	-	80.43	11.16	69.27	2,837.59
Total	7,215.50	50.17	327.28	6,937.89	-	127.61	11.16	116.45	6,821.43
Intangible assets under development	1,121.77			1,474.19					1,474.19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

		As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
3	NON CURRENT ASSETS - FINANCIAL ASSET : INVESTMENTS			
A.	Investments in Equity Instruments			
	Fully paid up with face value of ₹ 10/- each unless otherwise specified			
	In Joint Ventures (at cost) - investment accounted for using the equity method			
(a)	1,30,800 (P.Y. 1,30,800) Equity Shares of Raipur Infrastructure Company Limited	633.33	607.51	520.01
(b)	1,74,030 (P.Y. 2,30,144) Equity Shares of Madanpur South Coal Company Limited	160.66	178.25	254.55
(c)	14,990 (P.Y.14,990) Equity Shares of Godawari Natural Resources Limited	0.46	1.70	1.65
B.	In Other Companies - (carried at FVTOCI)			
	4,85,000 (P.Y. 4,85,000) Equity Shares of Chhattisgarh Ispat Bhumi Limited	87.30	87.30	87.30
	11,23,600 (18,40,000) Equity Shares of Sarda Dairy & Food Products Limited	1,176.74	1,844.30	345.81
	75 (75) Equity Shares of ₹ 100/- each of Apex Equipment Private Limited	23.77	23.77	23.78
	24,000 Equity Shares of Kapa Properties Private Limited	158.88	-	-
C.	Investments in Mutual Funds; (Carried at FVTPL)			
	50000 units (P.Y. NIL units) of KBC Mutual Fund	5.02	-	6.74
		2,246.16	2,742.83	1,239.84

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Aggregate amount of quoted investment and market value thereof-			
Aggregate book value of quoted investments	5.02	-	6.73
Aggregate market value of quoted investments	5.02	-	6.73
Aggregate value of unquoted investments	2,241.14	2,742.83	1,233.11
Investment carried at cost	794.44	787.46	776.22
Investment carried at fair value through OCI	1,287.82	1,955.38	456.89
Investment carried at fair value through Profit & Loss	5.02	-	6.73

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
4 NON CURRENT ASSETS - FINANCIAL ASSETS : LOAN			
(a) Security Deposits			
Unsecured, considered good	300.01	302.80	250.36
(b) Other loans and advances			
Unsecured, considered good			
Other advances	1,198.48	1,172.11	1,561.26
	1,498.49	1,474.91	1,811.62

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
5 OTHER NON-CURRENT ASSETS			
(a) Capital Advances			
Unsecured, considered good	1,962.73	3,009.37	4,389.07
(b) Advances other than capital advances			
Unsecured, considered good			
(i) Security Deposits	500.04	3,545.15	3,367.62
Unsecured, considered good			
(ii) Other loans and advances	641.05	2,115.54	1,792.61
Pre paid expenses	1,170.46	1,325.02	1,285.60
	4,274.28	9,995.08	10,834.90

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
6 INVENTORIES			
(valued at lower of cost and net realisable value)			
(a) Raw material	15,773.83	6,750.18	11,067.69
(b) Finished / semi finished goods	16,122.03	12,674.56	27,920.55
(c) Stock-in-Trade	23.19	257.41	212.15
(d) Stores and spares	2,342.94	2,504.02	3,619.62
	34,261.99	22,186.17	42,820.01

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
7 CURRENT ASSETS - FINANCIAL ASSETS: INVESTMENTS			
Investments in Equity Instruments-Carried at FVTPL In Other Companies			
32,813 (P.Y. 32,813) Equity Shares of Abhishek Mills Limited	0.64	2.81	4.25
3,00,000 (P.Y. NIL) Equity Shares of Canfin Homes Limited	6,364.34	-	-
3,688 (P.Y. 3,688) Equity Shares of Indian Metals & Ferro Alloys Limited	28.35	4.08	1.84
Investment held for trading	13,996.18	12,894.28	22,492.08
Less : Provision for diminution in the value of Investments	(40.72)	(1,822.40)	(1,316.58)
Investments in Mutual Funds	-	2,253.35	-
	20,348.79	13,332.12	21,181.59

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Aggregate amount of quoted investments and market value thereof	6,393.33	6.89	6.09
Aggregate amount of investments held for trading	13,955.47	11,071.87	21,175.50

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
8 CURRENT ASSETS - FINANCIAL ASSETS : TRADE RECEIVABLES			
Unsecured, considered good	10,957.12	12,905.87	12,680.09
Less: Provision for doubtful debts	(309.51)	(423.28)	(306.07)
	10,647.61	12,482.59	12,374.02

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
9 CURRENT ASSETS - FINANCIAL ASSETS : BANK, CASH & CASH EQUIVALENTS			
Balances with banks			
In current accounts	557.75	754.76	411.15
FDR with Bank (Bank deposits with maturity upto 3 months)	403.52	318.67	6,779.75
Cash on hand	38.74	31.64	45.87
	1,000.01	1,105.07	7,236.77

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
10 CURRENT ASSETS - FINANCIAL ASSETS : OTHER BANK BALANCE			
Unpaid dividend	56.42	81.76	54.21
	56.42	81.76	54.21

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
11 CURRENT ASSETS - FINANCIAL ASSETS : LOANS			
(a) Loans and advances to related parties			
Unsecured, considered good	8,004.36	9,402.94	6,090.66
(b) Other loans			
Unsecured, considered good			
(i) Earnest money deposit	568.55	40.17	21.05
(ii) Advances to employees	46.27	27.53	35.43
(iii) Loans and advances to other parties	17,534.70	14,966.29	11,447.54
(iv) INR receivable from bank in forex a/c	-	38.07	63.89
(v) Claims & recoverables	1,176.45	1,206.40	2,398.51
	27,330.33	25,681.40	20,057.08

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
12 OTHER CURRENT ASSETS			
Advances other than capital advances			
Other Advances - Unsecured and considered good			
(i) Employee Advance	48.14	50.64	54.35
(ii) Advances to vendors	7,435.85	2,571.14	4,843.25
(iii) Advance royalty paid	13.18	12.99	2.86
(iv) Prepaid expenses	217.11	223.44	339.79
(v) Balances with tax authorities	2,901.23	3,925.12	4,911.48
(vi) Others	971.31	383.35	960.20
	11,586.82	7,166.68	11,111.93

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
13 EQUITY SHARE CAPITAL						
A Authorised						
Equity Shares of ₹ 10/- each	5,00,00,000	5,000.00	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	3,60,30,398	3,603.04	3,59,78,319	3,597.83	3,59,52,353	3,595.24
	3,60,30,398	3,603.04	3,59,78,319	3,597.83	3,59,52,353	3,595.24

B Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period is as given below:

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
Number of shares outstanding at the beginning of the period	3,59,78,319	3,597.83	3,59,52,353	3,595.24	3,58,50,000	3,585.00
Add: Increased during the year	52,079	5.21	25,966	2.60	1,02,353	10.24
Less: Decreased during the year	-	-	-	-	-	-
Number of shares outstanding at the end of the period	3,60,30,398	3,603.04	3,59,78,319	3,597.83	3,59,52,353	3,595.24

C Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the sales proceeds of the remaining assets of the Company after distribution of all the preferential amounts. The distribution shall be in proportion to the number of equity shares held by the shareholders.

D Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chhatisgarh Investments Limited	1,36,63,760	37.92%	1,22,94,179	34.17%	1,22,94,179	34.20%
Sarda Agriculture & Properties Private Limited	2,635,150	7.31%	26,35,150	7.32%	26,35,150	7.33%
Asia Minerals Limited	1,804,891	5.01%	18,04,891	5.02%	18,04,891	5.02%

E In the period of five years immediately preceding 31st March, 2017, the Company has neither issued bonus shares, bought back any equity shares nor has allotted any equity shares as fully paid up without payment being received in cash except 1,80,398 options given to employees under ESOP for subscription of shares @ ₹ 125/ per share.

F There are no shares reserved for issue under options and there are no contracts or commitments for the sale of shares or disinvestment.

G During the year the Company has issued 52,079 Equity Shares of ₹ 10/- each at a premium of ₹ 115/- under ESOP scheme.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	Non-Current portion			Current Maturities		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
14 BORROWINGS : FINANCIAL LIABILITIES						
Bonds/debentures (Secured)						
1250 (1250) 9.55 % Redeemable Non-convertible Debentures of ₹ 3.3 Lakh (P.Y. ₹ 6.67 Lakh each)	-	4,164.91	8,324.54	4,164.91	4,166.68	4,166.67
Term loans (Secured)						
from banks						
Indian Rupee Loan	65,265.54	37,429.92	53,134.11	4,836.90	2,373.81	9,512.93
from other parties						
Indian rupee loan from financial institutions	27,053.38	45,971.76	19,242.08	-	1,994.04	4,166.66
Hire purchase loans		131.33	521.88	129.40	393.91	358.82
	92,318.92	87,697.92	81,222.61	9,131.21	8,928.44	18,205.08
Deferred payment liabilities						
Deferred Sales tax Loan (Unsecured)	-	-	-	-	-	475.22
	92,318.92	87,697.92	81,222.61	9,131.21	8,928.44	18,680.30

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
15 OTHER FINANCIAL LIABILITIES			
Security Deposit Received			
Deposits from Vendors	1,270.58	767.48	362.05
Other payables	14.72	14.33	37.43
	1,285.30	781.81	399.48

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
16 PROVISIONS			
(a) Provision for employee benefits			
Provision for Leave encashment	392.12	306.79	336.06
(b) Others			
Statutory liabilities	181.88	820.55	791.35
Mines restoration expenses	374.00	311.99	311.99
OB reserve	-	1,947.37	1,947.37
	948.00	3,386.70	3,386.77

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
17 DEFERRED TAX LIABILITIES (NET)			
Deferred tax liability / (assets) at the beginning of the year	6,614.61	5,409.47	7,086.27
Deferred tax liability / (assets) during the year on account of timing difference	(1,438.15)	2,887.31	492.79
Deferred Tax MAT Credit	390.75	(1,682.17)	(2,169.59)
Deferred tax liabilities / assets at the end of the year	5,567.21	6,614.61	5,409.47

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
18 BORROWINGS			
From Banks (Secured)			
Short term loans	9,855.15	6,815.14	18,661.30
Working capital loans (repayable on demand)	5,051.28	8,544.01	12,491.16
Working capital Buyers Credit loans	14,890.83	6,816.07	12,308.65
	29,797.26	22,175.22	43,461.11
From Banks and Financial Institutions (Unsecured)			
From banks	2,583.94	2,331.20	3,500.00
From Others	2,000.00	1,000.00	-
Other loans and advances			
Loans from Related Parties	453.06	-	285.74
	5,037.00	3,331.20	3,785.74
	34,834.26	25,506.42	47,246.85

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
19 OTHER FINANCIAL LIABILITIES			
(a) Current maturities of long term debt	9,131.21	8,928.44	18,680.30
(b) Interest accrued but not due on borrowings	1,109.44	817.20	1,038.20
(c) Deposits from customers	1,484.85	3,084.78	1,212.24
(d) Expenses payable	1,508.91	1,829.57	3,791.95
(e) Salary & reimbursements	1,011.99	832.42	1,013.84
(f) Bill discounting (backed by LCs)	4,159.50	1,989.11	3,156.28
(g) INR payable to bank in forex account-on Financial Instruments at FVTPL-Level 1	23.64	6.00	2.45
(h) Unpaid Dividends	56.42	81.76	54.21
(i) Others	93.16	124.35	115.53
	18,579.12	17,693.63	29,065.00

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
20 OTHER CURRENT LIABILITIES			
(a) Others -			
Indirect taxes payable	413.22	556.29	1,148.08
Others	13.20	13.45	20.86
(b) Deposit from Employees	31.09	47.49	51.58
(c) Advances from customers	539.51	372.47	591.11
(d) TDS payables	295.71	224.68	178.97
(e) Open access UI charges payable	61.77	181.73	26.52
(f) Other expenses payable	211.05	106.09	125.65
	1,565.55	1,502.20	2,142.77

	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
21 PROVISIONS			
Provision for employee benefits			
(a) Provision for gratuity	229.91	102.38	98.12
(b) Provision for Leave	35.13	50.49	51.04
Provision for expenses	738.78	490.89	822.02
	1,003.82	643.76	971.18

	2016-17	2015-16
22 REVENUE FROM OPERATIONS (GROSS)		
Sale of products		
Sponge Iron	24,211.50	21,762.90
Ferro Alloys	69,396.59	57,787.87
Steel Billets	7,158.31	9,906.99
Wire Rod / HB Wire	30,480.39	26,984.32
Pellet	9,891.58	14,096.81
Power	9,444.66	24,739.51
Others	5,355.11	4,544.29
Other operating revenues	1,164.16	770.96
	1,57,102.30	1,60,593.65

	2016-17	2015-16
23 OTHER INCOME		
Interest Income	3,141.65	2,715.15
Dividend Income		
From Subsidiaries		
From Others	326.21	186.36
Net gain on sale of investments	481.51	459.16
Fair value gain on Financial Instruments at FVTPL	1,589.43	7.25
Other non-operating income (net of expenses directly attributable to such income)	1,200.43	188.63
	6,739.23	3,556.55

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

		2016-17	2015-16
24	COST OF RAW MATERIAL CONSUMED		
	Iron Ore	16,376.63	19,033.84
	Mn Ore	25,338.55	18,929.35
	Coal	39,200.13	29,757.49
	Scrap	2,821.42	4,739.92
	Other Material	10,251.33	3,665.72
		93,988.06	76,126.32

		2016-17	2015-16
25	CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS AND STOCK-IN-TRADE		
	Inventories at the end of the year		
	Finished Goods / Semi-finished goods	16,122.03	12,674.56
	Trading Goods	23.19	257.41
		16,145.22	12,931.97
	Inventories at the beginning of the year		
	Finished Goods / Semi-finished goods	12,674.56	27,921.55
	Trading Goods	257.41	211.15
		12,931.97	28,132.70
	Increase/(Decrease) in Inventories	3,213.25	(15,200.73)

		2016-17	2015-16
26	EMPLOYEE BENEFITS EXPENSE		
	Salaries, Incentives & Managerial Remuneration	6,886.68	6,384.62
	Contributions to -		
	Provident fund	316.33	301.13
	Superannuation scheme	7.00	8.50
	Gratuity fund	139.84	136.95
	Staff welfare expenses	189.87	189.66
		7,539.72	7,020.86

		2016-17	2015-16
27	FINANCE COSTS		
	Interest expense	8,003.65	10,162.74
	Other borrowing costs	1,294.48	900.81
	Amortization of ancillary borrowing costs	6.08	—
	Exchange difference to the extent considered as an adjustment to borrowing costs	72.58	97.05
		9,376.79	11,160.60

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

	2016-17	2015-16
28 OTHER EXPENSES		
Stores & Spares Consumption	5,565.87	6,523.69
Power	966.63	1,061.57
Manufacturing Expenses-		
Plant process & services	2,223.72	2,277.25
Material handling Expenses	2,649.44	3,010.61
Other Manufacturing Expenses	165.85	2,551.33
Increase/ (Decrease) of excise duty on inventory	491.00	(911.76)
Repairs & Maintenance		
Building	113.29	167.67
Plant & Machinery	934.49	914.61
Others	401.45	484.42
Rent	228.85	242.09
Rates & Taxes	911.47	714.11
Insurance Charges	208.35	277.75
Miscellaneous Expenses		
Travelling & Conveyance expenses	531.16	560.45
Legal & Professional Expenses	526.91	801.10
Administrative Expenses	631.63	581.66
Other Expenses	1,856.66	2,856.18
Selling Expenses		
Carriage Outward	1,400.03	2,062.73
Selling Commission & Brokerage	370.01	338.16
Other Selling Expenses	333.94	551.53
Exchange differences (net)	(594.55)	448.52
Payment to Auditors	37.89	34.42
Total	19,954.09	25,548.09

Particulars	2016-17	2015-16
29 OTHER COMPREHENSIVE INCOME		
(i) Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	113.50	174.71
Income Tax relating to items that will not be reclassified to profit or loss	16.50	(37.58)
(ii) Items that will be reclassified to profit or loss		
Fair value of investment	(195.16)	(40.15)
Income Tax relating to items that will not be reclassified to profit or loss	172.41	0.49
	107.25	97.48

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

	2016-17	2015-16
30 EARNINGS PER SHARE (EPS)		
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in Lakh)	12,810.84	1,374.22
Nominal Value of Equity Shares (₹)	10	10
Weighted average number of Equity Shares used as denominator for calculating basic EPS	359.96	359.78
Weighted average number of Equity Shares used as denominator for calculating Diluted EPS	360.10	361.49
Basic	35.59	3.82
Diluted	35.58	3.80

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

Particulars	2016-17				2015-16			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
Revenue								
Sales & other income	64,368.75	68,010.12	10,273.74	1,42,652.61	65,953.93	54,589.98	26,674.67	1,47,218.58
Inter segment sales		701.07	22,380.28	23,081.35		617.26	20,184.27	20,801.53
Others Unallocated				769.97				771.06
Total Revenue	64,368.75	68,711.19	32,654.02	1,66,503.93	65,953.93	55,207.24	46,858.94	(1,68,791.17)
Result								
Segment Result	7,690.08	10,746.67	(866.93)	17,569.82	9,062.95	(505.33)	11,680.27	20,237.89
Unallocated Expenses net off unallocated income				6,237.87				(5,213.02)
Operating Profit				23,807.68				15,024.87
Interest & Forex Fluctuation Loss (Net)				(8,791.41)				(11,086.55)
Profit Before Tax & Extraordinary Item				15,016.27				3,938.32
Provision for taxation								
For Current Year				(3,868.60)				(1,643.12)
For Deferred Taxation				1,548.93				(1,020.61)
Profit After Taxation				12,696.60				1,274.50
Other Information								
Segment Assets	62,978.83	51,330.17	1,36,770.92	2,51,079.92	64,480.51	38,766.14	1,20,211.51	2,23,458.16
Unallocated Assets				35,001.47				36,545.14
Total Assets				2,86,081.39				2,60,003.30
Segment Liabilities	6,350.00	6,156.39	4,636.34	17,142.73	6,056.17	6,008.53	4,791.55	16,856.25
Unallocated Liabilities				7,927.12				6,394.92
Total Liabilities				25,069.85				23,251.17
Capital Expenditure	(6,933.05)	362.40	79,467.28	72,896.63	608.74	206.88	16,556.02	17,371.64
Depreciation / Amortization	3,398.09	1,181.53	1,605.18	6,184.80	3,326.87	1,234.08	1,623.95	6,184.90
Unallocated Capital Exp. & Depreciation				(1,302.26)				(18.94)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

	Country of Origin	Proportion of ownership interest As at 31st March (%)	
		2017	2016
32 INTEREST IN SUBSIDIARIES			
The financial statements of the following subsidiaries have been considered in consolidation:			
Name of Subsidiaries			
Sarda Energy & Minerals HongKong Limited	HongKong	100.00	100.00
Sarda Global Ventures Pte Limited	Singapore	100.00	100.00
Sarda Metals & Alloys Limited	India	100.00	100.00
Sarda Energy Limited	India	100.00	100.00
Chhattisgarh Hydro Power LLP	India	60.00	60.92
Parvatiya Power Limited	India	51.00	51.00
Madhya Bharat Power Corporation Limited	India	62.41	63.54
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
Natural Resources Energy Private Limited	India	100.00	100.00

	Country of Origin	Proportion of ownership interest as at 31st March	
		2017	2016
33 INTEREST IN JOINT VENTURES			
The financial statements of the following Joint Ventures have been considered in consolidation:			
Name of the Company			
Raipur Infrastructure Company Limited	India	33.33%	33.33%
Madanpur South Coal Company Limited	India	20.63%	20.63%
Godavari Natural Resources Limited	India	29.98%	29.98%

34 RELATED PARTY DISCLOSURE

a) Names of related parties and description of relationship

S. No.	Relationship	Name of Related Parties
1	Related Enterprises where significant influence exist	Chhattisgarh Investments Limited Sarda Solutions and Technologies Private Limited Goldenlife Financial Services Private Limited Rishabh Mining & Transport Company Private Limited Sarda Dairy & Food Products Private Limited Royal Carbon Black Private Limited Jai Balaji Enterprises Vikas Associates Kashmirilal Constructions Private Limited Apex Equipment Private Limited Hemnidhi Securities Limited Earth Stahl & Alloys Private Limited R. R. Sarda & Co

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

2	Key Management Personnel (KMP)	Mr. Kamal Kishore Sarda
		Mr. Pankaj Sarda
		Mrs. Uma Sarda
		Mr. Ghanshyam Das Mundra
		Mr. Padam Kumar Jain
		Mr. Manish Sethi
		Mr. Bhagwati Prasad Agarwal
		Mr. Kashmirilal Agarwal
		Ms. Sheen Agarwal
		Mr. Manish Sarda
		Mr. Neeraj Sarda
		Mrs. Sonal Sarda
		Mr. P. S. Duttgupta
		Ms. Shilpa Rathod
3	Relatives of KMP's	Mrs. Veena Sarda
		Mr. Mahesh Kumar Khator
		Mr. Ghanshyam Sarda
		Mr. Satya Narayan Khator
		Ms. Niharika Jain

b) Material Transactions with Related Parties

(₹ in Lakh)

Particulars	Related Enterprises where significant influence exists	Key Management Personnel	Relatives of Key Management Personnel
Remuneration	-	692.25	2.43
	-	(539.56)	-
Rent Paid	135.23	-	2.40
	(143.54)	-	(2.40)
Loans Granted	21,639.44	-	-
	(18,535.62)	-	-
Loans Received Back	26,533.63	-	-
	(19,523.15)	-	-
Loans Taken	695.00	-	-
	(628.02)	-	-
Loans Repaid	437.01	-	-
	(800.00)	-	-
Interest Paid	44.53	-	1.44
	(42.65)	-	(1.00)
Interest Received	1,258.28	-	-
	(1,255.94)	-	-
Sale of Goods	69.45	-	0.86
	(64.50)	(0.07)	-
Purchase of Goods	23.51	-	-
	(505.29)	-	-

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

Particulars	Related Enterprises where significant influence exists	Key Management Personnel	Relatives of Key Management Personnel
Services offered	191.57 (208.15)	- -	- -
Commission Paid	5.11 (4.14)	- -	- (3.48)
Investment made	- (1,498.00)	- -	- -
Outstanding as on 31st March			
Receivables	35.32 (144.42)	12.71 (5.60)	- (0.14)
Loans Receivable	7,645.22 (10,925.90)	- -	- -
Loans Payable	450.00 (152.04)	1.00 (1.00)	- -
Payables	22.64 (152.70)	18.82 (1.07)	- (16.90)

* Figures in bracket represent balances of previous financial year 2015-16

35 COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account for the Group, net of advance given and not provided for as at 31st March, 2017 is ₹ 21,131.81 lakh (31st March, 2016: ₹ 30,171.28 lakh).
- Parent Company has commitments of ₹ 1,100.00 lakh as at 31st March, 2017 (31st March, 2016: ₹ 644.00 lakh) for further investment in controlled entity Chhattisgarh Hydro Power LLP and ₹ 10,311.50 lakh as at 31st March, 2017 (31st March, 2016: ₹ 12,447.00 lakh) in Madhya Bharat Power Corporation Limited.

36 DUE TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT 2006

The Group has not received any memorandum (as required to be filed by the supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2017 as micro, small or medium enterprises, Consequently the amount paid/payable to these parties during the year is NIL

- Consequent to the deallocation of the coal block Gare Palma IV/7, the Company has filed a writ petition before the Hon'ble High Court of Delhi challenging the compensation amount and exclusion of washery from the mine infrastructure. This matter is still under subjudice. However, the company has received compensation of ₹ 2,641.44 lakh as per the calculations of the Government of India. Following prudence, pending decision of the Hon'ble High Court, the company on the basis of compensation received, has booked losses of ₹ 2,027.76 lakh (shown under exceptional items) on coal mine assets handed over to the new allottee of the said block.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

Particulars	Year ended	Year ended
	31st March, 2017	31st March, 2016
38 CONTINGENT LIABILITIES		
Guarantees given by groups' bankers	2,769.62	2,093.08
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	318.21	318.21
Corporate Guarantee given to Axis Trustee Services Limited (P.Y. L&T Infrastructure Finance Company Ltd.) for disbursement of term loan to Sarda Metals & Alloys Limited, (SMAL) wholly owned subsidiary of the Company	6,000.00	6,000.00
Bills discounted with the groups' bankers under Letters of Credit	3,738.86	1,901.26
Claims against the group, not acknowledged as debt & disputed in appeals	5,820.62	3,110.03
Excise Duty, Customs Duty & Service Tax Demand	416.19	613.67
VAT, CST & Entry Tax	451.82	224.20
Income Tax	225.42	90.60
Electricity Duty	776.94	-
Claims by contractor	3,940.95	1,297.66
Energy Development Cess	5,003.80	4,452.20

- i) Guarantee given to Director General of Foreign Trade ₹ 98.88 lakh (P.Y. ₹ 98.88 lakh) and Assistant Commissioner of Customs ₹ 318.21 lakh (P.Y. ₹ 318.21 lakh) on behalf of Sarda Metals & Alloys Limited, wholly owned subsidiary of the Company for fulfillment of Export Obligation against import of capital goods under Export Promotion Capital Goods Scheme.
- ii) **Claim against the group not acknowledged as debt comprises of:**
- Suspension and damages claimed from Madhya Bharat Power Corporation Ltd. by erstwhile Electro Mechanical Contractor M/s. Voith Hydro Private Limited which is presently under arbitration and idle time claimed by main Civil Contractor M/s. SEW Infrastructures Limited which is presently under litigation in High Court amounting to ₹ 3,940.95 lakh (P.Y. ₹ 1,297.66 lakh) as on the Balance Sheet date. However, the Company has given advance to the M/s. Voith Hydro Private Limited which has been reduced from the gross claim amount in pursuance of Contractual terms and the Company is contesting the demand by counter claim on M/s. SEW Infrastructures Limited for breach of settlement agreement.
 - Commercial Tax demand from Sarda Metals & Alloys Limited for ₹ 423.61 lakh (PY ₹ 338.88 lakh) on account of disallowance of Input Tax credit of ₹ 338.88 lakh on equipments of Power Plant and Penalty of ₹ 84.72 lakh. The company has filed appeal challenging disallowance of input tax credit with Appellate Tribunal. The Company has filed a writ petition for stay of recovery proceedings of penalty with the Hon'ble High court of AP.
 - Besides this disputed claims of ₹ 1,456.06 lakh (P.Y. ₹ 1,473.49 lakh) are pending in various courts of law.
- iii) **Excise Duty, Customs Duty & Service Tax**
- Excise duty demand of ₹ 20.57 lakh (P.Y. ₹ 20.57 lakh) raised on account of Cenvat credit availed, which the Company has disputed in High Court, Jabalpur (MP).
 - ₹ 6.97 lakh (P.Y. ₹ 6.97 lakh) on account of duty on VAT Collected by the Company against which the Company has filed an appeal before the High Court, Bilaspur (CG).

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- c) Excise Duty demand of ₹ 17.49 lakh (P.Y. ₹ NIL) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the High Court, Bilaspur (CG).
 - d) Excise Duty demand of ₹ 69.38 lakh (P.Y. ₹ 172.58 lakh) 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).
 - e) Excise Duty demand of ₹ NIL (P.Y. ₹ 77.40 lakh) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the CESTAT.
 - f) Excise Duty demand of ₹ 65.52 lakh (P.Y. ₹ 92.79 lakh) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
 - g) Excise Duty demand of ₹ 7.62 lakh (P.Y. ₹ 7.62 lakh) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
 - h) Service Tax demand of ₹ 31.09 lakh (P.Y. ₹ 31.09 lakh) raised on account of Service Tax on foreign services availed, which the Department has disputed and has filed appeal before CESTAT.
 - i) Service Tax demand of ₹ 64.93 lakh (P.Y. ₹ 65.37 lakh) raised on account of Cenvat credit availed on service Tax on construction services (Ready mix concrete) has been disputed before Commissioner (Appeals), Raipur.
 - j) Claim against the Group towards Customs Duty amounting to ₹ 132.62 Lakh (P.Y. - ₹ 132.62 lakh) is on account of denial of refund of basic Customs Duty of ₹ 79.91 lakh by Commissioner Appeals. The Company has filed appeal with CESTAT against order of Commissioner Appeals which is pending. ₹ 52.71 lakh is pending with the customs authorities where the reassessment of bill of entries is pending.
- iv) **Value Added Tax/Central Sales Tax/Entry Tax**

Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 451.82 lakh (P.Y. ₹ 224.20 lakh) are pending in appeal against assessment of various years.

v) **Income Tax**

- a) ₹ Nil (P.Y. ₹ 46.58 lakh) for the Assessment Year 2012-13 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. The company has filed appeals before Commissioner of Income Tax (Appeals), Nagpur and the matter is decided in favor of Company vide order dated 24.03.2017. ₹ 95.97 lakh (P.Y. ₹ 44.02 lakh) for the Assessment Year 2006-07 on account of penalty u/s 271(1)(C) of the Income Tax Act, 1961, for the same, the Company has filed appeals before Commissioner of Income Tax (Appeals), Raipur, which was rejected and upward by its order dated 08.12.2016, against the order of Commissioner of Income Tax (Appeals), application is filed before Income Tax Appellate Tribunal and the matter is pending.
- b) ₹ 39.24 lakh (P.Y. ₹ NIL) TDS demand raised by the TRACES is on account of a matter disputed by company, We have already filed application before concerned AO for correction and rectification, which is still under process.
- c) During the financial year 2014-15, search operation was conducted in the premises of the Group, u/s 132 of Income Tax Act, 1961 covering the block periods from AY 2009-10 to 2014-15. For wholly owned subsidiary, Sarda Metals & Alloys Limited assessment has been completed by the tax authorities and a demand has been raised for the A.Y. 2012-13 for ₹ 86.57 lakh against which it has filed an appeal with Commissioner Appeals which is pending.

For the other Group Companies, block assessment is pending before Hon'ble Income Tax Settlement Commission. The Company does not foresee any liability at this stage, however the due provision of liability, if any, shall be made after completion of the block assessment.

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- vi) Energy Development Cess of ₹ 5,003.80 lakh (P.Y. ₹ 4,452.20 lakh) net of amount deposited ₹ 294.34 lakh (P.Y. ₹ 294.34 lakh) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to January 2017. The Hon'ble 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 Hon'ble Supreme Court.
- vii) Bank Guarantee of ₹ 500.00 lakh (P.Y. ₹ 500.00 lakh) given as security deposit against contract for disposal of old power project awarded to the company was invoked by Ms/. West Bengal Power Development Corporation Ltd. The Company has challenged the wrongful invocation in the High court of Kolkata. WBPDCCL has on the orders of the Hon'ble High Court deposited the amount of bank guarantee with the Court. The Company has been legally advised that it has a strong case in its favour, hence no liability provided.
- viii) Bank Guarantee of ₹ 780.00 lakh (P.Y. ₹ 780.00 lakh) was invoked by M/s. Power Grid Corporation Limited after the company notified force majeure for annulling the transmission corridor agreement for its proposed 350 MW power project. Implementation of the project became impossible as the land on which the power project was to come-up has been notified as coal bearing area and allocated to NTPC for development of coal mine. On company's petition, CERC has asked PGCIL to keep the money in separate deposit account.
- ix) A performance bank guarantee has been issued at the request of the Group's subsidiary company MBPCL in favour of Power Grid Corporation of India Limited (PGCIL). The terms of the contract contain a minimum compensation payment to PGCIL in the event of default for an amount which is limited to a maximum of ₹ 480 lakh. The guarantee has been given in pursuance of agreement as a Long Term Transmission Customer with PGCIL. The last date of lodgment of claim is 31st March, 2018.
- x) Claim against wholly owned subsidiary Sarda Metals & Alloys Limited for Electricity Duty for the period from January 2013 to March 2016 amounts to ₹ 776.94 lakh. The Company has sought legal opinion from experts and has been advised that the same is not applicable to the company and hence no liability provided.

39 Transition to Ind AS

The Group's financial statements for the year ended 31st March, 2017 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 in accordance with the accounting policies notified in Note 1. For the year ended 31st March, 2016, the company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provisions of the act ("previous GAAP").

The accounting policies as set out in Note No. 1 have been applied in preparing financial statements for the year ended 31st March, 2017 including comparative information for the year ended 31st March, 2016 and the opening Ind AS balance sheet on the transition date i.e. 1st April, 2015.

In preparing its Ind AS balance sheet as at 1st April, 2015 and in preparing the comparative information for the year ended 31st March, 2016, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position.

A) Exceptions:

- 1) Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Group has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.
- 2) The Group has classified financial assets in accordance with Ind AS 109 on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B. Exemptions:

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

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- 1) The Group has elected to apply the deemed cost option available under Para D7AA of Ind AS 101 i.e. all items of property, plant and equipment, investment property and intangible assets have been recognised in the financial statements as at the date of transition to Ind AS at the carrying value measured as per previous GAAP.
- 2) The Group has applied the exemptions as provided in Ind AS 101 on non application of Ind AS 103, "business combinations" to business combinations consummated prior to 1st April, 2015 (the transition date), pursuant to which goodwill/ capital reserve arising from a business combination has been stated at the carrying amount prior to the date of transition under Indian GAAP.
- 3) An entity may elect to apply Ind AS 102 to equity instruments that vested before the date of transition to Ind AS. The Group has not applied Ind AS 102 to grants which vested before the date of transition to Ind AS.
- 4) The Group has elected to measure the investment in joint venture in the consolidated financial statements at the deemed cost of investment at the date of transition to Ind AS. Accordingly, the investment has been measured at the aggregate of the carrying amounts of the assets and liabilities that had been previously proportionately consolidated under the previous GAAP for the year ended 31st March, 2015 and 31st March, 2016.
- 5) The Group has carried the carrying amount of non controlling interests recognized under previous GAAP as at the date of transition to Ind AS and will apply the requirements of Ind AS 110, 'Consolidated Financial Statements' applicable to non controlling interests prospectively from the date of transition to Ind AS.

C. Reconciliations:

- (i) Equity as at April 1, 2015 and March 31, 2016
- (ii) Total Comprehensive Income for March 31, 2016

Standards issued but not yet effective

The standards issued but not yet effective upto the date of issuance of the financial statements is disclosed below:

Ind AS 115 - Revenue from contracts with customers

This standard will come into force from accounting period commencing on or after 1 April 2018. The Group will adopt the standard on the required effective date.

RECONCILIATION OF EQUITY AS PREVIOUSLY REPORTED UNDER IGAAP TO IND AS

(₹ in Lakh)

Particulars	Note	Opening balance sheet as at 1st April, 2015			Opening balance sheet as at 31st March, 2016		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
ASSETS							
Non-current Assets							
Property, Plant & Equipment	a (i)(ii)&(iii)	1,28,402.42	(6,573.18)	1,21,829.24	1,23,060.60	(7,331.89)	1,15,728.71
Capital work-in-progress	a(i)&(iii)	43,371.72	(706.62)	42,665.10	58,862.21	(938.82)	57,923.39
Investment Property	a(i) & (iii)	-	3,448.08	3,448.08	-	4,387.35	4,387.35
Other Intangible Assets	a (iii)	4,858.38	2,357.12	7,215.50	4,775.64	2,045.79	6,821.43
Intangible Assets under Development	a (iii)	769.49	352.28	1,121.77	772.41	701.78	1,474.19
Financial Assets							
(i) Investments	b & m	422.88	816.96	1,239.84	1,915.88	826.95	2,742.83
(ii) Loans	c & m	12,843.11	(11,031.49)	1,811.62	11,689.06	(10,214.15)	1,474.91
Other Non- current Assets	d, g & m	11.13	10,823.77	10,834.90	481.67	9,513.39	9,995.06
		1,90,679.13	(513.08)	1,90,166.05	2,01,557.47	(1,009.58)	2,00,547.90

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(₹ in Lakh)

Particulars	Note	Opening balance sheet as at 1st April, 2015			Opening balance sheet as at 31st March, 2016		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
Current Assets							
Inventories	e	42,797.49	22.52	42,820.01	22,128.62	57.55	22,186.17
Financial Assets							
(i) Investments	m	27,473.37	(6,291.78)	21,181.59	13,379.39	(47.27)	13,332.12
(ii) Trade Receivables	f	9,729.63	2,644.39	12,374.02	11,296.52	1,186.07	12,482.59
(iii) Bank, Cash & cash Equivalents	m	1,080.21	6,156.56	7,236.77	1,112.39	(7.32)	1,105.07
(iv) Bank balances other than (iii) above	m	54.21	-	54.21	81.76	-	81.76
(v) Loans	c	32,114.24	(12,057.16)	20,057.08	32,153.16	(6,471.76)	25,681.40
Current Tax Assets (Net)	m	-	301.89	301.89	-	118.95	118.95
Other Current Assets	d,g	462.10	10,649.84	11,111.94	1,452.37	5,714.31	7,166.68
		1,13,711.25	1,426.25	1,15,137.50	81,604.21	550.53	82,154.74
TOTAL ASSETS		3,04,390.38	913.17	3,05,303.55	2,83,161.68	(459.05)	2,82,702.64
EQUITY AND LIABILITIES							
Equity							
Equity Share capital	m	3,595.24	-	3,595.24	3,597.83	-	3,597.83
Other Equity	l	1,17,365.27	1,160.76	1,18,526.03	1,17,929.59	815.84	1,18,745.43
Non Controlling Interests		7,065.06	-	7,065.06	7,233.11	-	7,233.11
Total Equity		1,28,025.57	1,160.76	1,29,186.33	1,28,760.53	815.84	1,29,576.37
Liabilities							
Non-current Liabilities							
Financial Liabilities							
(i) Borrowings	g	82,122.14	(899.53)	81,222.61	88,810.01	(1,112.09)	87,697.92
(ii) Other financial Liabilities	m	1,325.41	(925.93)	399.48	839.10	(57.29)	781.81
Provisions	m	3,363.49	23.28	3,386.77	3,370.59	16.11	3,386.70
Deferred Tax Liabilities (Net)	h	7,801.98	(2,392.51)	5,409.47	8,651.40	(2,036.79)	6,614.61
		94,613.02	(4,194.69)	90,418.33	1,01,671.10	(3,190.06)	98,481.04
Current Liabilities							
Financial Liabilities							
(i) Borrowings	m	47,257.78	(10.93)	47,246.85	27,687.23	(2,180.81)	25,506.42
(ii) Trade Payables	m	7,058.70	(802.56)	6,256.14	9,199.88	17.32	9,217.20
(iii) Other financial liabilities	g, f(ii) & m	-	29,065.00	29,065.00	-	17,693.63	17,693.63
Other current liabilities	m	26,554.59	(24,411.82)	2,142.77	15,210.70	(13,708.50)	1,502.20
Provisions	m	880.72	90.45	971.17	632.24	11.53	643.77
Current tax liabilities (net)		-	16.95	16.95	-	82.01	82.01
		81,751.79	3,947.10	85,698.89	52,730.05	1,915.17	54,645.22
TOTAL EQUITY AND LIABILITIES		3,04,390.38	913.17	3,05,303.55	2,83,161.68	(459.05)	2,82,702.64

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Reconciliation of Total Comprehensive Income as previously reported under IGAAP to Ind AS

(₹ in Lakh)

Particulars	Note No.	Year ended 31st March, 2016		
		IGAAP	Adjustments	Ind AS
Revenue from operations	i & m	1,61,194.60	(600.95)	1,60,593.65
Other income	c & m	3,494.35	62.20	3,556.55
Total Revenue (I + II)		1,64,688.95	(538.75)	1,64,150.20
Expenses:				
Cost of materials consumed		76,126.32	-	76,126.32
Purchases of Stock-in-Trade		4,993.10	-	4,993.10
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	m	15,251.82	(51.09)	15,200.73
Excise Duty on Sales		12,604.02	-	12,604.02
Employee benefits expense	j & m	6,825.60	195.26	7,020.86
Finance costs	c & m	10,868.79	291.81	11,160.60
Depreciation and amortization expense	k, a(i) & m	7,445.29	53.19	7,498.48
Other expenses	i & m	25,856.51	(308.42)	25,548.09
Total Expenses		1,59,971.45	180.76	1,60,152.21
Profit before Exceptional Items and Tax (III - IV)		4,717.50	(719.50)	3,998.00
Exceptional items (Income)/Expense		(11.37)	(48.31)	(59.68)
Profit Before Tax (V - VI)		4,706.13	(767.82)	3,938.31
Tax expense:				
Current & Deferred tax	h,d & m	3,130.50	(466.77)	2,663.73
Profit for the period (VII - VIII)		1,575.63	(301.05)	1,274.58
Add : Share of profit of Joint Venture	m	(37.92)	40.08	2.16
Other comprehensive income				
Items that will not be reclassified to profit or loss	j	-	137.14	137.14
Items that will be reclassified to profit or loss		-	(39.66)	(39.66)
Total other comprehensive income, net of tax		-	97.48	97.48
Total Comprehensive Income for the period		1,537.71	(163.49)	1,374.22

Explanation for reconciliations of Equity, Total Comprehensive Income and Cash Flow as previously reported under IGAAP to Ind AS

a) Property, Plant and Equipment (PPE)

- (i) Under previous GAAP, investment properties were presented as a part of property, plant and equipment. Based on Ind AS 40, the Company has reclassified land building held for rental or undetermined future use to Investment Property.
- (ii) As per Ind AS 16, PPE are defined as tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period. Certain spare parts now meets the definition of PPE and are accordingly classified as PPE.
- (iii) Service Concession Arrangement (SCA)- The Group has entered into power purchase agreement (PPA). The arrangement has been classified as service concession arrangement (SCA). On the date of transition, the Group has reclassified the PPE at the existing carrying value at the transition date to the Intangible Assets. In respect of capital expenditure incurred under SCA during F.Y.2015-16, the Group has derecognized the PPE and recognized the Intangible assets in line with the accounting policy on SCA.

The depreciation on PPE under Indian GAAP has been reversed as the Intangible assets are recognized under Ind AS, during the year ended 31st March, 2016.

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b) Investments

Under previous GAAP, the Group accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments.

Under Ind AS, financial assets representing investments in equity shares of other entities other than subsidiaries and joint venture have been fair valued. The Group has designated such investments as FVTOCI/FVTPL investments. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognized as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes for investments measured at FVTOCI. Investments which are measured at FVTPL, difference between the instruments fair value and Indian GAAP carrying amount should be recognized under Profit & Loss account.

c) Financial Assets - Loans

The company has given interest free advances to parties and security deposits for leasehold land. The same have been measured at transaction price as per Previous GAAP. However, as per Ind AS, all financial assets should be measured at fair value on initial recognition. The initial fair value is estimated as the present value of the refundable amount of security deposits, discounted using the market interest rates for similar instruments. The difference between nominal amount and fair value of such advance/security deposit is classified as pre paid expense.

Subsequent to initial recognition, the security deposit and such advances are measured at amortized cost using the Effective Interest Rate method with the carrying amount increased over the contract/lease period up to the refundable/repayable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The prepaid expense is amortized on a straight line basis over the term as lease rental expense in case of lease and finance cost in case of interest free advances. The pre paid expenses are further classified in to non current and current.

d) Other Non- current Assets

Under Ind AS, carry forward of unused tax credits i.e. Minimum Alternative Tax (MAT) forms parts of deferred tax balances.

e) Inventory

- (i) Recognition of inventory on account of deferral of sales due to continuing managerial involvement
- (ii) Stores and spare parts in the nature of property, plant and equipment has been reclassified.

f) Trade Receivables

- (i) Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the group impaired its trade receivable on 1st April, 2015 which has been recognized in the balance sheet under retained earnings. For year ended on 31st March, 2016 it has been recognized in the statement of profit and loss.
- (ii) Under Indian GAAP, trade receivables derecognized by way of bills of exchange have been shown as contingent liability since there is recourse clause. Under Ind AS, the trade receivables have been restated with corresponding recognition of short term borrowings.

g) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the Effective Interest Rate method. The unamortized transaction cost is further classified in to non-current and current.

(h) Deferred Tax liabilities

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences i.e. land which was not required under Indian GAAP.

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In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

i) Revenue

- (i) Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit & loss. Thus sale of goods under Ind AS has increased by ₹ 12,604 lakh with a corresponding increase in other expense.
- (ii) Under Ind AS the timing of risk and reward varies to the extent that revenue can be recognized when there is no continuing control over or the managerial involvement over the goods. This has resulted in reduction of revenue to the extent of ₹ 601 lakh with a consequential impact on recognition of inventory.

j) Employee Benefit Expenses

- (i) Under Ind AS, all actuarial gains and losses are recognized in other comprehensive income. Under previous GAAP, the Company recognized actuarial gains and losses in profit & loss. However, this has no impact on the total comprehensive income and total equity as on 1st April, 2015 or as on 31st March, 2016.
- (ii) As per the previous GAAP, in respect of stock options granted pursuant to the Company's stock option schemes, the intrinsic value of the options (excess of market price of the share on the grant date over the exercise price of the option) is treated as employee compensation cost and is charged over the vesting period of the options. As per Ind AS fair value of options on grant date is recognized as employee cost and accordingly an additional expense of ₹ 2.10 lakh was recognized in the profit & loss for the year ended 31st March, 2016.

k) Depreciation

Recognition of additional PPE from spare parts has resulted in additional depreciation charge for the year ended 31st March, 2016.

l) Equity

Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS for the above mentioned line items.

m) Joint Venture

Under the previous GAAP, the investment in Joint Ventures was proportionately consolidated along with the consolidated assets and liabilities. Under Ind AS, the investment in Joint Ventures is measured using the equity method. Previously proportionately consolidated assets and liabilities under previous GAAP have been aggregated into a single line investment balancing Joint Venture at the date of transition to Ind AS. Similarly the revenue and expenditure related to Joint Ventures have been eliminated for the year ended 31st March, 2016.

40 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's principal financial liabilities comprise of loans and borrowings in foreign as well as domestic currency, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments, loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group companies also enters into derivative contracts.

The group is exposed to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Interest Rate Risk
- Currency Risk
- Price Risk

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The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note presents information about the risks associated with its financial instruments, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit Risk

The Group is exposed to credit risk as a result of the risk of counterparties' non performance or default on their obligations. The Group's exposure to credit risk primarily relates to investments, accounts receivable and cash and cash equivalents. The Group monitors and limits its exposure to credit risk on a continuous basis. The Group's credit risk associated with accounts receivable is primarily related to party not able to settle their obligation as agreed. To manage this the Group periodically reviews the financial reliability of its customers, taking into account the financial conditions, current economic trends and analysis of historical bad debts and ageing of accounts receivables.

Trade receivables

Trade receivables represent the most significant exposure to credit risk and are stated after an allowance for impairment and expected credit loss.

Loans and Advances

Financial assets in the form of loans and advances are written off when there is no reasonable expectations of recovery. Where recoveries are made, these are recognized as income in the statement of profit and loss. The Group measures the expected credit loss of dues based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on historical data, loss on collection of dues is not material hence no additional provisions considered.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits which are readily convertible to cash. These are subject to insignificant risk of change in value or credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Trade and other receivables	10,647.61	12,482.59	12,374.02
Loans and advances	28,828.82	27,156.31	21,868.70
Cash and cash equivalents	1,000.01	1,105.07	7,236.77

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Trade and other receivables (measured under life time expected credit loss model)			
Opening balance	423.27	306.07	306.07
Provided during the year	(113.77)	117.20	-
Closing balance	309.50	423.27	306.07

Particulars	31st March, 2017	31st March, 2016
Upto 3 months	8,999.43	11,875.83
3-6 months	892.35	84.70
More than 6 months	1,065.34	945.34
	10,957.12	12,905.87

*Gross trade receivables i.e. not including provision for doubtful debts/impairment.

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No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity risk

The Group is exposed to liquidity risk related to its ability to fund its obligations as they become due. The Group monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The Group has access to credit facilities and debt capital markets and monitors cash balances daily. In relation to the Group's liquidity risk, the Group's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions as they fall due while minimizing finance costs, without incurring unacceptable losses or risking damage to the Group's reputation.

Financing arrangements

The Group has access to following undrawn borrowing facilities and liquid investments at the end of the reporting period:

Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Term Loan - Union Bank of India (UBI)	4,390.00	3,572.00	8,522.00
Term Loan - Bank of Baroda (BOB)	325.00	6,699.00	7,672.00
Term Loan - PFC	22,593.68	23,223.22	7,472.00
Term Loan - PTC	6,691.11	7,504.89	2,170.00
Term Loan - IDBI	10,672.48	13,704.48	3,672.10
Cash Credit facility*	3,374.72	392.99	3,253.84
Current investments	6,393.33	2,260.24	6.09

*SEML has availed working capital limits from Banks under consortium of Union Bank of India, Bank of Baroda, Axis Bank Limited, State Bank of India & Ratnakar Bank.

Maturities of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments

As at 31st March, 2017	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	44,081.00	40,337.42	53,187.56	1,37,605.98
Trade payables	11,107.86	-	-	11,107.86
Security deposits	7.79	1,277.63	-	1,285.42
Other financial liabilities	8,718.20	-	-	8,718.20
	63,914.83	41,615.05	53,187.56	1,58,717.46

As at 31st March, 2016	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	36,529.02	35,442.76	53,308.99	1,25,280.78
Trade payables	9,217.20	-	-	9,217.20
Security deposits	7.77	763.42	-	771.19
Other financial liabilities	6,459.54	-	-	6,459.54
	52,213.53	36,206.18	53,308.99	1,41,728.71

Interest rate risk

Interest rate risk is the risk that an upward movement in the interest rate would adversely effect the borrowing cost of the company. The Company is exposed to long term and short-term borrowings, Commercial Paper Program. The Company manages interest rate risk by monitoring its mix of fixed and floating rate instruments, and taking action as necessary to maintain an appropriate balance.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

Market Risk

a) Interest rate risk exposure

	31st March, 2017	31st March, 2016	1st April, 2015
Variable rate borrowings	1,06,919.08	1,05,524.75	1,05,686.53
Fixed rate borrowings	30,686.90	19,756.03	41,476.78

b) Sensitivity analysis

Profit or loss estimate to higher/lower interest rate expense from borrowings as a result of changes in interest rates.

	Impact on profit after tax	
	2016-17	2015-16
Interest rates - increase by 70 basis points	(806.88)	(754.67)
Interest rates - decrease by 70 basis points	806.88	754.67

Currency Risk

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods in the respective currencies.

The Group evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Currency in Lakh

Particulars	Currency	2016-17	2015-16
Bank Loans	USD	(74.88)	(51.77)
Trade & Other Payables	EURO	(112.79)	(13.81)
Trade & Other Payables	USD	(268.97)	(152.77)
Trade & Other Payables	CNY	(9.58)	-
Investment held for Trading	USD	215.53	167.15
Trade & Other Receivables	JPY	-	647.58
Trade & Other Receivables	USD	147.50	110.98
Cash & Cash Equivalents	USD	3.42	4.24
Forward Contract to Sell/Receivable	USD	-	81.01
Forward Contract to Buy/Payable	USD	(26.44)	(10.00)

Profit or loss estimate to higher/lower as a result of changes in foreign exchange rates-

	Impact on profit after tax	
	2016-17	2015-16
Foreign exchange rates - increase by 1%	(81.58)	92.01
Foreign exchange rates - decrease by 1%	81.58	(92.01)

Price Risk

The entity is exposed to equity price risk, which arised out from FVTPL quoted equity shares & mutual funds and FVTOCI unquoted equity shares. The management monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the management. The primary goal of the entity's investment strategy is to maximize investments returns.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

Sensitivity Analysis for Price Risk

Equity Investments carried at FVTOCI are not listed on the stock exchange. For equity investments and mutual funds classified as at FVTPL, an impact of 2% increase in the index at the reporting date on profit & loss would have been an increase of ₹ 411.54 lakh (2015-16: ₹ 267.23 lakh); an equal change in the opposite direction would have decreased profit & loss. For equity investments classified as at FVTOCI, an impact of 2% increase in the index at the reporting date on profit & loss would have been an increase of ₹ 1.75 lakh (2015-16: ₹ 1.75 lakh); an equal change in the opposite direction would have decreased profit and loss.

41 CAPITAL MANAGEMENT

The Group's main objectives when managing capital are to:

- ensure sufficient liquidity is available (either through cash and cash equivalents, investments or committed credit facilities) to meet the needs of the business;
- ensure compliance with covenants related to its credit facilities and secured debentures;
- minimize finance costs while taking into consideration current and future industry, market and economic risks and conditions;
- safeguard its ability to continue as a going concern; and
- to maintain an efficient mix of debt and equity funding thus achieving an optimal capital structure and cost of capital.

The Board has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management of deployed funds and leveraging opportunities in domestic and international financial markets so as to maintain investor, creditor and market confidence and to sustain future development of the business.

For the purpose of Group's capital management, capital includes issued capital and all other equity reserves. The Group manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants.

The Group manages its capital on the basis of net debt to equity ratio which is net debt (total borrowings net of cash and cash equivalents) divided by total equity.

	(₹ in Lakh)	
	31st March, 2017	31st March, 2016
Total liabilities	1,01,450.14	96,626.37
Less : Cash and cash equivalent	1,000.01	1,105.07
Net debt	1,00,450.13	95,521.30
Total equity	1,35,758.87	1,22,343.26
Net debt to equity ratio	0.74	0.78

The Company has complied with the covenants as per the terms of the major borrowing facilities throughout the reporting period.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

42 FINANCIAL INSTRUMENTS

A. Accounting classification and fair values

(₹ in Lakh)

31st March, 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotized Cost*	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	1,000.01	1,000.01	-	-	-	1,000.01
Non-current investments								
Unquoted equity investments		2,241.14	-	2,241.14	-	2,241.14	-	2,241.14
Quoted mutual funds	-	5.02	-	5.02	5.02	-	-	5.02
Current investments								
Quoted equity investments	20,348.79	-	-	20,348.79	6,393.33	13,955.46	-	20,348.79
Financial Asset: Loans	-	-	28,828.82	28,828.82	-	-	-	-
Trade and other receivables	-	-	10,647.61	10,647.61	-	-	-	-
	20,348.79	2,246.16	40,476.44	63,071.39	6,398.35	16,196.60	-	23,594.96
Financial liabilities								
Long term borrowings	-	-	92,318.92	92,318.92	-	-	92,318.92	92,318.92
Short term borrowings	-	-	34,834.26	34,834.26	-	-	34,834.26	34,834.26
Trade and other payables	-	-	11,107.85	11,107.85	-	-	-	-
Other financial liabilities	23.64	-	19,840.77	19,864.41	23.64	-	-	23.64
	23.64	-	1,58,101.80	1,58,125.44	23.64	-	1,27,153.18	1,27,176.82

31st March, 2016	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotized Cost*	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	1,105.07	1,105.07	-	-	-	1,105.07
Non-current investments								
Unquoted equity investments	-	2,742.83	-	2,742.83	-	2,742.83	-	2,742.83
Quoted mutual funds	-	-	-	-	-	-	-	-
Current investments								
Quoted equity investments	11,078.77	-	-	11,078.77	6.89	11,078.77	-	11,078.77
Financial Asset: Loans	38.07	-	27,118.24	27,156.31	38.07	-	-	38.07
Trade and other receivables			12,482.59	12,482.59	-	-	-	-
	11,116.84	2,742.83	40,705.90	54,565.57	44.96	13,814.72	-	14,964.74
Financial liabilities								
Long term borrowings	-	-	87,697.92	87,697.92	-	-	87,697.92	87,697.92
Short term borrowings	-	-	25,506.42	25,506.42	-	-	25,506.42	25,506.42
Trade and other payables	-	-	9,217.20	9,217.20	-	-	-	-
Other financial liabilities	6.00	-	18,469.44	18,475.44	6.00	-	-	6.00
	6.00	-	1,40,890.98	1,40,896.98	6.00	-	1,13,204.34	1,13,210.34

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

(₹ in Lakh)

April 1, 2015	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost*	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	7,236.77	7,236.77	-	-	-	7,236.77
Non-current investments								
Unquoted equity investments	-	1,233.10	-	1,233.10	-	1,233.10	-	1,233.10
Quoted mutual funds	-	6.73	-	6.73	-	6.73	-	6.73
Current investments								
Quoted equity investments	21,181.59	-	-	21,181.59	6.10	21,175.49	-	21,181.59
Financial Asset: Loans	63.89	-	21,804.81	21,868.70	63.89	-	-	63.89
Trade and other receivables	-	-	12,374.02	12,374.02	-	-	-	-
	21,245.48	1,239.83	41,415.60	63,900.91	69.99	22,415.32	-	29,722.08
Financial liabilities								
Long term borrowings	-	-	81,222.61	81,222.61	-	-	81,222.61	81,222.61
Short term borrowings	-	-	28,585.56	28,585.56	-	-	28,585.56	28,585.56
Trade and other payables	-	-	6,256.14	6,256.14	-	-	-	-
Other financial liabilities	2.45	-	29,462.03	29,464.48	2.45	-	-	2.45
	2.45	-	1,45,526.34	1,45,528.79	2.45	-	1,09,808.17	1,09,810.62

* The carrying value and the fair value approximates.

B. Measurement of fair values

The table shown below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

C. Valuation techniques

The following methods and assumptions were used to estimate the fair values :

- 1) Fair value of the cash and short term deposits, current loans and advances and other current financial liabilities, short term borrowing from banks and other financial institutions and other similar items approximate their carrying value largely due to short term maturities of these instruments.
- 2) Long-term receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- 3) The fair values of the quoted instruments and mutual funds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt of similar terms, credit risk and remaining maturities.
- 4) The fair values of the unquoted equity shares designated at FVTOCI has been estimated by using the most recent purchase price of such shares. (level 2)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

43 Disclosure on Specified Bank Notes (SBNs)

During the year, the Group had specified bank notes and other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016. The denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	22.84	5.58	28.41
(+) Permitted receipts	-	42.53	42.53
(-) Permitted payments	-	(29.25)	(29.25)
(-) Amount deposited in Banks	(22.84)	-	(22.84)
Closing cash in hand as on December 30, 2016	-	18.85	18.85

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

44 Previous years' figures have been recasted/regrouped/restated wherever necessary to make them comparable.

Signatures to notes from 1 to 44

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

6th June, 2017

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

6th June, 2017

For and on Behalf of the Board

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Joint Ventures

Name of the Entity	Net Assets i.e. total assets minus total liabilities		Share in Profit and Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Srda Energy & Minerals Limited	57.66	1,19,553.72	107.24	13,119.82	(17.94)	(28.89)	105.61	13,090.93
Subsidiary								
Indian								
SMAL - Sarda Metals & Alloys Limited	10.44	21,645.14	(14.51)	(1,774.88)	0.76	1.22	(14.31)	(1,773.66)
SEL - Sarda Energy Limited	3.49	7,228.36	0.75	92.01	-	-	0.74	92.01
CHPPL - Chhattisgarh Hydro Power LLP	3.64	7557.91	0.01	1.66	(1.01)	(1.62)	-	0.04
MBPCL - Madhya Bharat Power Corporation Limited	11.10	23,019.95	(14.08)	(1,722.91)	2.03	3.27	(13.87)	(1,719.64)
PPL - Parvatiya Power Limited	1.46	3,036.26	2.63	322.05	82.76	133.26	3.67	455.32
SHPLL - Sarda Hydro Power Private Limited	0.02	35.82	-	-	-	-	-	-
SRE LLP - Shri Ram Electricity LLP	0.15	320.11	0.08	9.90	-	-	0.08	9.90
RFPL - Raipur Fabritech Private Limited	-	2.10	-	-	-	-	-	-
RIGPL - Raipur Industrial Gases Private Limited	-	1.00	-	-	-	-	-	-
NREPL - Natural Resources Energy Private Limited	-	(0.03)	-	(0.19)	-	-	-	(0.19)
Foreign								
SEMHKL - Sarda Energy & Minerals Hongkong Limited	7.84	16,260.24	20.96	2,564.19	-	-	20.69	2,564.19
SGV - Sarda Global Venture Pte. Limited	0.19	389.65	0.74	90.22	-	-	0.73	90.22
Joint Venture								
RICL - Raipur Infrastructure Company Limited	-	-	0.31	37.92	(7.51)	(12.10)	0.21	25.82
MSCCL - Madanpur South Coal Company Limited	-	-	(0.17)	(20.22)	-	-	(0.16)	(20.22)
GNRL - Godawari Natural Resources Limited	-	-	(0.01)	(1.25)	-	-	(0.01)	(1.25)
Minority interest in all subsidiaries	4.01	8,308.30	(3.96)	(484.32)	40.91	65.88	(3.38)	(418.44)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

Statement pursuant to section 129(3) of the Companies Act, 2013 read with rule 5 part A of Companies (Accounts) Rules, 2014 in respect of the Subsidiary Companies and Joint venture

Summary of Financial Information of Subsidiary Companies As on 31st March, 2017

Sl. No.	Particulars/Name of the Subsidiary Company	SEMHLK Hongkong	SGV Singapore	SMAL India	CHP LLP India	PPL India	MBPCL India	SEL India	SRE LLP India	SHPLL India	RFPL India	RIGPL India	NREPL India	(₹ in Lakh)	
														31.03.2017	10th Feb. 2015
1	Financial year of the Subsidiary Company/LLP ended on	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	
2	Date from which it became Subsidiary Company/LLP	17th Sep. 2007	12th June, 2008	15th June, 2009	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	1st March, 2011	21st Sept. 2010	25th Aug. 2011	13th Dec. 2011	10th Feb. 2015		
3	Capital	83.50	702.60	2,101.60	7,303.65	153.57	10,256.20	71.63	352.53	27.45	2.10	1.00	1.00		
4	Reserves & Surplus	16,176.73	(312.95)	19,543.54	254.26	2,882.69	12,763.75	7,156.73	(32.43)	8.37	-	-	(1.03)		
5	Total Assets	20,528.21	3,512.77	76,256.23	20,558.24	4,707.09	60,777.51	7,256.96	384.32	35.96	2.19	2.09	1.85		
6	Total Liabilities	16,260.24	389.65	21,645.14	7,557.91	3,036.26	23,019.95	7,228.36	320.11	35.82	2.10	1.00	(0.03)		
7	Investments	12,749.21	1,206.25	0.28	-	1,359.40	-	5,000.00	-	-	-	-	-		
8	Turnover	2,687.00	222.82	43,432.83	-	737.60	0.23	149.39	10.13	-	-	-	-		
9	Profit before Taxation	2,564.19	90.22	(2,483.38)	-	269.48	(1,723.60)	124.18	8.02	-	-	-	(0.27)		
10	Provision for Taxation	-	-	(708.49)	(1.66)	(52.57)	(0.69)	32.17	(1.88)	-	-	-	(0.08)		
11	Profit After Taxation	2,564.19	90.22	(1,774.88)	1.66	322.05	(1,722.91)	92.01	9.90	-	-	-	(0.19)		
12	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-		
13	% of Shareholding	100.00%	100.00%	100.00%	60.00%	51.00%	62.41%	100.00%	51.00%	60.00%	52.38%	51.00%	100.00%		
14	Whether commenced operation	Yes	No	Yes	No	Yes	No	No	No	No	No	No	No		

The Indian rupee equivalents of the figures given in the foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rate as on 31.03.2017, i.e. 1US\$ = ₹ 64.75 [SGV and SEMHLK]

Notes :

- 1 SEMHLK - Sarda Energy & Minerals Hongkong Limited
- 2 SGV - Sarda Global Venture Pte. Limited
- 3 SMAL - Sarda Metals & Alloys Limited
- 4 SEL - Sarda Energy Limited
- 5 CHPLL - Chhattisgarh Hydro Power LLP
- 6 MBPCL - Madhya Bharat Power Corporation Limited
- 7 PPL - Parvatiya Power Limited
- 8 SHPLL - Sarda Hydro Power Private Limited
- 9 SRE LLP - Shri Ram Electricity LLP
- 10 RFPL - Raipur Fabritech Private Limited
- 11 RIGPL - Raipur Industrial Gases Private Limited
- 12 NREPL - Natural Resources Energy Private Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

to Consolidated Financial Statements for the year ended 31st March, 2017

Statement pursuant to section 129(3) of the Companies Act, 2013 read with rule 5 part B of Companies (Accounts) Rules, 2014 in respect of the Subsidiary Companies / Joint venture

Summary of Financial Information of Joint Ventures As on 31st March, 2017

(₹ in Lakh)

Sl. No.	Particulars/Name of the Joint Ventures	RICL	MSCCL	GNRL
		India	India	India
1	Financial year of the Subsidiary Company/LLP ended on	31st March, 2017	31st March, 2017	31st March, 2017
2	Share of Joint Ventures held by the company on the year end			
	No.	1,30,800	1,74,030	14,990
	Amount of Investment	210.70	243.20	1.50
	Extend of Holding %	33.33%	20.63%	29.98%
3	Networth	633.33	160.66	0.46
4	Profit/(Loss) for the year			
	i. Considered in Consolidation	25.82	(20.22)	(1.25)
	ii. Not Considered in Consolidation	-	-	-
5	Whether commenced operation	Yes	No	No

Notes :

- 1 RICL- Raipur Infrastructure Company Limited
- 2 MSCCL- Madanpur South Coal Company Limited
- 3 GNRL- Godawari Natural Resources Limited

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

6th June, 2017

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

6th June, 2017

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

A birds eye view of our Plant (night vision)



Concept, design by **MANJARI ENTERPRISES** (print@manjari.net)
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