

A large, stylized circular graphic composed of several overlapping, semi-transparent rings. The left side of the graphic shows a waterfall cascading over a dam, while the right side shows molten metal being poured into a mold. The central text is overlaid on a white circular area within the graphic.

# De-risked and **Diversified**

# Read across



## Company Overview

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### 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 our 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 are requested to consider the same while taking decisions. We undertake no obligation to publicly update any forward-looking statements, whether because of new information, future events or otherwise.

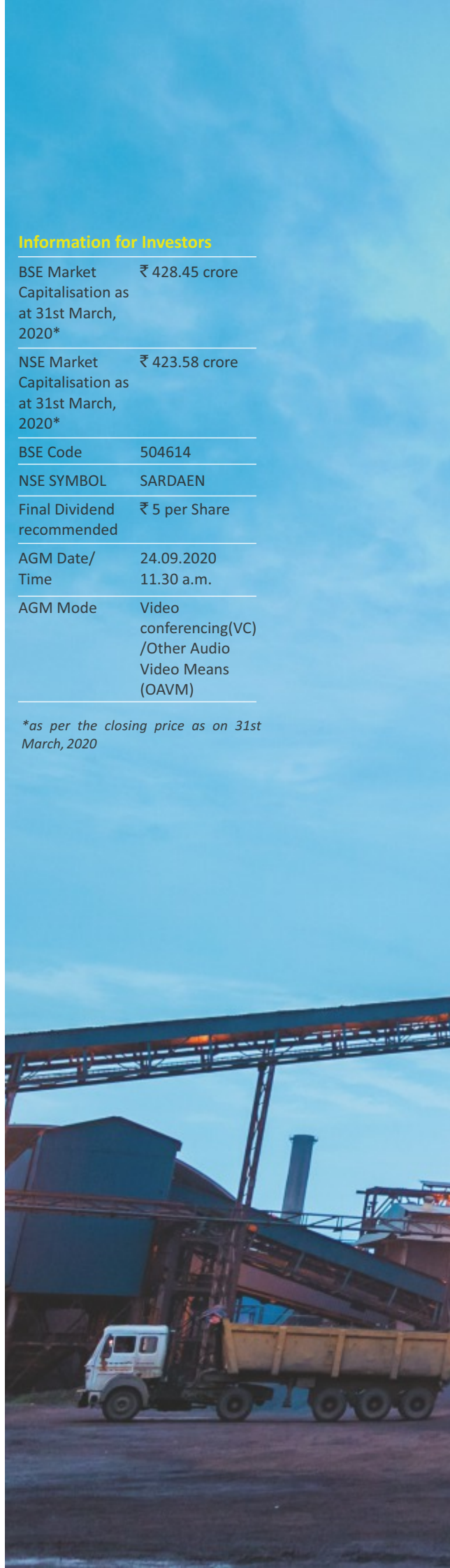


Scan this QR code from your smartphone to access our Annual Report  
Please visit at [www.seml.co.in](http://www.seml.co.in)

### Information for Investors

BSE Market Capitalisation as at 31st March, 2020*	₹ 428.45 crore
NSE Market Capitalisation as at 31st March, 2020*	₹ 423.58 crore
BSE Code	504614
NSE SYMBOL	SARDAEN
Final Dividend recommended	₹ 5 per Share
AGM Date/ Time	24.09.2020 11.30 a.m.
AGM Mode	Video conferencing(VC) /Other Audio Video Means (OAVM)

\*as per the closing price as on 31st March, 2020



It has been proven time and again, that any company with strong fundamentals, robust business model and diversified business has always prospered amidst challenges.

At SEML\*, our business model, proactive diversification strategies, strong liquidity and lower leveraging has successfully de-risked us from the anticipated as well as unanticipated disruptions. Moreover, it has further strengthened our long-term focus and has given us confidence of achieving consistent growth amidst adversities and to continue creating value for our stakeholders, going ahead.

### The consistency continues across 2019-20!

**6** lakh MT  
Pellet production

**3.25** lakh MT  
Sponge iron production

**1.75** lakh MT  
Steel billet production

**1.42** lakh tonne  
Wire rod production

**1113** Mn Kwh  
Power generation

**₹ 5** per equity share (50%)  
Dividend payout

\*Sarda Energy & Minerals Limited or the Company across the report



## From the desk of Chairman & Managing Director

**In a challenging year, we sustained mainly due to our de-risked and diversified business model. We have maintained strong levels of financial robustness, liquidity and successful leveraging of our diversification strategies.**

### *Dear Shareholders*

The present world is confronting one of its greatest health threats of a generation, that profoundly impacts the socio-economic activities of its citizens. We strongly and sincerely praise the untiring efforts of the Government, health agencies, communities and individuals, including healthcare workers and first responders, who are putting in their heart and soul to help the mankind during the COVID-19 pandemic.

Over the years, SEML has built its reputation of standing with its employees and communities in the most critical times. This unprecedented environment has been no different. The Company took adequate safety measures for its employees and surrounding communities by promoting social distancing and ensuring the compliance of the SOPs laid down by the regulatory agencies. The Company also took various initiatives in supporting the noble cause of service to humanity. As regards the business continuity is concerned, I am proud to state that we are one of the least impacted companies in the metals and mining space. Thanks to our de-risked and diversified business model, that has allowed us to sustain the disruptive shock and has allowed us to test our abilities to

emerge even stronger than before.

Our proactive strategies of integrating our operations, has proved to be a blessing in disguise for a commodity player like us. It has helped us to face the market volatilities and ensure optimum use of resources. Besides, our diversification into hydro power has further given us the cushion to face the unanticipated disruptions during the year.

#### **Macro environment**

India's economic performance of 2019-20 was rather flat. During the large part of the year, the country struggled to accelerate on the momentum set in the earlier years. Lower consumption, investments and unstable global macro-economic environment resulting out of trade war between China and US, coupled with geological tensions in other geographies, dragged down the growth curve. The Government intervened with several measures to boost up the consumption and drive investments into the country. Just when the things started easing out in the early part of Q4 2019-20, the country was struck with the deadly pandemic. The nationwide lockdown halted all

the economic activities and put brakes to the growth. The 2019-20 GDP growth slowed to a 11-year low at 4.2%. The Government took several measures and announced a prestigious 'Atmanirbhar Abhiyan' Package, worth ₹ 20 lakh crore, giving an opportunity to kickstart Make in India 2.0. Apart from allaying near-term working capital and loan financing concerns during an unprecedented health crisis, the package lays down a bold intent to re-energise, revamp and reinforce a strong industrial and manufacturing sector for India's long-term growth in a post-COVID world.

India emerged as the world's second largest steel producer in 2019 surpassing Japan, with a crude steel production of 111.2 million tonnes (MT). India's per capita consumption stands around 74 kgs as against the world average of around 208 kgs.

The Government has taken various steps to boost the sector including the introduction of National Steel Policy 2017 and allowing 100% Foreign Direct Investment (FDI) in the steel sector under the automatic route. The Government's National Steel Policy 2017 aims to increase the per capita steel consumption to 160 kgs by 2030-31. The Government has also promoted policy which provides a minimum value addition of 15% in notified steel products covered under preferential procurement.

### Performance

Let me now take you through the numbers we achieved during the year. We reported consolidated revenues of ₹ 1,983 Cr during the year, as compared to ₹ 2,341 Cr in the previous year. The decline was owing to the following reasons:

- a) Scheduled maintenance shutdown of one ferro alloy furnaces at Vizag facility in Q1FY20 and scheduled repair work of one furnace from end of Aug-19 to Nov-19
- b) Repair work related scheduled shutdown of one turbine of power plant at Raipur facility in Q4FY20
- c) Covid-19 related disruption in sales and production in the last quarter of FY20.

The EBITDA and PAT also witnessed, 32% and 38% decline, respectively, due to mark-to-market losses and higher forex losses which are largely notional in nature.

However, on a positive side, we continued to witness highest production levels across our operations, including hydro power. I am also happy to state that, our liquidity position is one of the best in our space, making us among the few companies to be least impacted during the unforeseen pandemic. We have successfully and timely met all our obligations, without opting for the bank moratorium. Besides, our strong policies with respect to debtor and inventory management resulted in lower working capital requirement. Our commitment to our shareholders remain strong and I am pleased to announce that the Board has recommended a dividend payout of ₹ 5 per equity share (50%) for the F.Y. 2019-20.

### Company updates

Our expansions at Raipur and Vishakhapatnam reaped strong benefits. We continued to operate at full capacities across our facilities. Our diversification into hydro power was a blessing in disguise for us amidst the tough times.

Our foray into hydropower gives us an opportunity for a quantum leap as the Company is now ready to build its alternate revenue stream. The hydro project coming up in Sikkim under the subsidiary was expected to commence operations by June 2020 but due to COVID 19 pandemic, the project activities have slowed down delaying the commission of the plant. The company is taking steps for commissioning the plant in F.Y. 2020-21. Hydro Power will result in increased cash flows. While we have already strengthened our gearing, the additional cash flows will allow us to leverage on any possible inorganic growth opportunities.

I am proud of the Company's enhanced commitment to safe operating culture. We have invested significantly towards building a safe and healthy operating environment through stringent safety measures. The efforts are visible in the declining trend of the incident rates over the past few years. We have also equally invested towards community development initiatives by focussing in the areas of education, healthcare and rural development.

### Closing note

I would like to acknowledge the efforts of the entire SEML team for their profound commitment, professionalism, talent and passion. It's your dedication and efforts, that has brought the Company to this level.

I take the opportunity to thank the Board of Directors of the Company and also of the subsidiaries/controlled entities for their able guidance.

I also extend my sincere thanks to the Government, government agencies, departments, our bankers, suppliers, customers for posing faith in us and supporting us in all our endeavours.

While we know that the macroeconomic situation is still shrouded in uncertainty, we continue to remain optimistic to leverage on our diversification advantage. I believe that difficult times are precisely the ones during which we become stronger. We are confident and well-placed to build further on our achievements and continue to provide value to our stakeholders.

Thank you for your endless support, confidence and commitment.

Yours sincerely,

**Kamal Kishore Sarda**

## Board of Directors



**Kamal Kishore Sarda**

*CMD*

Mechanical Engineer with nearly 44 years of experience in Iron and Steel, mining and strategic planning. He is responsible for steering SEML towards the path of growth.



**Pankaj Sarda**

*Jt Managing Director*

MS in Industrial Administration from Purdue University, USA, with nearly 17 years of industrial experience.



**Padam Kumar Jain**

*Director & CFO*

CA, CS with a rich experience of 34 years in the field of accounting, finance, taxation, costing, budgeting and corporate laws.

Our governance philosophies are based on transparency, accountability, values and ethics and are an integral part of the management's initiative in its pursuit towards excellence, growth and value creation. Our Board comprises of nine directors, including two whole time promoter directors, one whole time professional director, one non-executive women promoter director and five non-executive independent directors, for smooth and efficient functioning.



**Uma Sarda**

*Director*

Arts graduate with specialisation in Home Science. Active member of NGO that works for primary education and healthcare of tribal people.

**Asit Kumar Basu***Independent Director*

BME graduate with 42 years of experience in the field of finance and risk assessment. He is ex chief general manager of IDBI Bank.

**C K Lakshminarayanan***Independent Director*

An Engineer with experience of nearly 45 years in finance and power sector.

**Gajinder Singh Sahni***Independent Director*

Post Graduate from Cardiff University. IAS officer from Madhya Pradesh Cadre and Former MD, MSIDC & MP, Cabinet Secretariat, Govt. of India with nearly 45 years of experience

**Jitender Balakrishnan***Independent Director*

PGDM in Industrial Management. Nearly 42 years of experience in power, steel, oil & gas, corporate governance and risk assessment.

**Rakesh Mehra***Independent Director*

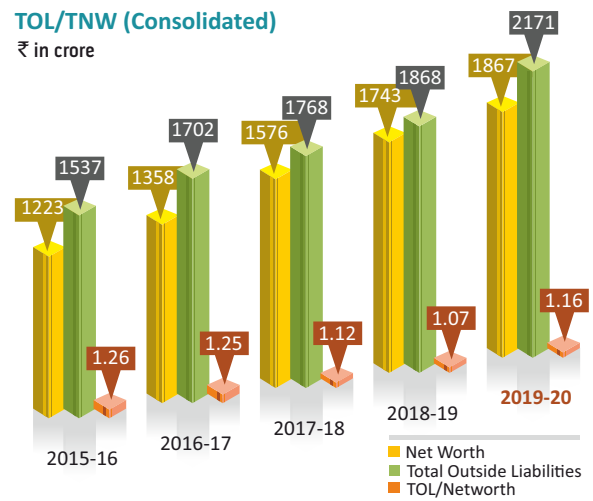
FCWA with over 36 yrs of experience in finance, costing and management accounting. Ex GM, Madhya Pradesh Audhyogik Vikas Nigam.



The achievement made by the Company must be viewed in light of the prevailing challenging economic phase. We always strive to be a stable organization that is willing to learn, create new ideas and adapt to new environment.

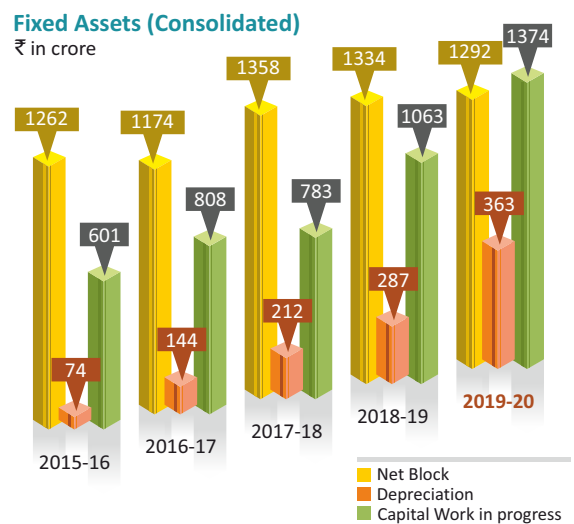
**TOL/TNW (Consolidated)**

₹ in crore



**Fixed Assets (Consolidated)**

₹ in crore

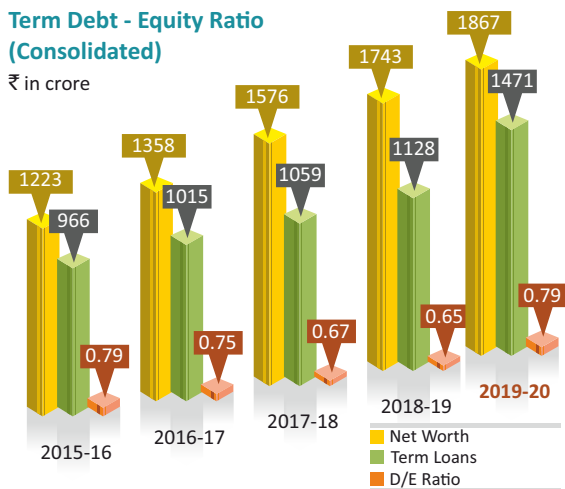




# Performance Snapshot

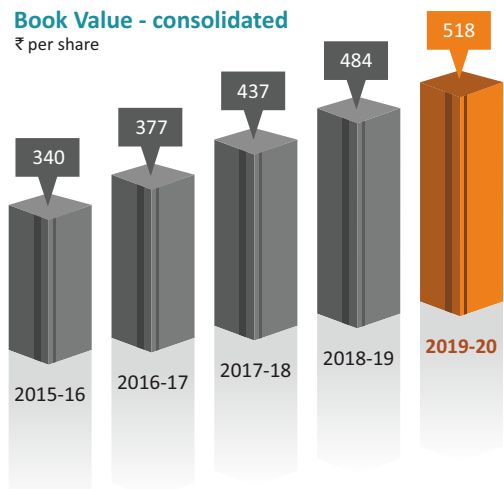
### Term Debt - Equity Ratio (Consolidated)

₹ in crore



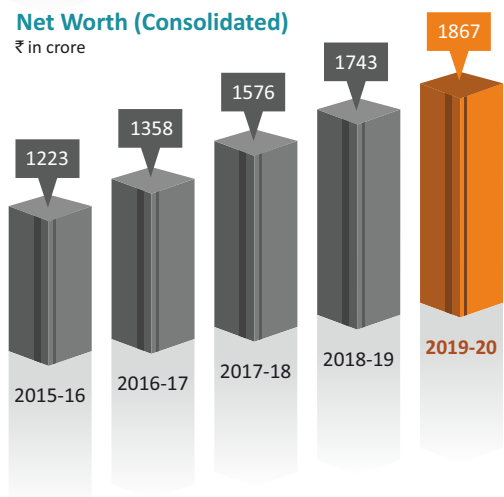
### Book Value - consolidated

₹ per share



### Net Worth (Consolidated)

₹ in crore



High Credit Rating, giving confidence to our lenders

Long Term	<b>CRISIL A+/Stable</b>
Short Term	<b>CRISIL A1</b>

## How are we competitively placed?



### Pure commodity to energy player

De-risked from the cyclical nature of commodity business by diversifying into the renewable energy business.



### Quantum jump

Hydro power will start generating positive cash flows for the Company from the next fiscal year.



### Liquidity

The Company continues to meet its financial obligations on time. With additional cash flows, the liquidity available with the Company will further strengthen.



### Inorganic opportunities

Increased cash flows will further enable the Company to leverage any inorganic growth opportunity coming its way.



### Lower capex

With most of the expansions in place, the Company expects minimum capex, in next 2-3 years, that to for debottleneck existing capacities and derive optimum outcome.



### Prudent governance practices

Our governance philosophies are based on transparency, accountability, values and ethics and are an integral part of the management's initiative in its pursuit towards excellence, growth and value creation with associated stakeholders.



### Sustainable business practices

Social responsibility represents an integral part of our business. Our community development programmes are primarily mediated towards improving the quality of life of the people and outreaching the society at large.

## Corporate Information

### BOARD OF DIRECTORS

**Mr. K. K. Sarda**, *Chairman & Managing Director*

**Mr. Pankaj Sarda**, *Jt. Managing Director*

**Mr. P. K. Jain**, *Wholetime Director & Chief Financial Officer*

**Mrs. Uma Sarda**

**Mr. A. K. Basu**, *Independent Director*

**Mr. C. K. Lakshminarayanan**, *Independent Director*

**Mr. G. S. Sahni**, *Independent Director*

**Mr. Jitender Balakrishnan**, *Independent Director*

**Mr. Rakesh Mehra**, *Independent Director*

### 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

#### Cost Auditors

S. N. & Co.

*Cost & Management Accountants*

Mahalaxmi Cloth Market

Pandri, Raipur (C.G.) 492001

#### Secretarial Auditors

S. G. Kankani & Associates

*Company Secretaries*

69, 1st Floor, Mahalaxmi Cloth Market

Pandri, 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

Axis Bank Limited

Bank of Baroda

HDFC Bank Limited

IDFC First Bank Limited

RBL Bank Limited

State Bank of India

Union Bank of India

### REGISTERED OFFICE

73-A, Central Avenue

Nagpur (M.H.) 440 018

Phone: +91-712-2722407

### WORKS

Industrial Growth Centre, Siltara

Raipur (C.G.) 493 111

Phone: +91-771-2216100

Fax: +91-771-2216198

### MUMBAI OFFICE

125, B-Wing, Mittal Court

Nariman Point

Mumbai (M.H.) 400 021

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

### DUBAI OFFICE

Sarda Global Trading DMCC

Unit No.1241, DMCC Business Centre, Level No.1

Jewellery & Gemplex 3, Dubai, UAE

### 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

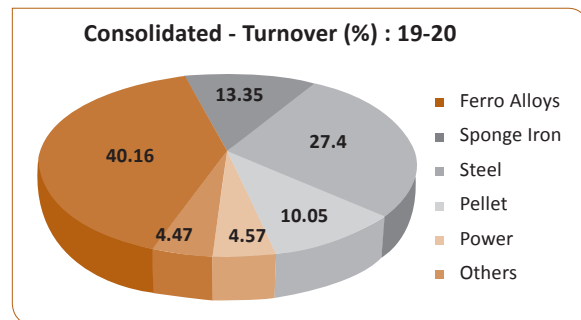
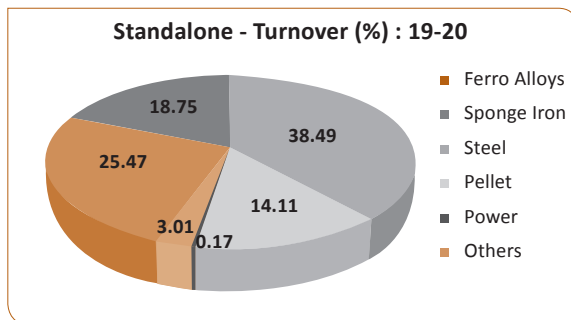
### Dear Shareholders,

Your directors take pleasure in presenting the 47th Annual Report on business and operations of your Company for the financial year ended 31st March, 2020.

#### Results of our operations

(₹ in crore)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations	1,424	1,653	2,000	2,324
Exports	49	124	331	637
Other Income (Loss)	61	32	(17)	17
EBIDTA	301	406	339	499
Depreciation	51	50	78	76
Finance cost	36	35	82	99
Profit before tax	214	321	179	324
Provision for tax	32	106	43	117
Net Profit	182	215	136	207



#### Review of performance

The year under review was a challenging year for global and so for the Indian economy. GDP growth, particularly IIP of the country has been shrinking since 2016. Global Slowdown was mainly attributed to the trade war between US and China, which inspite of a series of negotiations and discussions and even execution of a preliminary deal between the two nations in January 2020, still continues to haunt the global markets, particularly those markets which are anywhere in demand-supply chain of the two nations.

Even as the year began with dampened market conditions, growth seemed to have gradually stabilized at the close of 2019. However, the COVID-19 pandemic which initially affected the Chinese market, gradually spread across beginning 2020 to most parts of the world affecting the demand. The nationwide lockdowns to break the chain of transmission brought economic activities to near halt, affecting the steel demand in the month of March 2020. An uncertain economic environment, coupled with continued trade tensions, slowdown in global manufacturing notably auto sector and intensifying geopolitical issues, weighed on investment and trade. Similarly, production growth was only visible in Asia and the Middle East and to some extent in the US, while the rest of the world witnessed a contraction.

The global slowdown due to COVID-19 induced lockdown in China and across the world and in India in the month of March 2020 impacted the Company's performance in the fourth quarter of FY 2019-20. In view of the lockdown imposed, the Company temporarily suspended operations w.e.f. 25th March, 2020. The Company restarted manufacturing operations with effect from 16th April, 2020 in a synchronized manner with various restrictions imposed by the Govt. and full capacity could be achieved only in the 3rd week of May, 2020.

During the year, the plants operated satisfactorily. Revenue from operations were impacted due to:

- Maintenance shutdown of one ferro alloy furnace at Vizag facility in Q1FY20 and relining work of one furnace from end of Aug-19 to Nov-19;
- Repair work related shut down of one power plant at Raipur facility in Q4FY20; and
- shut down of Pellet plant on achievement of permitted capacity in the month of March.

## Directors' Report

The total income and profitability has also been impacted on account of COVID-19 related disruption in economic activity and volatility in currency and capital market. Accordingly, there has been a Mark-To-Market loss of ₹ 40.08 crore in Other Income and a Forex loss of ₹ 16.65 crore in Other Expenses in FY20 which is mostly notional in nature.

During the year scattered and better rainfall helped in better capacity utilization of hydropower plants.

Despite the headwinds, the Company delivered steady operational performance, backed by strong focus on cost reduction and a healthy mix of value-added products. During the year your Company scaled new highs in production of most products. The production of other products was also in line with previous year. Operations at the iron ore mine was satisfactory. Your Company fulfilled all its financial obligations on time.

The outbreak of COVID-19 pandemic in the financial year under review has not been contained rather its severity has increased across the world including India, severely impacting economy. Apart from COVID-19 pandemic impact which may affect the financial performance of the Company, there are no other material changes and commitments affecting the financial position of the Company required to be reported under this section. Stakeholders are requested to refer the detailed analysis of the performance given in the Management Discussion and Analysis Report appended hereto. There was no change in the nature of the business of the Company during the year.

### Impact of COVID-19

The outbreak of COVID-19 pandemic has led to an unprecedented health crisis and has disrupted economic activities and global trade while severely impacting consumer spending power. Consequently, the global steel demand is expected to be sharply lower in 2020.

The Government of India had imposed a stringent nationwide lockdown with effect from 25<sup>th</sup> March, 2020, which has severely impacted manufacturing activities. Though the continuous process Steel plants and Mining sectors were exempted from the strict lockdown measures, they could not be operated in the given environment and other restrictions. We took steps for resuming manufacturing operations from 16<sup>th</sup> April, 2020 but full normalcy could return only in third week of May, 2020. Due to respreads of the virus, localized lockdowns and other restrictions have been imposed which will have an impact on production and demand.

The health and safety of our employees and the communities in which we operate continues to be the foremost priority of the Company. The Company is focussed on running operations safely and efficiently to service our customers. The operations have been aligned with the prevailing market conditions Cross-functional teams worked to manage supply chain and logistics issues within the constraints imposed by the lockdown to ensure that plant could operate as planned. Increased steel has helped in balancing demand-supply of steel and preventing sharp correction in prices. The Company is also focused on liquidity management to face any future disruption in business conditions. Funds were raised to manage liquidity considering the heightened uncertainty over the extent of impact on underlying demand conditions.

### Dividend

Your Directors are pleased to recommend dividend of ₹ 5/- (i.e. 50%) per equity share for the financial year 2019-20 (last year ₹ 5/- per equity share). The dividend if approved by the shareholders in the ensuing Annual General Meeting will be paid as per the applicable provisions. The dividend would result in cash outflow of ₹ 18.02 crore.

Further, your Company has transferred the unpaid dividend amount of ₹ 8.05 lakh in respect of the F.Y. 2011-12 to the Investor Education and Protection Fund. However due to technical reasons, the corresponding returns could not be filed with MCA. The Company has raised its concern to IEPFA and is awaiting the resolution.

### Transfer to Reserves

The Board of Directors has decided to retain the entire amount of profit for Financial Year 2019-20 in the statement of profit and loss.

### Subsidiaries / Controlled Entities / Joint Ventures

During the year under review -

- two of Company's subsidiaries, namely, Raipur Fabritech Private Limited and Raipur Industrial Gases Private Limited were dissolved/wound-up.
- there was an increase of 3.61% in the stake of your Company in Madhya Bharat Power Corporation Limited due to further infusion of equity capital towards its commitment in the project cost.
- as already reported, the Company has made further investments directly and through its wholly owned Subsidiary – Sarda Energy Limited - to acquire 100% stake in Chhattisgarh Hydro Power LLP

## Directors' Report

- the Company has also infused further equity in overseas subsidiaries, namely Sarda Global Venture Pte. Limited and Sarda Global Trading, DMCC.

A brief on the performance/business operations of subsidiaries/controlled entities/joint ventures consolidated with your Company is given hereunder.

### Subsidiaries

- Sarda Energy & Minerals Hongkong Limited, Hongkong (SEMHKL), is a wholly owned subsidiary, functioning as global investment and trading arm of your Company. During the year under review, the subsidiary reported a net loss of ₹ 30.22 crore as against net profit of ₹ 7.20 crore in the previous year. The loss was mainly related to mark-to-market losses on investments held by the company due to global meltdown on fears of COVID-19 pandemic. The company has paid a dividend of USD 2.50 Mn during the year (Pr. Year USD 2.60 Mn).
- Sarda Global Venture Pte. Limited, Singapore (SGV), a wholly owned subsidiary, has acquired economic interest in coal mines in Indonesia. The company is having JV with Indorama group for the coal mine in Indonesia. During the year under review, your Company has made further equity contribution of USD 2.00 Mn in the company. During the year under review the venture extracted 5,79,316 MTs (PY 5,00,004 MTs) of coal. The subsidiary reported a net profit of ₹ 0.08 crore as against net profit of ₹ 0.09 crore in the previous year.
- Sarda Global Trading DMCC, Dubai (SGT), a wholly owned subsidiary, has been incorporated in 2018 with the object of trading in metal ores and firewood. During the year under review, your Company has made further equity investments of United Arab Emirates Dirham 0.80 Mn to meet its establishments expenses. The subsidiary reported a net loss of ₹ 8.36 crore as against net loss of ₹ 1.23 crore in the previous year. The losses mainly related to mark-to-market loss on investments held in the company due to global melt-down triggered by COVID-19 pandemic.
- Sarda Metals & Alloys Limited (SMAL), a wholly owned subsidiary, operating 2 x 33 MVA Ferro Alloys plant backed by 80 MW captive thermal power plant enjoys a Two Star Export House status. During the year, power generation was 453.40 MU as compared to 524.28 MU in the previous year. The ferro alloys production stood at 68,596 MTs as against 79,585 MTs in the previous year. Relining works in one of the furnaces was carried out during the year which resulted in production loss. Post relining, the furnace has demonstrated increased availability and reduced specific consumptions. Captive consumption of Power was 292.20 MU as against 331.71 MU in previous year. The above was coupled with low demand of power due to overall sluggishness in economy and prolonged monsoon. As a result the company was able to achieve PLF of 64.52% against PLF of 74.81% in previous year.

During the FY 2019-20, the Company exported 41,773 MTs ferro alloys against 69,844 MTs in the previous year valuing ₹ 281.11 crore and ₹ 512.19 crores respectively. The fall in export was attributed mainly to trade war and subdued market conditions. However, the company was able to capture the domestic market achieving sales of 26,956 MTs against 10,414 MTs in the PY. During the year, the Company has reported a net profit of ₹ 2.86 crore as against Profit of ₹ 5.92 crore in P.Y. The fall in the profit was on account of the production loss because of time taken for overhaul and relining of furnaces. The company has met all its financial obligations on time.

- 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 funds lying idle with the Company have been invested in acquisition of share in Chhattisgarh Hydro Power LLP (CHP LLP) and Madhya Bharat Power Corporation Limited as part of promoters' contribution. During the year under review, the subsidiary earned a net profit of ₹ 3.27 crore mainly from share of profit from investment in Chhattisgarh Hydro Power LLP as against net profit of ₹ 0.43 crore in the previous year .
- Chhattisgarh Hydro Power LLP (CHP LLP) is operating 24 MW Gullu Small Hydro Electric Project in Chhattisgarh. The Plant has been earning cash surplus from the very first year of its operation. It has generated healthy returns. During the year, the Plant has generated and supplied highest ever 885.39 lakh units (PY 631.13 Lakh units) and has earned profit of ₹ 17.46 crore (PY ₹ 10.01 crore).

The LLP as it has licenses for implementation of four more small hydel power projects with installed capacity of 97.80 MW. Amongst these, 24.90 MW Rehar-I SHP is in the most advance stage of take-off. Various statutory clearances including Second stage (Final) forest clearance is in place. Pre-construction activities like construction of labour camps, stores and guest house is complete. The civil construction works will kick off after improvement of conditions posed by COVID 19 pandemic.

Your Company has increased its stake in the LLP to 100%.

## Directors' Report

- Parvatiya Power Limited (PPL) is operating 4.8 MW Loharkhet Hydro Power project in Bageshwar district of Uttarakhand. The Company has supplied 264.03 lakh KWh (Previous Year 217.18 lakh KWh) to the state grid. The Plant has achieved highest ever generation in the current financial year. The plant enjoys debt free operations since financial year 2017-18. The capacity of the Plant is proposed to be enhanced by installing additional unit of 3 MW. The Detailed Project Report has been submitted for approval of Uttarakhand Jal Vidyut Nigam Limited.

During the year, the Company has earned profit after tax of ₹ 4.52 crore (Previous Year ₹ 2.76 crore). Your Company continues to hold 51% stake in PPL.

- Madhya Bharat Power Corporation Limited (MBPCL) is implementing run of the river 96 MW Rongnichu HEP in East Sikkim. It is a CDM registered project. The construction works of the project are nearing completion. 12.60 kms long underground tunnel has been fully excavated except 13.39 metres left intentionally to be excavated at the end. The concrete lining works is almost complete. Civil works of Barrage and Powerhouse Complex is largely completed. Hydro-Mechanical works of Gate erection and penstock steel lining is underway. Supply of power plant equipments is largely complete and half of erection works have been completed. All transmission line towers have been erected and stringing work is nearing completion. The project commissioning has been delayed due to effect of COVID-19 pandemic on project activities. Now project is expected to be commissioned in next quarter.

During year under review, your Company has infused ₹ 153.37 crore in MBPCL (₹ 95.74 crore by way of equity contribution and ₹ 57.63 crore by way of unsecured loan). Your Company holds 82.96% stake in the project (73.84% directly and 9.12% through its wholly owned subsidiary Sarda Energy Limited).

- 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.
- Sarda Hydro Power LLP (SHP LLP), formerly, M/s Sarda Hydro Power Private Limited has been converted into LLP during the financial year 19-20. Your Company continues to hold 60% stake in LLP. The LLP is implementing two small hydro projects namely, 24 MW Kotaiveera and 9 MW Ganeshpur, which are under planning and approval stage.
- 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 changed power scenario and cancellation of coal linkage for the power project, the LLP has dropped the project. The entity reported a net profit of ₹ 0.12 crore as against net profit of ₹ 0.09 crore in the previous year. Your Company continues to hold 51% stake in SRELLP. The firm will be dissolved once coal allocation related matters are closed.

### Joint Ventures

- Raipur Infrastructure Company Limited (RICL) was operating a leased Railway Siding in Mandhar, Raipur, which has expired. The company will be wound-up after closure of pending proceedings and getting refunds from Railways and the tax authorities. Your Company holds one third share in the Joint Venture. During the year 2019-20 the Company had incurred net loss of ₹ 0.11 crore as against net loss of ₹ 3.70 crore in the previous year.
- Madanpur South Coal Company Limited (MSCCL), a SPV was allotted Madanpur South Coal Block in consortium. The Supreme Court had cancelled all coal block allotments. Consequent to cancellation of coal mines, there is no business left in the company and no other activity has been planned. MSCCL holds certain assets, including land, acquired for the project. MSCCL would be wound-up after disposal of these assets. Your Company holds 20.13% in the Joint Venture.

A report on the performance and financial position of each of the subsidiaries, associates and joint ventures as per the Companies Act, 2013 and their contribution to the overall performance of the company during the period under report 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](http://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.

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](http://www.seml.co.in). These documents are also available for inspection.

## Directors' Report

### Directors

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

Further, on the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company, in its meeting held on 1st February, 2020, subject to the consent of the members of the Company, had re-appointed Mr. K.K. Sarma as Chairman & Managing Director of the Company for a period of five years w.e.f. 1st April, 2020.

Necessary resolutions for the above re-appointments are being made a part of the Notice convening the ensuing general meeting.

Brief profile of Mr. Kamal Kishore Sarma and Mr. Pankaj Sarma, who are proposed to be re-appointed, nature of their expertise, names of the companies in which they hold directorships, their shareholding in the Company and other relevant details are 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 Sarma, as Director liable to retire by rotation.

Your Company has received the necessary declaration from each Independent Directors who are part of Board confirming that;

- a) he/she meets the criteria of Independence as laid out in Section 149(6) of the Companies Act, 2013 read with the Schedules, rules made there under and Regulation 25 of SEBI Listing Regulations, 2015; and
- b) registered themselves with the Independent Directors' Databank as per the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

### Board Evaluation

The Board has carried out an annual evaluation of effectiveness of its functioning, that of its Committees and individual Directors in the manner specified by the NRC.

The Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual Directors, the Board as a whole and its Committees.

A separate meeting of Independent Directors was also held to review the performance of Non-Independent Directors; and performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

This was followed by a Board meeting that discussed the performance of the Board, its Committees and individual Directors including independent Directors. During evaluation of the individual director, the concerned director was not present in the meeting. 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. Key criteria for performance evaluation are given in [Annexure A](#) to directors' report.

### Remuneration Policy for the Board and Senior Management

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 marked as [Annexure B](#) 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 enclosed as [Annexure C](#) 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



## Directors' Report

the Company. The Board members are also taken to the sites of subsidiaries to understand and review their functions.

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, donations, regulatory scenario, etc.

The policy on familiarization programmes for Independent Directors is posted on the website of the Company [www.seml.co.in](http://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, 2020, 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, 2020 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, there was no change in the Key Managerial Personnel.

### Auditors and Auditors' Report

#### Statutory Auditors

At the Annual General Meeting for the financial year 2018-19 held on 21st September, 2019, M/s. O.P. Singhania & Co., 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 2024.

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. During the year under review, the Auditors did not report any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

#### 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 2018-19 was filed with the Ministry of Corporate Affairs. M/s. S.N. & Co., 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. & Co., Cost and Management Accountants, to audit the cost accounts of the Company on a remuneration of ₹ 1.75 lakh for the year 2019-20.

## Directors' Report

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

- i) for 2019-20 has been ratified by the members in the Annual General Meeting held on 21.09.2019.
- ii) for 2020-21 is being placed before the members in the ensuing annual general meeting for ratification.

### Secretarial Auditor

The Board has appointed M/s. S.G. Kankani & Associates, Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed herewith marked as Annexure D to this Report.

With reference to the comment of the secretarial auditors regarding -

- a) non-submission of information to Calcutta Stock Exchange, your Directors wish to inform that the Company had complied with all requirements for delisting of its shares from Calcutta Stock Exchange (CSE) in February, 2004. The delisting application is still pending on the part of CSE. 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.
- b) non-filing of form IEPF 1 and IEPF 4 with MCA, your Directors wish to inform that the Company has remitted the unpaid dividend amount for F.Y. 2011-12 to the account of IEPF. However due to some technical reasons, the same could not be updated in the MCA /IEPF system due to which the MCA system is not permitting the Company to file investors details against form IEPF 1 and form IEPF 4. The Company has reported the matter to IEPFA.

Further, in terms of requirement of regulation 24A of SEBI Listing Regulations, the Secretarial Audit Report, for the financial year ended 31st March, 2020, in respect of Sarda Metals & Alloys Limited and Madhya Bharat Power Corporation Limited, the material subsidiaries of the Company, is annexed to this report, marked as Annexure E and Annexure F, respectively.

### Corporate Social Responsibility (CSR)

With the objective of sustainable development and continual 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](http://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 G 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 CSR has been more than the statutorily required.

### 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.

### Business Responsibility / Sustainability Report

The Company is committed to pursue its business objectives sustainably, ethically, transparently and with accountability to all its stakeholders. The Company believes in ensuring environmental well-being with a long-term perspective as well as demonstrating responsible behaviour while adding value to the society and the community. The Company focuses on waste recycling. The Company has installed and expanded brick manufacturing facility to utilize process wastes. The company has also installed Waste Heat Recovery boilers to recover heat generated in sponge iron manufacturing process. The Company is also exploring utilization of waste heat generated from ferro Alloys manufacturing process. The Business Responsibility Report (BRR) of the Company forming part of this annual report is being presented to the stakeholders as per the requirements of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 describing the environmental, social and governance initiatives taken by the Company.

The Company has also provided the requisite mapping of principles of the National Guidelines on Responsible Business Conduct to fulfill the requirements of the Business Responsibility Report as per directive of SEBI.

## Directors' Report

### Disclosures

#### Board/Committees/Vigil Mechanism

The Board of Directors met 7 (seven) times during the financial year 2019-20. 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. 11, 47, 3, 7 and 41 to the standalone financial statements. The Company, in its capacity of promoter, has pledged shares of Sarda Metals & Alloys Limited and Madhya Bharat Power Corporation Limited with the lenders of respective companies for loans granted to them by the lenders. The details of pledged shares are given as part of the financial statements. 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

During the year, the Company did not have any contracts or arrangements with related parties in terms of Section 188 (1) of the Act. Also, there were no material related party contracts entered into by the Company and all contracts were at arm's length and in ordinary course of business to further the business interests of the Company.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act along with the justification for entering into such contracts or arrangements in Form AOC-2 does not form part of the report.

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](http://www.seml.co.in) under the head corporate governance/policies under Investors' 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 H](#) to this Report.

#### Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as [Annexure I](#) to this report. The same is also available on the Company's website at <http://seml.co.in/corporategov.php>

#### 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 J](#) to this 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 K](#) to this 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 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 and a Hedging Policy as approved by the Board of Directors is in place. The Company monitors and manages the risks and uncertainties that can impact its ability to achieve its strategic objectives.

## Directors' Report

### 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;
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries;
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;
6. The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and such accounts and records are made and maintained;
7. The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively;
8. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013].

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 have 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 at [www.seml.co.in](http://www.seml.co.in).

### 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, 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  
8th August, 2020

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

## Annexure "A" 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 "B" 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.

## Annexure "B" to the Directors' Report

**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.

**f. Retirement benefits**

The Company shall extend Provident Fund and Gratuity benefits as per provisions of the applicable law. In addition, the Company may extend 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.

## Annexure "B" to the Directors' Report

### 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.

### 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 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/JMD of the Company or any other personnel that the CMD/JMD 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 "C" 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 the Listing Regulations.

## Annexure "D" to the Directors' Report

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2019-20

[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 (Maharashtra)

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 31<sup>st</sup> March, 2020 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 31<sup>st</sup> March, 2020 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 "D" 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 Exchanges 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.
- b) During the Financial Year under review, the Company was required to deposit Unpaid Dividend for the Financial Year 2011-12 amounting to ₹ 8,04,945/- in Investor Education Protection Fund (IEPF). As per the prescribed procedure, the Company has duly filed Form IEPF – 1 vide SRN - R16601502. Further, the Company had duly generated Misc. Payment Challan No. U56337611 dated 26.11.2019 and made NEFT against the above Challan on 27.11.2019. However, due to some technical problem at the website of the Ministry of Corporate Affairs, the NEFT payment could not be linked with the above-mentioned Challan. As a result of the above, the Company could not upload investor details against Form IEPF- 1 and Form IEPF – 4 at the website of the MCA. The Company has filed complaint with the IEPF Authority with respect to the above matter. However, the complaint is yet to be resolved.

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 auditor 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 along with 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 integral part of this report.**

For, **S. G. KANKANI & ASSOCIATES**  
Company Secretaries

**(CS KAMLESH OJHA)**  
Partner

ACS No. : 39476

CP No. : 14660

PR: 424/2016

UDIN: A039476B000542561

Raipur  
31st July, 2020

## Annexure "D" to the Directors' Report

### ANNEXURE - A to Secretarial Audit Report

To,  
The Members  
**M/S SARDA ENERGY & MINERALS LIMITED**  
CIN: L27100MH1973PLC016617  
73-A, Central Avenue  
Nagpur 440018 (MH)

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*

Raipur  
31st July, 2020

ACS No. : 39476  
CP No. : 14660  
PR: 424/2016  
UDIN: A039476B000542561

## Annexure "E" to the Directors' Report

### SECRETARIAL AUDIT REPORT OF SARDA METALS & ALLOYS LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

#### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2019-20

[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 METALS & ALLOYS LIMITED**  
CIN: U51420MH2008PLC187689  
125, B-Wing, Mittal Court  
Nariman Point, Mumbai - 400021 (MH)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Sarda Metals & Alloys 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 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder. We also report 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:

Due to an unprecedented lockdown imposed in the country caused by COVID-19 at a crucial time when the audit was underway limiting the availability of physical access to the records of the Company, and which lockdown continues even on the date of signing this report, we have examined in the best possible manner, through the virtual platform, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 in compliance of the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) 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.
- (iv) Other laws applicable specifically to the Company as per the representation made by the Company.

We have also examined the compliance of Secretarial Standards issued by the Institute of Company Secretaries of India.

We report that, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above. We further report that since the Company is an unlisted public limited company, therefore, the desired information under Securities and Exchange Board of India Act, 1992 and the regulations and guidelines prescribed thereunder and the Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder are not applicable to the Company.

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 of the Board Meetings/ Committee meetings has been given to all the directors, agenda along with 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.

## Annexure "E" to the Directors' Report

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 integral part of this report.**

For, **S. G. KANKANI & ASSOCIATES**  
Company Secretaries

**(CS KAMLESH OJHA)**  
Partner

ACS No. : 39476

CP No. : 14660

PR: 424/2016

UDIN: A039476B000505689

Raipur  
25th July, 2020

### Annexure – To Secretarial Audit Report of Sarda Metals & Alloys Limited

To,  
The Members  
**M/S SARDA METALS & ALLOYS LIMITED**  
CIN: U51420MH2008PLC187689  
125, B-Wing, Mittal Court  
Nariman Point, Mumbai - 400021 (MH)

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 test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed, provides 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 representation about the compliance of laws, rules and regulations 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 partially limited to virtual examination based on inputs provided by the management in soft copies. Any material deviation or non-compliance which may have occurred during the year under review and which may come to light later on, on the examination of the physical records can be addressed, if appropriate and found necessary, in the next Secretarial Audit Report, which report may be construed as an addendum to this report to that extent.
7. 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

PR: 424/2016

UDIN: A039476B000505689

Raipur  
25th July, 2020

## Annexure "F" to the Directors' Report

### SECRETARIAL AUDIT REPORT OF MADHYA BHARAT POWER CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31ST, MARCH, 2020

#### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2019-20

[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 MADHYA BHARAT POWER CORPORATION LIMITED**  
CIN: U74899DL1994PLC061349  
E-585, Ground Floor  
Greater Kailash - II  
New Delhi - 110048

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Madhya Bharat Power Corporation 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, 2020 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.

Due to an unprecedented lockdown imposed in the country caused by COVID-19 at a crucial time when the audit was underway limiting the availability of physical access to the records of the Company, and which lockdown continues even on the date of signing this report, we have examined in the best possible manner, through the virtual platform, the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 in compliance of the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) Other laws applicable specifically to the Company as per the representation made by the Company.

We have also examined the compliance of Secretarial Standards issued by the Institute of Company Secretaries of India.

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

We further report that since the Company is a unlisted public limited company, therefore, the desired information under Securities and Exchange Board of India Act, 1992 and the regulations and guidelines prescribed thereunder & the Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder are not applicable to the Company.

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. There was no change in the composition of the Board of Directors of the Company during the period under review.

We further report that adequate notice is given to all the directors of the Board Meetings/ Committee meetings, agenda along with 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.

## Annexure "F" to the Directors' Report

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 integral part of this report.**

For, **S. G. KANKANI & ASSOCIATES**  
Company Secretaries

**(CS KAMLESH OJHA)**  
Partner

Raipur  
18th June, 2020

ACS No. : 39476  
CP No. : 14660

UDIN: A039476B000351667

### Annexure – To Secretarial Audit Report of Madhya Bharat Power Corporation Limited

To,  
THE MEMBERS  
**M/s MADHYA BHARAT POWER CORPORATION LIMITED**  
CIN: U74899DL1994PLC061349  
E-585, GROUND FLOOR  
GREATER KAILASH -II, NEW DELHI – 110048

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 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 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 representation about the compliance of laws, rules and regulations 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 partially limited to virtual examination based on inputs provided by the management in soft copies. Any material deviation or non-compliance which may have occurred during the year under review and which may come to light later on, on the examination of the physical records can be addressed, if appropriate and found necessary, in the next Secretarial Audit Report, which report may be construed as an addendum to this report to that extent.
7. 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

Raipur  
18th June, 2020

ACS No. : 39476  
CP No. : 14660

UDIN: A039476B000351667



## Annexure "G" 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](http://www.seml.co.in) - under the head corporate governance / policies under the Investors' section.

#### CSR Committee

As per the requirements, your Company has a Board Committee (CSR Committee) comprising three directors with one being independent director, that oversees the execution of CSR Policy to ensure that the CSR objectives of the Company are met. The Committee comprises of:

- Mr. G.S. Sahni, Chairman – Independent Director
- Mr. K.K. Sarda
- Mr. Pankaj Sarda

#### Financial Detail

As per the Companies Act, 2013, the Company is required to spend at least 2% of the average net profits of the company's three immediately preceding financial years on CSR activities. The relevant details are as hereunder:

Particulars	Amount (₹ Lakh)
Average net profit of the Company for last three financial years	24,217.48
Prescribed CSR expenditure (2% of net profit as computed above)	484.35
Details of CSR Expenditure during 2019-20	
Total amount to be spent	484.35
Amount spent	485.31
Amount unspent	–

## Annexure "G" to the Directors' Report

### Details of CSR spent during the financial year 2019-20

(₹ 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 and Dongarbore in Chhattisgarh	125.00	117.50	117.50	Direct/Implementing agency*
2	Education	Clause (ii)	Raipur and Dongarbore in Chhattisgarh	300.00	318.72	318.72	Direct/Implementing agency*
3	Environment	Clause (iv)	Raipur in Chhattisgarh	2.00	0.99	0.99	Direct
4	Art & Culture	Clause (v)	Raipur in Chhattisgarh	20.00	15.84	15.84	Direct/Implementing agency*
5	Armed Forces veterans	Clause (vi)	Raipur in Chhattisgarh	0.60	0.10	0.10	Direct
6	Livelihood projects	Clause (ii)	Raipur in Chhattisgarh	10.00	5.00	5.00	Implementing Agency
7	Sports	Clause (vii)	Raipur in Chhattisgarh	1.75	0.68	0.68	Direct
8	Rural development projects	Clause (x)	Raipur and Dongarbore in Chhattisgarh	25.00	26.48	26.48	Direct
			<b>Total</b>	<b>484.35</b>	<b>485.31</b>	<b>485.31</b>	

\* CSR activities have been carried out directly and through several other private, Non-Governmental Organizations and Charitable Institutions.

#### Responsibility Statement

We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

Raipur  
8th August, 2020

**K. K. Sarda**  
(Chairman & Managing Director)

**G. S. Sahni**  
(Chairman – CSR Committee)

## Annexure "H" 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 :	<b>PELLET</b>	
	i)	Medium Voltage drive provided in Hot Air Fan-2 Motor (400 KW, 6.6KV) for speed variation and as a result energy saved 1000 - 1100 KWH Units per day.
	<b>WIRE ROD</b>	
ii) the steps taken by the company for utilizing alternate sources of energy :	ii)	Block Hot-well centrifugal pump head optimize from 70 meter to 30 meter and motor also replaced with 90 KW to 30KW resulting in energy saving of 292000 Unit per Year.
	iii)	Energy saving LED light fixing in plant at various locations and as a result, energy saved 2700 Unit per Year.
iii) the capital investment on energy conservation equipments :	₹ 0.55 crore	

#### B. Technology absorption

i) The efforts made towards technology absorption :	i)	Elimination of Hydraulic coupler of Hot Air Fan-2 for speed variation by introducing Medium Voltage Drive technology at pellet plant.
	ii)	BC-4 tripper trolley successfully competed on 29.02.2020 & Auto Operation of BC-4 and tripper completed at power plant.
ii) the benefits derived like product improvement, cost reduction, product development or import substitution :	i)	Secondary Ball Mills shell replaced with Indigenous make modified segmented design mill for better and reliable operation at pellet Plant.
	ii)	Modification of batch producing systems for ferro-alloys Furnace C, D, E which resulted in reduction of the batch producing time. This help to avoid charge starvation in the Furnaces resulting in increase in productivity.
	iii)	Installation of crane weighing system for 15 MT EOT crane at tapping bay for smooth weighting of metal cakes at ferro-alloys plant.
	iv)	Installation of integrated wireless system for 2 no's platform scale which leads to easy capturing of metal weighting data at ferroalloys plant.
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.	

**Annexure "H" to the Directors' Report****C. Foreign exchange earnings and outgo**

Total foreign exchange earnings and outgo (₹ in crore)	
a) Foreign exchange earnings	: ₹ 66.32
b) Foreign exchange outgo	: ₹ 266.50

On behalf of the Board of Directors

Raipur  
8th August, 2020**(K. K. Sarda)**  
*Chairman & Managing Director*  
DIN: 00008170

## Annexure "I" to the Directors' Report

### FORM NO. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2020

[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

<b>CIN</b>	L27100MH1973PLC016617
<b>Registration Date</b>	23.06.1973
<b>Name of the Company</b>	Sarda Energy & Minerals Limited
<b>Category / Sub-Category of the Company</b>	Public company / Limited by shares
<b>Address of the Registered Office and contact details</b>	73-A, Central Avenue, Nagpur (M.H.) 440018 Tel: +91-712-2722407
<b>Whether listed company</b>	Yes
<b>Name, address and contact details of Registrar and Transfer Agent, if any</b>	Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building Opp. Vasant Oasis, Makwana Road Marol, Andheri East, Mumbai - 400059, 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	97.20%

#### 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, #57-00, Republic Plaza Singapore - 048619	NA	Subsidiary	100.00%	2(87)(ii)
Sarda Global Trading DMCC Unit No.1241, DMCC Business Centre, Level No.1, Jewellery & Gemplex 3, Dubai, UAE	NA	Subsidiary	100.00%	2(87)(ii)
Sarda Metals and 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)

## Annexure "I" to the Directors' Report

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Madhya Bharat Power Corporation Limited E-585, Ground Floor, Greater Kailash - II, New Delhi	U74899DL1994PLC061349	Subsidiary	73.84%	2(87)(ii)
Parvatiya Power Limited 801 Gandhi Chowk, Ranikhet, Almora UR	U40101UP1994PLC017151	Subsidiary	51.00%	2(87)(ii)
Sarda Hydro Power LLP HIG Duplex House No. -2A Moulshri Vihar Purena Raipur	AAO-4263	Subsidiary	60.00%	2(87)(ii)
Natural Resources Energy Private Limited Vanijya Bhawan, 1st Floor, Sai Nagar Devendra Nagar Road, 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	72.00%	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 Vanijya Bhawan, Sai Nagar Devendra Nagar Road, Raipur	U45203CT2004PLC016321	Associate	33.33%	2(6)
Madanpur South Coal Company Limited Vanijya Bhawan, Sai Nagar Devendra Nagar Road, Raipur	U10300CT2006PLC020006	Associate	20.13%	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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	79,07,397	0	79,07,397	21.93	79,07,397	0	79,07,397	21.93	0.00
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	1,80,79,232	0	1,80,79,232	50.15	1,80,79,232	0	1,80,79,232	50.15	0.00
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	1,47,731	0	1,47,731	0.41	1,47,731	0	1,47,731	0.41	0.00
<b>Sub-Total (A)(1) :</b>	<b>2,61,34,360</b>	<b>0</b>	<b>2,61,34,360</b>	<b>72.50</b>	<b>2,61,34,360</b>	<b>0</b>	<b>2,61,34,360</b>	<b>72.50</b>	<b>0.00</b>
<b>(2) Foreign</b>									
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

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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	
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A)(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>2,61,34,360</b>	<b>0</b>	<b>2,61,34,360</b>	<b>72.50</b>	<b>2,61,34,360</b>	<b>0</b>	<b>2,61,34,360</b>	<b>72.50</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds / UTI	0	0	0	0.00	24,666	0	24,666	0.07	0.07
b) Banks / FI	19,515	2,500	22,015	0.06	28,857	100	28,957	0.08	0.02
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	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Portfolio Investors	7,87,587	0	7,87,587	2.18	67,719	0	67,719	0.19	(2.00)
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(1):</b>	<b>8,07,102</b>	<b>2,750</b>	<b>8,09,852</b>	<b>2.25</b>	<b>1,21,242</b>	<b>350</b>	<b>1,21,592</b>	<b>0.34</b>	<b>(1.91)</b>
<b>(2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	15,58,170	9,949	15,68,119	4.35	14,73,537	5,884	14,79,421	4.10	(0.25)
ii) Overseas	6,84,891	0	6,84,891	1.90	6,84,891	0	6,84,891	1.90	0.00
<b>b) Individuals</b>									
i) Individual Share holders holding nominal share capital upto ₹ 1 lakh	37,19,452	2,96,459	40,15,911	11.14	40,44,863	2,72,056	43,16,919	11.98	0.83
Individual Share holders holding nominal share capital in excess of ₹ 1 lakh	15,41,552	0	15,41,552	4.28	20,50,625	0	20,50,625	5.69	1.41
<b>c) Others (specify)</b>									
c i) NRIs	2,05,309	0	2,05,309	0.57	2,81,628	0	2,81,628	0.78	0.21
c ii) Directors & Relatives	1,12,019	7,841	1,19,860	0.33	1,12,019	7,841	1,19,860	0.33	0.00
c iii) NBFC's regd. with RBI	311	0	311	0.00	0	0	0	0.00	(0.00)
c iv) Clearing Member	4,06,813	0	4,06,813	1.13	2,28,064	0	2,28,064	0.63	(0.50)
c v) Trusts	1,700	0	1,700	0.00	2,200	0	2,200	0.01	0.01
c vi) IEPF	1,41,528	0	1,41,528	0.39	1,61,906	0	1,61,906	0.45	0.06

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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	
c) vii) HUFs	4,19,029	0	4,19,029	1.16	4,67,769	0	4,67,769	1.30	0.14
<b>Sub-Total (B)(2):</b>	<b>87,90,774</b>	<b>3,14,249</b>	<b>91,05,023</b>	<b>25.25</b>	<b>95,07,502</b>	<b>2,85,781</b>	<b>97,93,283</b>	<b>27.17</b>	<b>1.91</b>
<b>Total Public Share holding (B)=(B)(1)+(B)(2)</b>	<b>95,97,876</b>	<b>3,16,999</b>	<b>99,14,875</b>	<b>27.50</b>	<b>96,28,744</b>	<b>2,86,131</b>	<b>99,14,875</b>	<b>27.50</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>3,57,32,236</b>	<b>3,16,999</b>	<b>3,60,49,235</b>	<b>100.00</b>	<b>3,57,63,104</b>	<b>2,86,131</b>	<b>3,60,49,235</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding as on 01.04.2019			Shareholding at on 31.03.2020			% 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	1,38,78,760	38.499	0	1,38,78,760	38.499	0	0.000
2	Sarda Agriculture & Properties Private Limited	26,35,150	7.310	0	26,35,150	7.310	0	0.000
3	Prachi Agriculture & Properties Private limited	15,65,322	4.342	0	15,65,322	4.342	0	0.000
4	G.D. Sarda	13,92,378	3.862	0	13,92,378	3.862	0	0.000
5	Kamal Kishore Sarda*	13,09,149	3.632	0	23,23,667	6.446	0	2.814
6	J.K. Sarda^	11,72,365	3.252	0	-	-	0	(3.252)
7	Shakuntala Sarda*	10,14,518	2.814	0	-	-	0	(2.814)
8	Chhatisgarh Investments Limited (Firm)	1,47,731	0.410	0	1,47,731	0.410	0	0.000
9	Veena Sarda	7,02,350	1.948	0	7,02,350	1.948	0	0.000
10	Pankaj Sarda	6,91,107	1.917	0	6,91,107	1.917	0	0.000
11	Premlata Sarda^	4,68,910	1.301	0	-	-	0	(1.301)
12	Uma Sarda	4,89,425	1.358	0	4,89,425	1.358	0	0.000
13	Dr. K.K. Rathi	6,000	0.017	0	6,000	0.017	0	0.000
14	Manish Sarda^	2,37,570	0.659	0	9,90,618	2.748	0	2.089
15	Aditya Sarda	1,12,840	0.313	0	1,12,840	0.313	0	0.000
16	Raghav Sarda	1,12,840	0.313	0	1,12,840	0.313	0	0.000
17	Neeraj Sarda^	98,490	0.273	0	9,86,717	2.737	0	2.464
18	Anant Sarda	49,140	0.136	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	19,467	0.054	0	19,467	0.054	0	0.000
21	Aditi Sarda	9,132	0.025	0	9,132	0.025	0	0.000
	<b>Total</b>	<b>2,61,34,360</b>	<b>72.496</b>	<b>0</b>	<b>2,61,34,360</b>	<b>72.496</b>	<b>0</b>	<b>0.000</b>

\* Transmission of shares from Shakuntala Sarda to Kamal Kishore Sarda

^ Transmission of shares from J.K. Sarda and Premlata Sarda to Manish Sarda and Neeraj Sarda



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### 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	1,38,78,760	38.50					
		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	1,38,78,760	38.50					
2	Sarda Agriculture & Properties Private Limited	At the beginning of the year	26,35,150	7.31					
		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	26,35,150	7.31					
3	Prachi Agriculture & Properties Private Limited	At the beginning of the year	15,65,322	4.34					
		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	3.86					
		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	3.63					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			21.06.2019	Transmission*	10, 14,518	23,23,667	6.45
		At the end of the year	23,23,667	6.45					

\* Transmission of shares from Shakuntala Sarda

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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
6	J. K. Sarda	At the beginning of the year	11,72,365	3.63					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			31.05.2019	Transmission <sup>^</sup>	(5,37,350)	6,35,015	1.76
					31.05.2019	Transmission <sup>^</sup>	(6,35,015)	-	0.00
		At the end of the year	-	-					
<sup>^</sup> Transmission of shares to Manish Sarda and Neeraj Sarda									
7	Shakuntala Sarda	At the beginning of the year	10,14,518	2.81					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			21.06.2019	Transmission <sup>*</sup>	(10,14,518)	-	-
		At the end of the year	-	--					
<sup>*</sup> Transmission of shares to Kamal Kishore Sarda									
8	Chhatisgarh Investments Limited (Firm)	At the beginning of the year	1,47,731	0.41					
		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	1,47,731	0.41					
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					

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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
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):			10.05.2019	Transmission <sup>^</sup>	(2,15,698)	2,53,212	0.70
					10.05.2019	Transmission <sup>^</sup>	(2,53,212)	-	0.00
		At the end of the year	-	-					
<sup>^</sup>	Transmission of shares to Manish Sarda and Neeraj Sarda								
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	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):				NIL		NIL	
		At the end of the year	6,000	0.02					
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):			10.05.2019	Transmission <sup>^</sup>	2,15,698	4,53,268	1.26
					31.05.2019	Transmission <sup>^</sup>	5,37,350	9,90,618	2.75
		At the end of the year	9,90,618	2.75					
<sup>^</sup>	Transmission of shares from J.K. Sarda and Premlata Sarda								
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					

## Annexure "I" 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
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					
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):			10.05.2019	Transmission <sup>^</sup>	2,53,212	3,51,702	0.98
					31.05.2019	Transmission <sup>^</sup>	6,35,015	9,86,717	2.74
		At the end of the year	9,86,717	2.74					
<sup>^</sup> Transmission of shares from J.K. Sarda and Premlata Sarda									
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	19,467	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	19,467	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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### 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	6,84,891	1.90					
		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	6,84,891	1.90					
2	Fortune Couriers Limited	At the beginning of the year	2,73,026	0.76					
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			21.06.2019	Purchase	8,037	2,81,063	0.78
					28.06.2019	Purchase	1,013	2,82,076	0.78
					09.08.2019	Sell	(5,000)	2,77,076	0.77
					30.08.2019	Sell	(4,000)	2,73,076	0.76
					14.09.2019	Sell	(5,000)	2,68,076	0.74
					18.10.2019	Sell	(5,000)	2,63,076	0.73
					08.11.2019	Sell	(5,000)	2,58,076	0.72
					20.12.2019	Sell	(10,660)	2,47,416	0.69
					06.03.2020	Purchase	5,000	2,52,416	0.70
					13.03.2020	Sell	(15,500)	2,36,916	0.66
			20.03.2020	Purchase	2,400	2,39,316	0.66		
			27.03.2020	Purchase	28,100	2,67,416	0.74		
		At the end of the year	2,67,416	0.74					
3	Niraj Jalan	At the beginning of the year	1,60,000	0.44					
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			13.09.2019	Purchase	92,520	2,52,520	0.70
		At the end of the year	2,52,520	0.70					
4	Parwati Devi Jalan	At the beginning of the year	1,81,613	0.50					
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			13.09.2019	Purchase	65,000	2,46,613	0.68
		At the end of the year	2,46,613	0.68					

## Annexure "I" 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	Pankaj Jalan	At the beginning of the year	1,85,000	0.51						
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):				14.09.2019	Purchase	39,922	2,24,922	0.62
						27.09.2019	Purchase	52	2,24,974	0.62
						30.09.2019	Purchase	1,646	2,26,620	0.63
						11.10.2019	Sale	(82)	2,26,538	0.63
						18.10.2019	Purchase	473	2,27,011	0.63
					25.10.2019	Purchase	8,174	2,35,185	0.65	
	At the end of the year	2,35,185	0.65							
6	Mahima Stocks Private Limited	At the beginning of the year	2,00,000	0.55						
		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	2,00,000	0.55							
7	Sanatan Financial Advisory Services Private Limited	At the beginning of the year	-	-						
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			24.05.2019	Purchase	1,92,500	1,92,500	0.53	
					26.07.2019	Purchase	7,500	2,00,000	0.55	
					02.08.2019	Sale	(7,000)	1,93,000	0.54	
	At the end of the year	1,93,000	0.54							
8	Pratibha Endeavor Private Limited	At the beginning of the year	1,73,861	0.48						
		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	1,73,861	0.48							
9	Ajay Natwarlal Vora	At the beginning of the year	1,41,000	0.39						
		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	1,41,000	0.39							

## Annexure "I" 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
10	Bhagwati Prasad Jalan	At the beginning of the year	75,000	0.21					
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			13.09.2019	Purchase	37,500	1,12,500	0.31
		At the end of the year	1,12,500	0.31					
11	Acadian Emerging Markets Small Cap Equity Fund LLC@	At the beginning of the year	2,16,895	0.60					
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			19.07.2019	Sell	(2,230)	2,14,665	0.60
					26.07.2019	Sell	(4,109)	2,10,556	0.58
					02.08.2019	Sell	(7,460)	2,03,096	0.56
					23.08.2019	Sell	(5,107)	1,97,989	0.55
					30.08.2019	Sell	(1,97,989)	-	0.00
					17.01.2020	Purchase	1,033	1,033	0.00
					07.02.2020	Purchase	2,679	3,712	0.01
			14.02.2020	Purchase	8,984	12,696	0.04		
		At the end of the year	12,696	0.04					
12	The Board of Regents of the University of Texas System Acadian Asset Management@	At the beginning of the year	1,74,203	0.48					
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			13.09.2019	Sale	(84,822)	89,381	0.25
					20.09.2019	Sale	(48,112)	41,269	0.11
					27.09.2019	Sale	(41,269)	-	0.00
					07.02.2020	Purchase	7,561	7,561	0.02
		At the end of the year	7,561	0.02					
13	Pace Stock Broking Services Private Limited@	At the beginning of the year	2,00,310	0.56					
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			05.04.2019	Sale	(50)	2,00,260	0.56
					26.04.2019	Purchase	100	2,00,360	0.56
					03.05.2019	Sale	(45)	2,00,315	0.56
					10.05.2019	Sale	(5)	2,00,310	0.56
					17.05.2019	Purchase	40	2,00,350	0.56
					24.05.2019	Sale	(1,92,590)	7,760	0.02
					31.05.2019	Sale	(60)	7,700	0.02
					12.07.2019	Purchase	100	7,800	0.02
					26.07.2019	Sale	(7,500)	300	0.00
					02.08.2019	Purchase	7,000	7,300	0.02
					23.08.2019	Purchase	409	7,709	0.02
					30.08.2019	Sale	(459)	7,250	0.02
					20.09.2019	Purchase	567	7,817	0.02
					27.09.2019	Sale	(567)	7,250	0.02
					04.10.2019	Purchase	125	7,375	0.02
					11.10.2019	Sale	(125)	7,250	0.02
			18.10.2019	Sale	(200)	7,050	0.02		
			31.01.2020	Purchase	25	7,075	0.02		
			07.02.2020	Sale	(25)	7,050	0.02		
		At the end of the year	7,050	0.02					

@ Among Top 10 as on 31.03.2019

## Annexure "I" to the Directors' Report

## v) Shareholding of Directors and Key Managerial Personnel

S. 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	3.63					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			21.06.2019	Transmission*	10,14,518	23,23,667	6.45
		At the end of the year	23,23,667	6.45					
* Transmission of shares from Shakuntala Sarda									
2	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):				NA		NA	
		At the end of the year	6,91,107	1.92					
3	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):				NA		NA	
		At the end of the year	4,89,425	1.36					
4	C.K. Lakshminarayanan	At the beginning of the year	8,000	0.02					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	8,000	0.02					
5	A.K. Basu	At the beginning of the year	4,000	0.01					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	4,000	0.01					



## Annexure "I" to the Directors' Report

S. 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
6	G.S. Sahni	At the beginning of the year	3,500	0.01					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	3,500	0.01					
7	J. Balakrishnan	At the beginning of the year	1,667	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	1,667	0.00					
8	Rakesh Mehra	At the beginning of the year	10,537	0.03					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	10,537	0.03					
9	P.K. Jain (WTD & CFO)	At the beginning of the year	10,073	0.03					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	10,073	0.03					
10	Manish Sethi (CS)	At the beginning of the year	1,680	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	1,680	0.00					

## Annexure "I" to the Directors' Report

### V. Indebtedness

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

(₹ in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	241.90	53.00	-	294.90
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.33	-	-	0.33
<b>Total (i+ii+iii)</b>	<b>242.23</b>	<b>53.00</b>	-	<b>295.23</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	202.59	-	-	202.59
Reduction	(53.89)	(53.00)	-	(106.89)
<b>Net Change</b>	<b>148.70</b>	<b>(53.00)</b>	-	<b>95.70</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	390.73	-	-	390.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.20	-	-	0.20
<b>Total (i+ii+iii)</b>	<b>390.93</b>	-	-	<b>390.93</b>

### 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	152.64	70.94	54.76	278.34
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	11.90	0.29	0.29	12.48
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2	Stock Options	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	a) as % of profit	225.00	125.00	-	350.00
	b) others, specify	-	-	-	-
5	Others, please specify (PF/Superannuation)	18.78	5.46	4.24	28.48
	<b>Total (A)</b>	<b>408.32</b>	<b>201.69</b>	<b>59.29</b>	<b>669.30</b>
	Ceiling as per the Act	10% of the net profits of the Company.			

## Annexure "I" to the Directors' Report

### B. Remuneration to other Directors :

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of Director						Total
		Mrs. Uma Sarda	Mr. A.K. Basu	Mr. C.K. Lakshminarayanan	Mr. G.S. Sahni	Mr. J. Balakrishnan	Mr. Rakesh Mehra	
1.	<b>Independent Directors:</b>							
a)	Fee for attending board / committee meetings	-	2.10	1.70	1.50	2.20	1.20	8.70
b)	Commission	-	3.00	3.00	3.00	3.00	3.00	15.00
c)	Others, please specify (Stock option)	-	-	-	-	-	-	-
	<b>Total (1)</b>	-	<b>5.10</b>	<b>4.70</b>	<b>4.50</b>	<b>5.20</b>	<b>4.20</b>	<b>23.70</b>
2.	<b>Other Non Executive Directors</b>							
a)	Fee for attending board committee meetings	1.20	-	-	-	-	-	1.20
b)	Commission	-	-	-	-	-	-	-
c)	Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>1.20</b>	-	-	-	-	-	<b>1.20</b>
	<b>Total (B) = (1+2)</b>	<b>1.20</b>	<b>5.10</b>	<b>4.70</b>	<b>4.50</b>	<b>5.20</b>	<b>4.20</b>	<b>24.90</b>
	Total Managerial Remuneration <sup>^</sup>							694.20
	Overall Ceiling as per the Act	11% of the net profits of the Company						

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

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

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel <sup>§</sup>	Total
		Company Secretary	
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	13.47	13.47
	(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	0.00	0.00
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 (PF/Superannuation)	0.52	0.52
	<b>Total</b>	<b>13.99</b>	<b>13.99</b>

<sup>§</sup> 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

## Annexure "I" to the Directors' Report

### 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)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					

## Annexure "J" 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	408.32	Contractual	B.E. (Mech.)	44 Years	16.12.1978	68 years	-	Mr. Pankaj Sarda Mrs. Uma Sarda
Mr. P. Sarda	Joint Managing Director	201.69	Contractual	BE(Ind. Engg.), MS(IA)	17 Years	01.04.2003	41 Years	-	Mr. K. K. Sarda Mrs. Uma Sarda
Mr. P.K. Jain	WTD & CFO	59.29	Permanent	CA, CS, B. Com	34 Years	12.04.1997	57 Years	Somaiya Organo Chem. Limited	-
Mr. A.K. Nanda	Head (Works)	43.40	Permanent	BSC-Engg	44 Years	03.08.2011	67 Years	Tata Sponge Iron Limited	-
Mr. M.K. Maheshwari	Sr. VP-Corp.	41.48	Permanent	M.Tech., MBA	35 Years	18.06.2008	59 Years	IDBI Bank	-
Mr. Sanjeev Agrawal	Head Commercial	36.77	Permanent	B.E. (Mech.)	31 Years	27.08.2007	56 Years	Torrent Power	-
Mr. Nilay Joshi	Head - (Corporate Fin)	34.16	Permanent	MBA Finance	15 Years	11.03.2019	40 Years	RBI Bank Limited	-
Mr. Girish Kumar Lakhotia	Head - Project	31.15	Permanent	BE(Mechanical)	19 Years	01.10.2001	58 Years	-	-
Mr. Ajay Singhal	Head - (Finance & Accounts)	30.80	Permanent	CA, B.Com	24 Years	15.10.2004	51 Years	GCMMF Limited (Amul)	-
Mr. Pradeep Kumar Sarad	Head - Pellet	27.61	Permanent	BE(Electronics)	30 Years	04.01.2007	55 Years	Nixon Steel & Power Limited	-

## 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	₹ 408.32 lakh
Nature of employment, whether contractual or otherwise	Contractual
Qualification and experience	B.E. (Mech.) Nearly 44 years of Industrial experience
Date of commencement of employment	16.12.1978
Age	68 years
Last employment held	-
Names of other directors related to the employee	Mrs. Uma Sarda (Spouse), Mr. Pankaj Sarda (Son)

## 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.

On behalf of the Board of Directors  
(K. K. Sarda)

Chairman & Managing Director  
DIN: 00008170

Rajpur  
8th August, 2020

## Annexure "K" 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 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20:

Sl. No.	Name of Director / KMP	Remuneration of Director/ KMP for F.Y. 2019-20 (₹ in lakh)	% increase in Remuneration in the F.Y. 2019-20	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. K.K. Sarda	408.32	(19.79)	116.54
2	Mr. Pankaj Sarda	201.69	17.79	57.56
3	Mr. P.K. Jain – CFO & WTD	59.29	7.06	16.92
4	Mrs. Uma Sarda	1.20	-	0.34
5	Mr. A.K. Basu	5.10	(13.56)	1.46
6	Mr. C.K. Lakshminarayanan	4.70	6.82	1.34
7	Mr. G. S. Sahni	4.50	(2.17)	1.28
8	Mr. J. Balakrishnan	5.20	(18.75)	1.48
9	Mr. Rakesh Mehra	4.20	-	1.20
10	Mr. Manish Sethi (CS)	13.99	1.45	N.A.

- ii) The median remuneration of employees of the Company during 2019-20 was ₹ 3.50 lakh.
- iii) In 2019-20, there was an increase of 6.38% in the median remuneration of employees.
- iv) There were 1,217 permanent employees on the rolls of Company as on 31st March, 2020.
- v) Average % increase in the salaries of employees other than the managerial personnel in the last financial year, i.e. 2019-20 was 6.21% as against 9.35% in the previous year. There was a reduction of 8.83% in the managerial remuneration for the same period.
- vi) Commission to Chairman & Managing Director and Jt. Managing director is recommended by the Nomination & Remuneration Committee and approved by the Board of Directors 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  
8th August, 2020

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

## Management Discussion and Analysis

The operating and financial review is intended to convey the Management's perspective on the financial and operating performance of the Company for the Financial Year 2019-20, and outlook for the current financial year. This Report should be read in conjunction with the Company's financial statements, the schedules and notes thereto and other information included elsewhere in the Annual Report. This report is an integral part of the Directors' Report.

### Industry Structure and Development

#### Global Economy

The year started off on a weak note, with US-China trade tensions, Brexit-related uncertainty and other geopolitical issues continuing to be an overhang on economic growth. Overall, global trade was sluggish due to tepid investments and softening demand across advanced and emerging economies. Spread of Corona Virus, initially in China and gradually across the world severely hit the world economy. IMF has projected the global economy to contract by 4.9% in CY2020. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and in view of re-emergence of infection the recovery is projected to be more gradual than previously forecast. The future growth will depend on effective containment and development of vaccine of Corona Virus. China has recovered quickly and recorded positive growth of 3.2% in Q2CY20. But rest of the world is still grappling with impact of lockdown. US has recorded contraction of 32.9% in Q2CY20.

Globally, governments and central banks, especially the G20, have synchronized their fiscal and monetary policy response to cope with the crisis. Emergency lifelines provided include higher spending and foregone revenues, public sector loans, equity injections and guarantees.

#### Indian Economy

The Economic growth of the country has slowed down from 8.2% in FY2016 to 4.2% in FY2020. In addition, continued stress in the banking sector, especially non-banking financial companies (NBFCs), weighed heavily on system credit growth. As per IMF projections the Indian economy is expected to de-grow by 4.5% in FY2021 and then bounce back with a growth of 6% in FY2022. The central government announced a slew of stimulus measures to the extent of ₹20 Trillion to boost the economy suffering from the adverse impact of COVID-19. Reserve Bank of India (RBI) is staying largely accommodative in its monetary policy stance.

Reiterating to its commitment to continue structural reforms, the Government announced steep cut in corporate tax rates; continued rationalization of the GST structure; speeding up of insolvency proceedings; financial restructuring of public sector banks (PSBs); boost to real estate, auto, housing and export industries and easing funding pressure for NBFCs.

With the target of making India a US\$ 5 trillion economy by FY2024-25, the National Infrastructure Pipeline (NIP) was announced in the Union Budget 2020-21 with a spending commitment of US\$ 1.4 trillion. The NIP will create jobs, enhance ease of living, and provide equitable access to infrastructure. Of the total outlay, 42% projects by value are under implementation, 32% are at the conceptualisation stage and the rest are under development. The core sectors to benefit from the NIP are Energy (24% of total spending), Roads (19%), Urban (16%), and Railways (13%), while irrigation, rural infrastructure and others are to receive single-digit allocation.

#### Iron and Steel

Global demand for finished steel products grew by 2.2% YOY in 2019 to 1,766.5 MnT. The global steel industry faced pricing pressure for most parts of 2019, in the wake of a protective market environment in key economies. This was further aggravated by slowdown in automobile industry that fuelled market imbalances. In line with a conservative trade sentiment, consumer industries of steel undertook active destocking, resulting in net excess capacity globally. This was further complemented by addition of new capacities and resulted in downward pressure on steel prices. China continued to be the world's largest steel producer with increase in production by 7% to reach 993 MnT. China contributed to 54% of the global crude steel production in 2019. With spread of Corona Virus globally and imposition of lockdown steel production across the globe ex-China has fallen drastically in Q2CY20. However, China has recorded positive growth during this quarter too.

## Management Discussion and Analysis

Period	Global crude steel Production	China	Rest of the world	China Production as %
CY2019	1,841	993	848	54%
CY2018	1,808	928	880	53%
Growth YoY	2%	7%	(4%)	–
Q2CY2020	434	269	165	62%
Q1CY2020	442	234	209	53%
Growth QoQ	(1.81%)	14.96%	(21.05%)	–
Q2CY19	480	261	219	54%
Growth YoY	(10%)	3%	(25%)	–

Overall demand for steel is expected to contract, on account of a weak global macroeconomic environment.

India is the 2nd largest manufacturer of crude steel and also the 2nd largest consumer of finished steel. India's annual consumption of steel is now 100 MnT. The steel industry has been one of the primary beneficiaries of India's rapid economic growth over the past couple of decades. However, steel production and demand is hit by lockdown imposed to contain Corona Virus and India has reached from 2nd position to 4th position below Japan and Russia. Migration of labour, lockdown restrictions and effect on the earning capacity has adversely affected real estate sector, an important consumer of steel. Work on infrastructure projects have also not picked-up.

Period	Crude Steel Production	Consumption	Import	Export
FY20	109.22	100.07	7.17	11.18
FY19	110.92	98.71	8.79	8.54
Growth YoY	(1.53%)	1.38%	(18.43%)	30.91%
Q1FY21	16.29	11.14	1.26	5.54
Q1FY20	27.88	24.77	1.94	1.83
Growth YoY	(41.57%)	(55.03%)	(35.05%)	202.73%
Q4FY20	27.01	25.07	1.35	2.46
Growth QoQ	(39.69%)	(55.56%)	(6.67%)	125.20%

Sponge iron sector is linked to the nation's steel sector in such a way that a rise in demand for steel would increase the demand for sponge iron. The National Steel Policy 2017 lays out an ambitious growth path for the sponge iron sector. The production capacity of sponge Iron is expected to reach 80 MnT by 2030-31.

At present, India is largest producer of sponge iron with largest number of coal based sponge iron plant of total capacity around 12.8 MnT. In 2019 India produced 37 MnT Sponge Iron as against 34 MnT in 2018 registering a growth of 8%. Poor availability and higher price of scrap has resulted in demand of sponge iron.

### Govt initiative to help Indian steel producers

Due to large market size, India attracts imports of steel from various countries notably FTA nations where the import duty is nil. This poses a threat to the health of domestic steel industry necessitating close monitoring and effective remedial measures. In this direction, the Government has taken the following initiatives:

- Implemented Steel Import Monitoring System (SIMS), which aids in monitoring real-time import data on quantity, quality and value; the system helps detect misclassification and mis-declaration regarding over/ under-invoicing, preventing import of defective steel.
- Imposed anti-dumping duty on galvalume products, ranging from US\$ 28-200/tonne; imports from China, South Korea and Vietnam are subject to duties.
- To ensure iron ore availability for domestic manufacturing, it introduced a 30% export duty on export of high grade iron ore (lumps and fines).
- Other measures are underway like the proposed steel scrap policy, safety codes, proposal to reduce royalty to 5% on low grade iron ore fines; Remission of Duties or Taxes on Export Products (RoDTEP) to replace existing Merchandise Export from India Scheme (MEIS); and engagement with international agencies to promote steel intensive design for roads, bridges and commercial and residential housing.

India's low per capita steel consumption of 74 kg as compared with the global average of 208 kg give significant scope



## Management Discussion and Analysis

of growth. The Government has also announced a policy for providing preference to domestically manufactured Iron & Steel products in Government procurement.

India's growing urban infrastructure and manufacturing sectors indicate that demand for steel is likely to remain robust in the coming years. Several government initiatives, such as providing affordable housing, expanding road and railway networks, developing the domestic shipbuilding industry, opening up the defence sector to private participation, and growth in the automobile sector are expected to create significant demand for steel in the country. The double-digit drop in India's FY20 steel imports has augured well for the domestic sponge iron industry, which saw 8 % rise in its production.

### Iron ore

The mining industry is deeply impacted by the COVID-19 pandemic, and the situation continues to evolve as the virus spreads throughout the globe.

India is the 5th largest producers of iron ore globally, with total production growing to around 220 million tonnes in FY19, growth of 9.5% YoY. In the last 2 years exports of iron ore are on a decline. In FY19, it de-grew 33% to 16.2 MnT, after witnessing a fall of 21% in FY18. China was the principal iron ore importer from India with 75% share, followed by Japan, South Korea, UK, Malaysia and Nepal.

While the availability of iron ore remained a concern due to closure of Donimalai mines, during 2019, there were a few hiccups at a global level also such as the Vale dam disruption in Brazil which led to a sudden spike in global iron ore prices. 2019 witnessed the successful auction of iron ore blocks in India. Odisha government auctioned 22 iron ore merchant mines. Most of the mines were auctioned at high premiums in the range of 91-154%.

Analysts have made downward revisions in iron ore production across multiple countries. As per research from Fitch, iron ore production is expected to grow by 0.8% YOY in 2020 compared with 4.7% YOY in 2019, as a result of government lockdowns around the world causing operational disruptions. This should create demand for Iron pellets in short to medium term.

India exported 8.4 MnT of iron ore pellets in the first 11 months of FY19 which is a marginal decline of 1.2% on a YoY basis. Though China was the largest importer of Indian iron ore pellets with 74% share, it declined by 9.8% during this period. Other countries like Japan, Oman, Singapore, UAE and Vietnam also witnessed a fall in demand for Indian iron ore pellets. During the year, Indian pellet exports also saw some new markets such as Turkey, South Africa, Poland, Netherland, Mexico, Chile and Indonesia.

Recent iron ore supply disruptions due to Vale's dam collapse in Brazil and a tropical cyclone in Australia have created a shortage of 60-70 MnT globally. With elevated global prices, demand for domestically produced iron ore/ Iron pellet is expected to rise. This shall keep domestic prices elevated during the year. We expect this rally to continue in FY20, keeping prices on an upside.

The Company has ensured uninterrupted supply of this key raw material through its fully operational captive iron ore mine in Chhattisgarh which operated smoothly during the year under review. During the year the Company received 4.25 lakh Mts of iron ore from its own mines. The Company also procures iron ore from Odisha / Katni to meet balance requirements of ore. The Company is also pursuing to get the permission for manufacturing additional 2 lakh Mts of pellet from its existing infrastructure without incurring any significant additional capex.

### Coal / Power

After increasing significantly for three consecutive years, global coal production is expected to grow marginally in 2020, due to the disruptions caused by the outbreak of COVID-19. Over the next four years, production of thermal coal is expected to grow by 2.5% CAGR to reach 7.60 BnT by 2023, due principally to increasing demand from India and China. However, while demand is growing, coal is declining as proportion of power generated. At present 67% and 75% of the electricity in China and India is generated from coal. However, they both have environmental commitments to reduce carbon emissions, for which they have targeted to reduce these shares to 58.5% and 50% by 2030 respectively.

Demand from other parts of the world is already declining as countries shift away from coal-fired power to renewables and cleaner forms of energy. While globally 38% of electricity was generated from coal in 2019, this is expected to fall to 25% by 2040 as countries pursue targets to reduce greenhouse gas emissions, with the share of electricity generated from renewables expected to increase to 44% in 2040 from 23.4% in 2018.

A decline in construction activity and automotive production in 2020 will significantly impact demand for steel in China, leading to decline in metallurgical coal demand in the country. However, robust demand from India is expected to offset

## Management Discussion and Analysis

the decline from China. Looking ahead, as activity picks up once the crisis has abated, demand growth will strengthen and consumption of coking coal is forecasted to reach 1,093 MnT by 2023, a 1.2% compound annual growth rate.

India is world's 2nd largest coal consumer and also the 3rd largest consumer of energy. Steel industry depends on coking coal for iron making and thermal coal for captive power generation. While thermal coal is produced in India, coking coal is mostly imported, as the domestically available coal has high ash content with low calorific value. As per Steel Mint, India imported 57.1 MnT of coking coal till March 2020. The total coal consumption in India stood at 972 MnT in FY2019-20, with a growth rate of 0.3% on a YOY basis. Of the total coal consumption, 729 MnT came through indigenous production and the balance being imported. By FY2022-23, coal consumption is expected to reach 1,076 MnT due to rising power needs of India, with domestic production touching 931 MnT, driven largely by an increase in production and commissioning of captive coal blocks.

The installed power generation capacity in India as on FY2019-20 stood at 370.1 GW, marking an increase of 14 GW YoY basis. The capacity addition was led by Renewable Energy Segment (RES), which added 9.4 GW capacity. The net capacity addition in the Thermal segment witnessed a marginal pickup for FY2019-20 at 4.3 GW compared to 3.4 GW in FY2018-19. Within the RES segment, solar energy contributed 6.5 GW of the capacity addition, wind contributed 2.1 GW with others filling the rest. Over the past few years, India has made substantial progress in the renewable energy sector on the back of conducive policy environment, government support, steady inflow of capital, introduction of latest technologies and several fiscal policy incentives. Technological advances and reducing capital costs have progressively made Renewable Energy commercially attractive and more affordable than Thermal power. Henceforth, power capacity addition in India is expected to be primarily driven by the Renewable Energy segment.

Power generation for FY2019-20 stood at 1,389 billion units (BUs), up 1.0% from 1,376 BUs in FY2018-19. Thermal power generation stood lower by 2.8% YoY at 1,043 BUs compared to 1,072 BUs in FY2018-19. Hydropower generation increased significantly by 15.7% YoY to 156 BUs from 135 BUs in previous fiscal due to better water availability, especially in the Northern region. RES power generation increased 9.1% YoY to 138 BUs from 127 BUs in FY2018-19, led by robust capacity additions. FY2020 witnessed subdued power demand growth of 1.3% led by twin headwinds of overall weakness in economic activity and COVID-19 related impact towards the end of the year.

At SEML, we have been largely resilient to the overall economic weakness during the year, as well as to the disruptions caused by COVID-19. This has come about through significant de-risking of our business over the past few years by venturing into Hydro power sector through subsidiaries/controlled entities.

While India has been rightly focusing on renewable energy to reduce the reliance on traditional fossil fuel sources, it has also faced multiple headwinds such as fuel availability, lack of PPAs, delays in policy implementation, insufficient/inefficient Transmission and distribution system, reliable power supply and poor financial health of DISCOMs. An efficient and robust transmission and gridline network are essential to support the scale-up in the renewable energy capacity from an accessibility and reliability point of view.

Indian Power sector has witnessed an eventful decade with a significant ramp-up in the power generation capacity leading to near-universal household electrification in India. Over the years, India's electricity security has made significant progress by creating a single national power system, and considerable investments have been made in new capacities. Additionally, India has taken positive strides towards meeting the United Nations (UN) Sustainable Development Goal of ensuring that everyone has access to affordable and clean energy. Towards this goal, the Government of India has taken significant steps in increasing access to electricity across the nation and has also successfully implemented a range of energy market reforms to support renewable electricity generation, both in solar and wind energy. To expand the transmission grid infrastructure, various policies have been announced, and initiatives are undertaken. To overcome land acquisition and connectivity issues, solar parks have been designed as a crucial tool for ensuring continued solar PV deployment.

### Ferro Alloys

The initial response of the ferro alloys industry to the COVID-19 outbreak was marked by rising prices primarily in response to supply-side concerns but the focus now has somewhat shifted. As Chinese activity slowly returns to normal levels, for alloys with a strong Chinese production presence, we are seeing prices retreating as supply concerns fade.

Industrial activity is resuming in China, with positive implications for ferro-alloys demand. Elsewhere, however, the industrial outlook is significantly worse, with Europe and the US both struggling to contain the spread of COVID-19. Automakers and steelmakers are both imposing temporary production cuts, with negative implications for ferro-alloys demand.

## Management Discussion and Analysis

No doubt, the rising cost of power in South Africa and China has improved the competitiveness of Indian producers.

Ferro alloy is a power intensive industry. Owing to high cost of power, Ferro-alloys Industry has not been operating to its full capacity in India. Ferro-alloys Industry spends 40 to 70% production cost on power. Since the demand for ferro-alloys is likely to grow along with steel production in the country, the industry may be encouraged to set up larger units to achieve economies of scale.

India's total potential output today is 3.16 million tpy of manganese alloys, 2,50,000 tpy of ferro-silicon, 1.69 million tpy of chrome alloys, and 5,000 tpy of noble ferro-alloys.

At present, major portion of the Ferro-alloys produced is exported. The major Ferro-alloys producing countries are China, South Africa, India, Russia and Kazakhstan. Indian Ferro-alloys Industry has immense potential and capability to compete in the international market.

On the positive side, India produces some of the finest Ferro alloys in the world. Therefore, Indian Ferro alloys are preferred in Europe. Thus, India has very good opportunity for exports. Your Company with its ferro alloys manufacturing facilities at Raipur and Vizag, is all set to encash the opportunity.

### Opportunities and Threats

#### Opportunities

With the Global economies opening up gradually, India also needs to get back to its full capacity at the earliest to be the successful economy that it aims to be. The pandemic presents a unique opportunity for India and its industries to increase influence in the global supply chain. With a likely realignment of global supply chains, India has the skill, resources and expertise to emerge as a location of choice. The ₹20 trillion fiscal and monetary stimulus package for making India self-reliant is a step in the right direction. The increased focus on strengthening the micro, small and medium enterprises (MSMEs), considered to be backbone of the economy, assumes paramount importance.

The Metals and Mining sector in India is expected to witness a major reform in the next few years, owing to reforms such as Atmanirbhar Bharat, Make in India Campaign, Smart Cities, Rural Electrification and a focus on building renewable energy projects under the National Electricity Policy as well as the rise in infrastructure development.

According to the IEA report, demand for power has seen an upward trend in recent years. Moreover, it is expected that it will continue on the same trajectory due to economic development, rapid urbanization, growing appliance ownership, and thrust towards rural electrification. The Government continues to focus on increasing the share from sustainable renewable energy sources to reduce the dependency on traditional fossil-fuel based energy sources. India's power sector is forecasted to attract investments worth ₹ 9-9.5 tn between FY 2019-23.

The Cabinet Committee on Economic Affairs (CCEA) has approved commercial coal mining for private sector and the methodology of allocating coal mines via auction and allotment, thereby prioritizing transparency, ease of doing business and ensuring the use of natural resources for national development. The Company is exploring the avenues available to it.

The Company is positive on the commissioning of the 96 MW hydro power project coming up under its subsidiary during the current year 2020-21. The Company is also eyeing opportunities in the form of stressed power assets with locational advantage available at attractive valuations, providing an opportunity to expand capacity while avoiding execution risk, anticipated demand growth spurred by economic growth as well as government reforms.

#### Threats

The outbreak of COVID-19 pandemic globally and in India is causing a significant disruption and slowdown of economic activity. The lockdowns and the various restrictive measures taken to curb the spread of COVID-19 have adversely affected both the demand and supply leading to slowdown in the economy. As a result, the IMF expects the global economy to contract sharply by 3% in 2020, in a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound.

Apart from the disruptions caused/to be caused by the COVID-19 pandemic, in the near future, we do not foresee any major threat to the industry segments in which the Company operates. We have taken a number of initiatives across the organization to improve quality and reduce cost which will aid in preserving and enhancing our margins. As we march forward with the hope of stepping into a better world post COVID-19, with the available infrastructure and strong team, the Company is all set to make its contribution in the growth of the nation.

## Management Discussion and Analysis

### Outlook

The World Steel Association forecasts steel demand to decline by 6.4% YOY to 1,654 MnT in 2020, due to the COVID-19 impact. However, it has asserted that the global steel demand could rebound to 1,717 MnT in 2021 and witness a 3.8% rise on a YOY basis. Chinese demand is likely to recover faster than in the rest of the world. However, risks to the forecast remain on the downside as economies make a graded exit from the lockdowns, without any particular cure or vaccine for COVID-19.

The World Steel Association expects Indian steel demand to contract by 18% in CY2020 on the back of pandemic induced abrupt halt of economic activities. In 2021 demand is expected to sharply recover and expand by 15%. Steel consumption growth is expected to recover gradually, especially from the second half of FY2020-2021 on account of government expenditures on infrastructure projects and fiscal stimulus to manufacturing industries.

Steel industry and its associated mining and metallurgy sectors have seen major investments and developments in the recent past from the private as well as government sector. In the Union Budget 2020-21, the government announced its plan to invest ₹ 100 trillion in infrastructure over the next five years. The government is also targeting to attract ₹ 50 trillion investments in the railways sector via public-private partnerships by FY2029-30. Blueprints are also being prepared for the development of gas-grids, water-grids, i-ways (communication networks) and regional airports, on the lines of 'One Nation-One Grid' for power. The infrastructure sector will serve as a critical pillar of economic growth for India to become a US\$ 5 trillion economy.

As per the IMF forecast, with overall socioeconomic development and ambitious plan of electrification of every household, demand for energy in India is expected to rise considerably. While India's population comprises of 20% of the global population, the energy consumption is mere 6% of the world's primary energy consumption, paving way for significant growth in the consumption of energy. Over the medium term, power sector outlook is optimistic, as rapid urbanization and stabilization of various schemes undertaken by the Central Government is expected to spur the power demand.

India's economy remains resilient with robust long-term fundamentals, providing large external buffers and reserves, which bolster the country's potential to increase fiscal expenditure once the pandemic recedes. Moreover, India has the capacity and scale to expand its share in the global supply chain, which has been disrupted by the COVID-19 outbreak. Accordingly, demand for steel is projected to remain robust in the coming years. The Company is all set to participate in the strong India growth story.

### 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. The Company spends significant time, effort and human resources to manage and mitigate identified 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
<b>Economic/Industrial risk</b> -Cyclical nature of business -Unforeseen demand upsurge	-Captive mineral resource -Captive power -Fully integrated process - Proximity to market -Diversification in hydro power providing consistent cash flows -Low leveraging -Customer loyalty
<b>Environmental risk</b> - Discharge of pollutants - Compliances	-Adequately equipped with pollution-control devices to observe norms -Regular upgradation and maintenance of the equipment to avoid discharge of pollutants in the environment -Focus on full waste utilisation through waste to wealth programme
<b>Financial risk</b> -Availability of funds for capex and business operations	-Low debt gearing ratio and efficient financial management. Creating cushion for contingencies

## Management Discussion and Analysis

Risk	Risk-mitigating factors
<b>Currency fluctuation</b> -Unfavourable rupee/foreign currency movement	- Substantial amount of import and export providing natural hedge - Regular review of exposure at highest level - Forward contracts and bookings
<b>Input risk</b> -Procurement of raw materials at the right cost and in the right time.	-Captive mineral resource -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 with minimal inventory, costing and logistic issues
<b>Regulatory risk</b> -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
<b>Safety risk</b> -Healthy and safe working of workmen	-Regular health check-ups -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
<b>Human resources</b> -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 - Sharing growth through ESOP

### 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. 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.

Your Company has availed the services of independent professional firm for Internal Audit, which checks the effectiveness of the internal controls with an objective to provide an independent, objective and reasonable assurance of the adequacy and effectiveness of your Company's risk management, control and governance processes. The 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. The Audit Committee also seeks the views/opinions of statutory auditors on the adequacy of the internal control systems in your Company. Minutes of the Audit Committee are put up to the Board of Directors.

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 Committee also reviews the performance of the subsidiaries/controlled entities.

### Product-wise Performance

Corona Virus 2019 (COVID-19), an infectious disease was first identified in December 2019. Since then the health hazard spread to most parts of the world, with the World Health Organization declaring it pandemic. The growing influence of the disease led to lockdowns across the globe, which in turn severely impacted economic activity. Following the COVID-19 outbreak in India, the government announced the first phase of the nationwide lockdown from 25th March, 2020 to contain the spread of the infection. Under the circumstances, the Company forthwith decided to temporarily suspend operations at various locations to support government efforts.

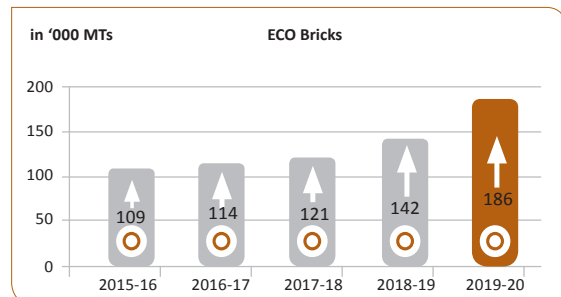
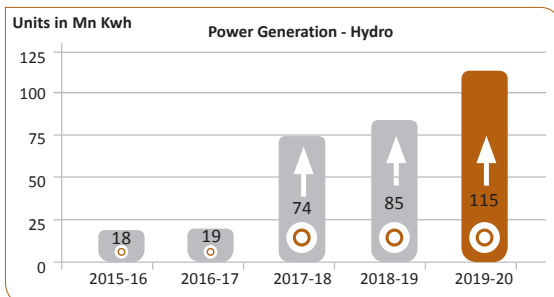
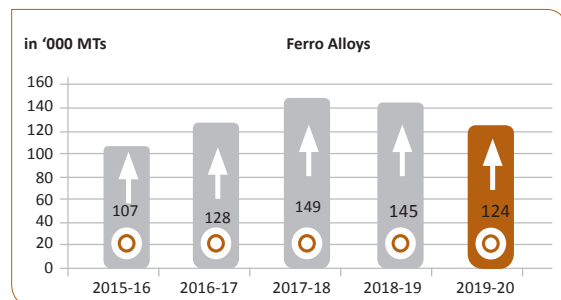
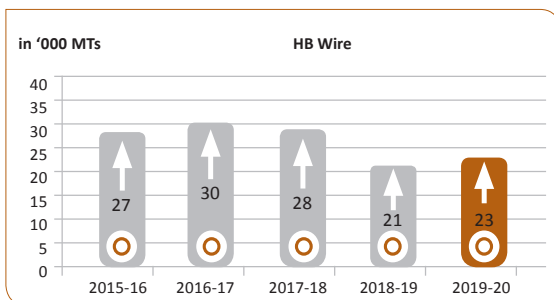
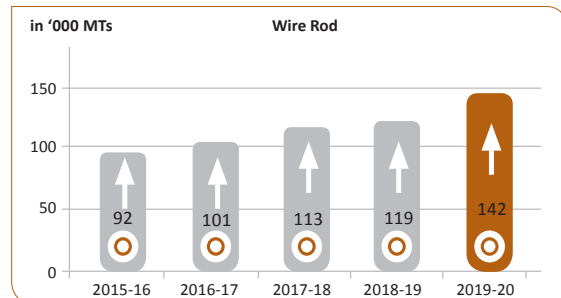
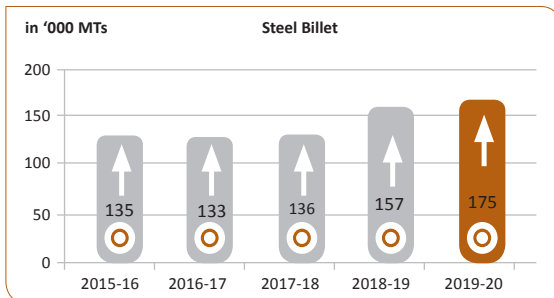
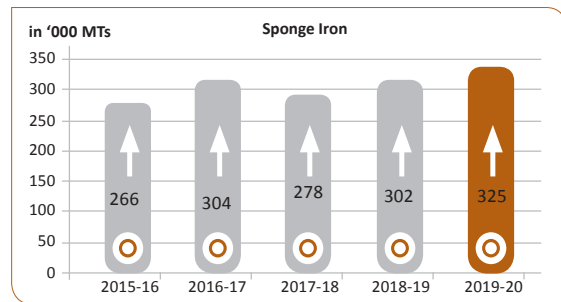
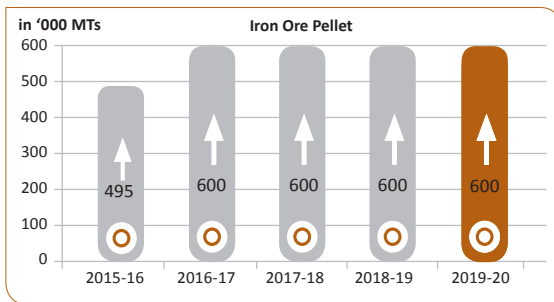
Since steel is a continuous process industry and steel is classified as an essential service under the Essential Services and Management Act (ESMA), the guidelines issued by Ministry of Home Affairs (MHA) permitted continuous process steel plants to continue their operation during lockdown. However, given the restrictions placed by the state governments on movement of man, and material, and also effect on supply and customer chain, the operations were temporarily shut down by the Company.

## Management Discussion and Analysis

In the back drop of COVID-19 pandemic, the Company still achieved the highest ever production numbers in most of the products. The consolidated product wise performance matrix for the year 2019-20 is summarized hereunder:

Product	Production (MTs)		Sales (MTs)		Captive consumption (MTs)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Pellet	5,99,990	5,99,972	3,12,784	4,38,067	2,78,407	1,61,668
Sponge Iron	3,24,511	3,02,243	1,60,977	1,48,130	1,62,866	1,50,642
Steel Billet	1,75,466	1,56,691	30,202	33,356	1,46,479	1,22,319
Wire Rod	1,41,945	1,18,578	1,18,190	97,077	23,585	20,892
HB Wire	22,942	20,572	22,250	20,473	-	-
Ferro Alloys	1,24,191	1,45,064	1,22,505	1,39,048	2,603	2,012
Power (Mn Kwh)	1,113	1,161	257	258	782	807
Iron Ore	3,48,231	4,22,700	-	-	4,24,606	4,61,480

### Consolidated Production Performance



## Management Discussion and Analysis

### Financial Performance vis a vis Operational Performance

Ratio	2019-20	2018-19	% change	Reason
Debtors turnover (no. of days)	13	11	(18.18)	-
Inventory turnover (no. of days)	67	86	22.09	-
Interest coverage ratio	9.27	13.17	(29.61)	Reduction in profit
Current ratio	2.84	2.23	27.35	Raising of long term resources resulting into reduced short term borrowings
Debt equity ratio	0.16	0.08	100.00	
Operating profit margin (%)	11.80%	18.41%	(35.94)	Squeeze in margins due to reduction in sales realizations
Net profit margin (%)	15.07%	19.47%	(22.59)	
Return on networth (%)	10.53%	13.73%	(23.30)	

### Turnover

During 2019-20, your Company achieved a turnover of ₹ 1,423.91 crore on standalone basis as against ₹ 1,653.39 crore in the previous year. At the consolidated levels, the turnover in 2019-20 stood at ₹ 2,000.15 crore as against ₹ 2,323.89 crore in 2018-19. The sales were down due to fall in selling prices, fall in production volume of Ferro alloys and spread of COVID-19 pandemic in the last quarter of the fiscal, resulting in lower domestic and export demand.

### Breakup of revenue (% Product wise)

Product	2019-20	2018-19	2019-20	2018-19
	Standalone		Consolidated	
Ferro Alloys	25.47	26.74	40.16	40.58
Steel – billets, wire rods and HB wire	38.49	34.09	27.40	24.26
Sponge Iron	18.75	17.22	13.35	12.25
Pellet	14.11	17.41	10.05	12.36
Power	0.17	0.18	4.57	5.05
Others (including eco bricks and trading)	3.01	4.36	4.47	5.50
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### Breakup of consolidated revenue (Entity wise)

(₹ in crore)

Company	2019-20	2018-19	Product
Sarda Energy & Minerals Limited	1,409.53	1,570.01	Steel, Ferro alloys & Thermal Power
Sarda Metals & Alloys Limited	531.00	710.09	Ferro Alloys & Thermal Power
Parvatiya Power Limited	8.91	7.51	Hydro Power
Chhattisgarh Hydro Power LLP	46.12	35.63	Hydro Power
Sarda Energy Limited	4.59	0.65	Share of profit from LLP
<b>Total</b>	<b>2,000.15</b>	<b>2,323.89</b>	

### Exports

During 2019-20, ferro alloys exports stood at 48,796 MTs as against 80,285 MTs in the previous year. Last year the Company had exported 53,790 MTs of Iron Pellets also. The drop in exports is mainly because of subdued market conditions coupled with COVID-19 pandemic in the last quarter of the fiscal. Export markets for ferro alloys are catered mainly from Sarda Metals' plant located near the port. Standalone ferro alloys exports of your Company stood at 7,023 MT (PY 10,441 MT).

(₹ in crore)

	2019-20	2018-19	Reason(s) for change
<b>Finance cost</b>			
Standalone	36	35	Increased due to increased investment in MBPCL during the year
Consolidated	82	99	Reduction in interest rate and repayment of loans

## Management Discussion and Analysis

(₹ in crore)

	2019-20	2018-19	Reason(s) for change
<b>Depreciation</b>			
Standalone	51	50	No material change
Consolidated	78	76	No material change
<b>Other Expenses</b>			
Standalone	195	183	Purchase of power from Subsidiary during shutdown of one Captive power plant
Consolidated	263	261	
<b>Profitability</b>			
EBIDTA - Standalone	301	406	Reduction in sales volume and lower realizations.
Consolidated	339	499	
PBT – Standalone	214	321	Standalone profit includes dividend from subsidiary ₹ 17.34 crore, and profit from LLP ₹ 12.57 crore, which gets nullified in the consolidated results
Consolidated	179	324	
PAT – Standalone	182	215	
Consolidated	128	207	

### Non-Current Assets

	2019-20	2018-19	Reason(s) for change
<b>Property Plant &amp; Equipment</b>			
Standalone	Gross - 785	Gross – 762	Normal capex
	Net – 543	Net – 570	
Consolidated	Gross – 1,684	Gross – 1,635	
	Net –1,320	Net – 1,349	
<b>Capital work-in-progress</b>			
Standalone	35	27	The increase is mainly due to Secondary Ball Mill Shell and Pressure Filter
Consolidated	1,374	1,063	Increase mainly on account of increase in on-going hydropower project of Madhya Bharat Power Corporation Limited
<b>Investments</b>			
Standalone	807	668	Increase due to fresh investments in Madhya Bharat Power Corporation Limited, Chhattisgarh Hydro Power LLP, Sarda Global Venture Pte. Limited and Sarda Global Trading DMCC
Consolidated	52	47	Increase in investments by subsidiary
<b>Other financial assets</b>			
Standalone	2	19	Reduction on account of amount received against loans
Consolidated	3	21	
<b>Other non-current assets</b>			
Standalone	18	16	Increase in capital advances as reduced by tax refunds
Consolidated	47	60	Reduction of capital advances in Madhya Bharat Power Corporation Limited

### Current assets

	2019-20	2018-19	Reason(s) for change
<b>Inventories</b>			
Standalone	370	300	Increase in stock of raw materials
Consolidated	501	439	
<b>Investments</b>			
Standalone	42	52	Reduction due to Mark-to-Market Loss on equity shares
Consolidated	139	166	Reduction in investment made by wholly owned subsidiary
<b>Trade receivables</b>			
Standalone	62	39	Increase due to extended credit against LCs
Consolidated	124	93	



## Management Discussion and Analysis

(₹ in crore)

	2019-20	2018-19	Reason(s) for change
<b>Bank and Cash Balances</b>			
Standalone	4	3	Increase due to FDR of ₹ 1.90 Crore given to IDFC First Bank as DSRA against term loan
Consolidated	165	45	Apart from standalone, increase is due to investment made by Madhya Bharat Power Corporation Limited in liquid funds pending utilization of loan proceeds in the project
<b>Loans and advances</b>			
Standalone	409	326	Increase due to increase in loan to subsidiaries and others
Consolidated	260	313	Reduction in loan given to others by parent entity and also due to reduction in loan in Sarda Energy & Minerals Hongkong Limited
<b>Other current assets</b>			
Standalone	90	59	Increase in advances to vendors
Consolidated	115	87	

### Share Capital

There was no change in the equity share capital in the year 2019-20.

### Non-current Liabilities

	2019-20	2018-19	Reason(s) for change
<b>Borrowings</b>			
Standalone	259	98	The Company has raised long term funds partly to meet fund infusion in MBPCL and partly to have long term liquidity in hand in view of uncertain economic scenario which has been used to reduce short term borrowing
Consolidated	1,408	1,064	Apart from standalone, increased due to fresh borrowings in Madhya Bharat Power Corporation Limited

All the loans and the interest payment commitments were met on time. CRISIL has retained the long term rating of the Company at CRISIL A+ for long term credit facilities and CRISIL A1 for short term credit facilities.

	2019-20	2018-19	Reason(s) for change
<b>Other long term liabilities</b>			
Standalone	2	3	No material change.
Consolidated	28	14	on account of security deposits from vendors
<b>Provisions</b>			
Standalone	3	3	Same as previous year
Consolidated	9	9	

### Current liabilities

	2019-20	2018-19	Reason(s) for change
<b>Short term borrowings</b>			
Standalone	106	175	Long term funds raised have been utilized to reduce short term borrowings to create liquidity cushion
Consolidated	223	268	
<b>Trade payables</b>			
Standalone	137	90	Higher credit period availed against imports due to cheaper funding
Consolidated	214	181	
<b>Other financial liabilities</b>			
Standalone	83	48	Increased due to Bill discounting against LC – ₹ 33.84 crore and increase in current maturities of long term debt – ₹ 3.74 crore

## Management Discussion and Analysis

(₹ in crore)

	2019-20	2018-19	Reason(s) for change
Consolidated	162	157	Inter-company transactions related to subsidiaries have been eliminated
<b>Other current liabilities</b>			
Standalone	11	19	Reduction in advance from customers and indirect taxes payable
Consolidated	19	23	
<b>Provisions</b>			
Standalone	7	7	Relates to gratuity, leave encashment and expenses
Consolidated	7	8	

### Material Developments in Human Resource/Industrial Relations

Your Company's HR Vision is to build a high performing organization, where everyone is motivated to perform to the fullest capacity to contribute to developing and achieving individual excellence with organizational objectives. Your Company continues to maintain positive work environment and constructive relationship with its employees with a continuing focus on productivity and efficiency.

We believe that our success is driven by the success of our people, who are at the core of everything we do. Keeping this in mind, we have invested significantly in the professional development of employees through Training, and Leadership development programs. We believe in nurturing and creating a workforce for tomorrow while being responsible towards society. We are supporting the next generation in their journey of finding solutions to unanswered questions and contributing towards making the world a better place.

Corporate and Social Responsibility (CSR) has always been important to us and as we grow we will continue to act as a responsible global citizen. With this in mind we have made, sustainability and reducing the impact we have on the environment, a key focus for our business operations. We have aligned our initiatives with the blueprint of the Sustainable Development Goals (SDGs), giving us a holistic sustainability framework to work towards.

COVID-19 has accelerated the focus on mental and physical wellness of people. This has also forced the organizations and employees, to pivot and re-skill and hence this continues to be a top focus area for HR in the long term. Wellness, emotional health and psychological safety becomes core to engaging employees and makes it to the top priority area of focus fuelled by the pandemic. This would take many forms and with increased remote working, emotional and mental health could take centre stage.

Our 7 Quality Circle teams had participated in CCQC -2019 (Chapter Convention on Quality Concepts) at Bhilai (Chhattisgarh) and all have won "Gold Award". In NCQC-2019, 5 QC Teams have been awarded "Par Excellence" and 2 Teams have bagged "Excellence award". Around 10,036 participants from 505 companies had represented the 1,656 QC team across India at IIT-BHU, Varanasi (UP).

Health & Safety is our first & foremost priority for the employees. The BBS Scheme (Bhai Bandhu Suraksha) is continued to make employees & contractual workers aware about organizational safety. During the year, your Company has:

- Organized Women's Empowerment Training with Central Board of Workers Education, for the 82 no. community women in 2 villages.
- Organized blood donation camp within its plant premises in association with the Red Cross Society of India and had collected 232 units of blood.
- Continued to operate and maintain, Mobile Medical Van for providing community health services to around 20 villages near-by iron ore mines, covering 7,210 patients.
- Watershed development through pond deepening in villages and also created rain water harvesting structures within campus.

As of 31st March, 2020, the total number of employees stood at 1,217 as compared to 1,243 in the previous year.

### Cautionary Statement

The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include external economic conditions affecting demand/supply influencing price conditions in the market in which the Company operates, changes in Government regulations, tax laws, and other incidental factors.

## Corporate Governance Report

### 1. Company's philosophy on Corporate Governance

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

- **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 stake holders.
- **Integrity and ethics:** We believe in our commitments and strive to set high ethical standards.
- **Corporate and social responsibility:** 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 nine directors, including two whole time promoter directors, one whole time professional director, one non-executive women promoter director and five 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 31<sup>st</sup> March, 2020, are as under:

Names of the Directors	Category	No. of other Directorships held*	Member/ Chairman of other Board committees <sup>@</sup>	No. of shares held in the Company
Mr. Kamal Kishore Sarda <sup>^</sup>	Promoter Executive	5	-	23,23,667
Mr. Pankaj Sarda <sup>^</sup>	Promoter/ Wholetime	11	4	6,91,107
Mr. Padam Kumar Jain	Professional/Wholetime	4	-	10,073
Mrs. Uma Sarda <sup>^</sup>	Promoter/Non-Executive	1	-	4,89,425
Mr. Rakesh Mehra	Independent Non-Executive	1	1	10,537
Mr. Asit Kumar Basu	Independent Non-Executive	3	5	4,000
Mr. Gajinder Singh Sahni	Independent Non-Executive	#7	2	3,500
Mr. Chittur Krishnan Lakshminarayanan	Independent Non-Executive	3	3	8,000
Mr. Jitender Balakrishnan	Independent Non-Executive	8	7	1,667

\* Including private limited companies / excluding directorships in foreign companies and the Company.

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

# Including one under process of strike-off.

<sup>^</sup> 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. Seven meetings of the Board of Directors were held during the year ended 31<sup>st</sup> March, 2020 as given hereunder:

i)	25th May, 2019	ii)	3rd August, 2019	iii)	21st September, 2019
iv)	9th November, 2019	v)	20th November, 2019	vi)	1st February, 2020
vii)	12th March, 2020				

## Corporate Governance Report

The attendance record of the Directors at the Board Meetings during the year ended on 31st March, 2020 and at the last Annual General Meeting is as under:

Names of the Directors	No. of Board Meetings attended	Last AGM attended
Mr. Kamal Kishore Sarada	7	Yes
Mr. Pankaj Sarada	4	Yes
Mr. Padam Kumar Jain	5	Yes
Mrs. Uma Sarada	6	No
Mr. Rakesh Mehra	4	No
Mr. Asit Kumar Basu	6	Yes
Mr. Gajinder Singh Sahni	5	Yes
Mr. Chittur Krishnan Lakshminarayanan	5	Yes
Mr. Jitender Balakrishnan	7	Yes

### 2.3 Details of directorships in other listed companies with category of Company's directors is as under (as on 31<sup>st</sup> March, 2020):

S. No.	Name	Name of the Company	Designation
1.	Mr. Kamal Kishore Sarada	Chhatisgarh Investments Limited	Director
2.	Mrs. Uma Sarada	NIL	NA
3.	Mr. Pankaj Sarada	NIL	NA
4.	Mr. Padam Kumar Jain	NIL	NA
5.	Mr. Asit Kumar Basu	Chhatisgarh Investments Limited	Independent Director
6.	Mr. Chittur Krishnan Lakshminarayanan	NIL	NA
7.	Mr. Gajinder Singh Sahni	NIL	NA
8.	Mr. Jitender Balakrishnan	India Glycols Limited	Independent Director
		Polyplex Corporation Limited	Independent Director
		Bharti Infratel Limited	Independent Director
		CG Power and Industrial Solutions Limited	Independent Director
9.	Mr. Rakesh Mehra	NIL	NA

### 2.4 List of Core Skills / Expertise / Competencies of directors

The Company is engaged in Iron and Steel Industry, Power Sector and Mining Sector. It is having an integrated steel manufacturing unit with facilities ranging right from captive iron ore mining to production of iron ore pellets, sponge iron, steel billets, wire rod, HB wire, ferro alloys and captive power plant.

A chart setting out the list of core skills / expertise / competencies as identified by the Board of Directors as required in the context of its business and sector(s) for it to function effectively and those actually available with the Board are as follows:

S. No.	Name of Director	Qualification & Experience	Expertise
1	Mr. Kamal Kishore Sarada	B.E. (Mech.) Nearly 44 years of experience	Iron & Steel, Mining, Strategic Planning
2	Mr. Pankaj Sarada	MS in Industrial Administration Nearly 17 years of experience	Strategic Planning, Production, Operations, General Management
3	Mrs. Uma Sarada	Graduation in Home Science Nearly 15 years	General Management, Human Resources
4	Mr. Padam Kumar Jain	Chartered Accountant / Company Secretary Nearly 34 years of experience	Accounting, Finance, Taxation, Budgeting, Costing, Corporate Laws
5	Mr. Asit Kumar Basu	BME Nearly 42 years of experience	Finance, Risk Assessment

## Corporate Governance Report

S. No.	Name of Director	Qualification & Experience	Expertise
6	Mr. Chittur Krishnan Lakshminarayanan	B. Tech Nearly 45 years of experience	Finance, Power Sector
7	Mr. Gajinder Singh Sahni	PG in Public Administration. Retired IAS Nearly 45 years of Experience	Administration, Planning, Project Execution, Human Resource Management
8	Mr. Jitender Balakrishnan	B.E. (Mech.), PGDM in Industrial Management Nearly 42 years of experience	Power, Steel, Oil & Gas, Corporate Governance, Risk Assessment
9	Mr. Rakesh Mehra	FCWA Nearly 36 years of experience	Finance, Costing & Management Accounting

### 2.5 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 <https://www.seml.co.in/Corporate%20Governance/Familiarisation%20Programmes.pdf>

The Board of Directors confirm that in the opinion of the Board, all Independent Directors are independent of the management of the Company and have given declarations as required under the provisions of Section 149 (7) of the Companies Act, 2013 stating that they meet the eligibility criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

### 2.6 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](http://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 2019-20.

**K. K. Sarda**

*Chairman & Managing Director*"

### 2.7 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 24<sup>th</sup> September, 2020 are given as under:

		Mr. Kamal Kishore Sarda	Mr. Pankaj Sarda
1	Name		
2 i)	Age	68 years	40 years
ii)	Qualification	B.E. (Mech.)	B.E. Industrial Engineering from Nagpur University and Masters from Purdue University, USA
iii)	Date of appointment	16.12.1978	31.10.2007
3	Experience	Nearly 44 years of Industrial experience in Iron & Steel, Mining, Strategic Planning	Nearly 17 years of Industrial experience

## Corporate Governance Report

4	Terms & Conditions of re-appointment	Mr. Kamal Kishore Sarma is Chairman & Managing Director of the Company, not liable to retire by rotation. Other terms and conditions as set out in the explanatory statement.	Mr. Pankaj Sarma is a Whole-time Director (designated as Jt. Managing Director) of the Company, liable to retire by rotation.
5	Remuneration last drawn (including sitting fees, if, any) (per annum)	₹ 408.32 lakh (F.Y. 2019-20)	₹ 201.69 lakh (F.Y. – 2019-20)
6	Remuneration / Sitting Fees proposed to be paid per month	As set out in the explanatory statement.	As per the terms of remuneration approved by the members at the 44 <sup>th</sup> AGM.
7	Other Directorships	<p>Madhya Bharat Power Corporation Limited</p> <p>Sarda Energy Limited</p> <p>Sarda Metals &amp; Alloys Limited</p> <p>Chhatisgarh Investments Limited</p> <p>Parvatiya Power Limited</p>	<p>Madhya Bharat Power Corporation Limited</p> <p>Sarda Energy Limited</p> <p>Madanpur South Coal Company Limited</p> <p>Sarda Dairy &amp; Food Products Limited</p> <p>Comienzo Agri Science Limited</p> <p>Natural Resources Energy Private Limited</p> <p>Rishabh Mining &amp; Transport Company Private Limited</p> <p>Sarda Agriculture &amp; Properties Private Limited</p> <p>Prachi Agriculture &amp; Properties Private Limited</p> <p>Raipur Mega Food Park Private Limited</p> <p>ABS Engineers Private Limited</p>
8	Chairman/ Member of Committees	<p>Sarda Energy &amp; Minerals Limited CSR Committee – Member</p> <p>Risk Management Committee – Chairman</p> <p>Nomination &amp; Remuneration Committee – Member</p> <p>Chhatisgarh Investments Limited CSR Committee – Member</p> <p>Risk Management Committee – Chairman</p> <p>Nomination &amp; Remuneration Committee – Member</p> <p>Sarda Metals &amp; Alloys Limited Nomination &amp; Remuneration Committee – Member</p>	<p>Sarda Energy &amp; Minerals Limited Audit Committee – Member</p> <p>CSR Committee – Member</p> <p>Risk Management Committee – Member</p> <p>Stakeholders' Relationship Committee – Member</p> <p>Sarda Dairy &amp; Food Products Limited Audit Committee – Member</p> <p>Nomination &amp; Remuneration Committee – Member</p> <p>Madhya Bharat Power Corporation Limited Audit Committee – Member</p> <p>Nomination &amp; Remuneration Committee – Member</p>
9	Shareholding in the Company	23,23,667 Equity shares	6,91,107 Equity Shares
10	No. of Board Meetings attended/held during Financial Year 2019-20	7/7	4/7
11	Relationship with Directors	Father of Mr. Pankaj Sarma and spouse of Mrs. Uma Sarma	Son of Mr. K.K. Sarma and Mrs. Uma Sarma

## Corporate Governance Report

### 3. Committees of the Board

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

<b>Audit Committee</b>	<b>Nomination &amp; Remuneration Committee</b>
Mr. A.K. Basu (Chairman)	Mr. G.S. Sahni (Chairman)
Mr. C.K. Lakshminarayanan	Mr. C.K. Lakshminarayanan
Mr. Rakesh Mehra	Mr. J. Balakrishnan
Mr. Pankaj Sarda	Mr. K.K. Sarda
<b>Stakeholders' Relationship Committee</b>	<b>Corporate Social Responsibility Committee</b>
Mr. J. Balakrishnan (Chairman)	Mr. G.S. Sahni (Chairman)
Mr. A.K. Basu	Mr. K.K. Sarda
Mr. Pankaj Sarda	Mr. Pankaj Sarda
<b>Risk Management Committee</b>	
Mr. K.K. Sarda (Chairman)	
Mr. Pankaj Sarda	
Mr. P.K. Jain, WTD & CFO	
Mr. A.K. Nanda (President)	

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

### 3.2 Meetings of the Board Committees and attendance particulars of Directors at the meetings:

Board Committees	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Meetings held	4	3	5	2	1
Attendance:					
Mr. K. K. Sarda	NA	1	NA	2	1
Mr. Pankaj Sarda	3	NA	1	2	1
Mrs. Uma Sarda	NA	NA	NA	NA	NA
Mr. P. K. Jain	NA	NA	NA	NA	1
Mr. A.K. Basu	4	NA	5	NA	NA
Mr. C. K. Lakshminarayanan	4	3	NA	NA	NA
Mr. G. S. Sahni	NA	3	NA	2	NA
Mr. J. Balakrishnan	NA	3	5	NA	NA
Mr. Rakesh Mehra	4	NA	NA	NA	NA

### 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 noting.

### 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

## Corporate Governance Report

- director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- 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 of directors their appointment and removal;
  - specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
  - devising a policy on diversity of board of directors;
  - 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;
  - recommend to the board, all remuneration, in whatever form, payable to senior management;
  - carrying out any other function as is mentioned in the terms of reference of the committee.

**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 2019-20.

**Details of remuneration to Chairman & Managing Director and Whole time Directors are as under:**

(₹ in lakh)

Name of the Director	Salary	Perquisites & Allowances	Retiral Benefits	Commission	Total	Stock Options granted*
Mr. K. K. Sarda	152.64	11.90	18.78	225.00	408.32	NIL
Mr. Pankaj Sarda	70.94	0.29	5.46	125.00	201.69	NIL
Mr. P. K. Jain <sup>#</sup>	54.76	0.29	4.24	0.00	59.29	NIL

<sup>#</sup>Also holds the office of CFO.

\* No stock options were granted during the year.

**Contract period:** Mr. K.K. Sarda, Chairman & Managing Director – Five years from 1st April, 2020. Required shareholders approval is being sought in the ensuing AGM

Mr. Pankaj sarda, Jt. Managing Director – Five years from 1st November, 2017

**Severance Fees:** Compensation as per the provisions of the Companies Act, 2013

**Note:** The above amount does not include contribution to gratuity fund, as separate figures are not available for the Chairman & Managing Director and Whole time 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	2.10	3.00	5.10
Mr. C.K. Lakshminarayanan	1.70	3.00	4.70
Mr. G.S. Sahni	1.50	3.00	4.50
Mr. J. Balakrishnan	2.20	3.00	5.20
Mr. Rakesh Mehra	1.20	3.00	4.20
Mrs. Uma Sarda	1.20	0.00	1.20



## Corporate Governance Report

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 and also reviews and monitors/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	: 14 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.
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The number of complaints not solved to the satisfaction of shareholders	: NIL
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Number of pending complaints	: No complaint was pending for redressal as on 31 <sup>st</sup> March, 2020.
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### Corporate Social Responsibility Committee

The role of the Committee is to:

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Companies Act, 2013;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above; and
- monitor the Corporate Social Responsibility Policy of the company from time to time.

### Risk Management Committee

The Committee is non-mandatory for the Company. 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
21 <sup>st</sup> September, 2019	11.00 a.m.	Radisson Blu Hotel, 7 Wardha Road, Nagpur - 440015	Special Resolutions to issue - NCDs upto and aggregate amount not exceeding ₹ 500 crore; - equity shares on qualified institutional placement basis upto an aggregate amount not exceeding ₹ 1,000 crore, were passed.
21 <sup>st</sup> September, 2018	11.00 a.m.	Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025	Special Resolutions to issue - NCDs upto and aggregate amount not exceeding ₹ 500 crore; - equity shares on qualified institutional placement basis upto an aggregate amount not exceeding ₹ 1,000 crore, were passed.
28 <sup>th</sup> September, 2017	11.00 a.m.	Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025	Special Resolution to issue NCDs upto and aggregate amount not exceeding ₹ 500 crores was passed.

#### Special Resolution(s) passed through Postal Ballot:

During 2019-20, no Special Resolution was passed through Postal Ballot. No Special Resolution is proposed to be passed through Postal Ballot as on the date of this report.

## Corporate Governance Report

### 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. No official news releases were made to the institutional investors or to the analysts during the year. During the year, presentations have been made to the institutional investors/analysts which have been submitted with the Stock Exchanges and have also been uploaded on the Company's website.

### 6. General shareholder information

#### Annual General Meeting

Date: 24<sup>th</sup> September, 2020

Time: 11.30 a.m.

Venue: The Company is conducting meeting through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 and SEBI Circular dated May 12, 2020. The registered office shall be deemed to be the venue of the AGM. For details please refer to the Notice of this AGM.

#### Financial calendar for 2020-21 (tentative)

Financial results for the quarters ended:

30<sup>th</sup> June, 2020

1<sup>st</sup> week of August, 2020

30<sup>th</sup> September, 2020

1<sup>st</sup> week of November, 2020

31<sup>st</sup> December, 2020

1<sup>st</sup> week of February, 2021

31<sup>st</sup> March, 2021

4<sup>th</sup> week of May, 2021 (audited)

Annual General Meeting (for F.Y. 2020-2021)

September, 2021

Dividend payment date (for F.Y. 2019-20)

On or after 25<sup>th</sup> September, 2020

#### 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 Limited, Mumbai (SARDAEN)  
ISIN no. NSDL & CDSL - INE385C01013

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 and to The National Stock Exchange of India Limited, Mumbai, for the equity shares for the financial year 2020-21.

#### Registrar and share transfer agents

(for physical and electronic)

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

In view of the SEBI circular, share transfers in physical have been stopped from 1<sup>st</sup> April, 2019. However, share transmission, name deletion and duplicate share issue activities are continuing for physical shares.

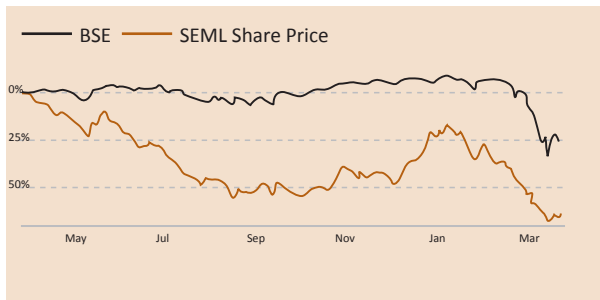
Since physical share transfers have been stopped, the member, in their own interest, are requested to get their shareholding dematerialized at an early date.

## Corporate Governance Report

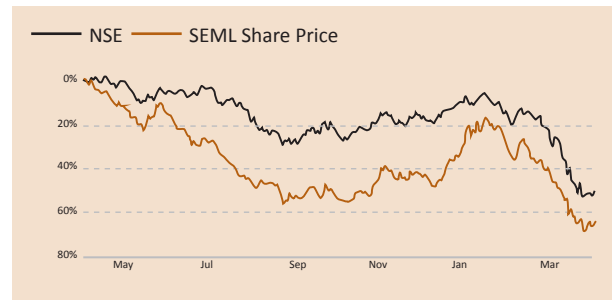
### Market price data: High/low during the year 2019-20

Month	SEML on the BSE (in ₹)		SEML on the NSE (in ₹)	
	High	Low	High	Low
Apr, 2019	325.00	276.25	324.70	273.10
May, 2019	296.90	243.15	291.95	242.25
Jun, 2019	271.00	221.65	275.25	220.00
Jul, 2019	239.70	164.00	234.00	163.35
Aug, 2019	181.45	139.80	180.25	138.30
Sep, 2019	176.10	146.40	176.55	146.60
Oct, 2019	183.90	140.25	184.35	143.10
Nov, 2019	200.25	173.50	200.00	173.00
Dec, 2019	226.00	164.05	226.45	163.55
Jan, 2020	268.50	211.65	267.00	212.00
Feb, 2020	238.80	171.00	238.70	170.10
Mar, 2020	178.30	97.50	184.70	98.05

### Comparison of SEML share price movements on BSE and NSE with CNX Metal Index



SEML on BSE vs CNX Metal Index



SEML on NSE vs CNX Metal Index

### Shareholding pattern as on 31<sup>st</sup> March, 2020

Sl. No.	Category	No. of shares	Percentage
1.	Promoter and Promoter Group	2,61,34,360	72.50
2.	Banks/MFs /FIs/Ins. Cos. /NBFCs	53,873	0.15
3.	Foreign Portfolio Investors	67,719	0.19
4.	Overseas Corporate Bodies	6,84,891	1.90
5.	Bodies Corporate	14,79,421	4.10
6.	Individuals NRIs	2,81,628	0.78
7.	Resident Individuals	69,55,173	19.29
8.	IEPF Authority	1,61,906	0.45
9.	Others	2,30,264	0.64
	TOTAL*	3,60,49,235	100.00

\*There are no outstanding GDRs/ADRs/Warrants/Convertible instruments of the Company.

## Corporate Governance Report

### Distribution of shareholding as on 31<sup>st</sup> March, 2020

Shareholding of nominal value (₹)	Shareholders		Shares	
	Number	% to total	Number	% to total
Up to 5,000	18,508	90.38	19,63,165	5.44
5,001 – 10,000	899	4.39	7,13,334	1.98
10,001 – 20,000	522	2.55	7,84,214	2.18
20,001 – 30,000	170	0.83	4,27,651	1.19
30,001 – 40,000	87	0.42	3,11,740	0.86
40,001 – 50,000	61	0.30	2,82,840	0.78
50,001 – 1,00,000	109	0.53	7,78,003	2.16
1,00,001 and above	122	0.60	3,07,88,288	85.41
<b>Total</b>	<b>20,478</b>	<b>100.00</b>	<b>3,60,49,235</b>	<b>100.00</b>

#### 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 31<sup>st</sup> March, 2020, out of the total 3,60,49,235 equity shares held by about 20,478 (PY 21,805) shareholders, 3,57,63,104 (PY 3,57,32,236) equity shares held by 17,961 (PY 19,062) shareholders representing 99.21% (PY 99.12%) percent of the total paid-up equity capital have been dematerialized.

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

#### 7. Hedging of Risks

The Company has in place a Board approved policy which establishes the risk management framework and defines the procedures and controls for effective management of risk's faced by the Company. The Company is having exposure to foreign exchange fluctuation risk, however there is natural hedging partly available in terms of exports made by the Company and its subsidiaries and assets held in other currencies.

Currency hedging is guided by the hedging policy adopted by the Board.

In respect of price risk of raw materials used for manufacturing purpose, the same is taken care of as per industry requirement. The Company's exposure in none of the commodities, which are sourced for use in its business, is material in the context of its overall operations, and also in terms of the 'Policy on Determination of Materiality for Disclosures(s)', as approved by the Board. Accordingly, the disclosure requirements prescribed under the SEBI Circular dated 15th November, 2018 are not applicable for the Company.

#### 8. Credit Ratings

The details of credit ratings obtained during the year are as under:

Particulars	Rating – 21.05.2019	Rating – 07.01.2020
Total facilities rated	₹ 735 crore	₹ 876.40 crore
Long Term	CRISIL A+/Stable	CRISIL A+/Stable
Short Term	CRISIL A1	CRISIL A1

#### 9. 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.

## Corporate Governance 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.

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

**b) 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 except for the year 2017-18 where due to absence of quorum for the Board meeting, the board meeting scheduled to be held for approval of annual results for 2016-17 was held beyond a period of 60 days from the close of financial year (last date specified under SEBI LODR). Consequent to this, the approval of results for 2016-17 was delayed by 7 days and as such, the Stock Exchanges had levied a fine for delay in announcing the results. The Company's request for not levying the fine was not accepted by the Stock exchanges. The Company had paid the fine.

Except the above, the Company has complied with all applicable Acts and Regulations and there was no non-compliance by the Company. Except as disclosed above, no other penalties, strictures, fines were imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

Further, as reported earlier, 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. Calcutta Stock Exchange is non-operational Stock Exchange.

**c) 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.

**d) 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.

*Listing Regulations:* There is no non-compliance of any of the requirements of Corporate Governance for the year under review 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.

*Unclaimed Dividend / Transfer of shares to IEPF:* In accordance with provisions of Section 124 and 15 of the

## Corporate Governance Report

Companies Act, 2013 and Investor Education and Protection Fund (Accounting, audit, Transfer and Refund), Rules, 2016 (IEPF Rules) dividend not encashed/claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The IEPF Rules also mandate companies to transfer shares of Members, whose dividends remain unpaid/unclaimed for a continuous period of seven years, to the demat account of the IEPF Authority. The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the Authority.

In accordance with above provisions, the Company has transferred the unpaid dividend for the year 2011-12 to the IEPF. Additionally, as per the requirement and the procedures prescribed under the IEPF Rules, till date, the Company has transferred 1,61,906 shares to IEPF. However, due to technical reasons, the payment of dividend to IEPF has not been updated in IEPF /MCA records due to which the returns required to be filed with MCA could not be filed. The company has reported the matter to IEPFA.

The details of unpaid dividend lying with the Company and the details of the shares transferred to IEPF are available on the website of the Ministry of Corporate Affairs and also on the website of the Company. All shareholders whose shares have been so transferred can claim their shares and dividend from the IEPF Authority by following the prescribed procedure.

The Company has appointed Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company – [www.seml.co.in](http://www.seml.co.in).

### e) 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.

### f) 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

### g) Web-links

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

h) The Board has adopted all the recommendations made by the committees of the board during the year.

i) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part amounts to ₹ 32.55 lakh (net of TDS).

## Corporate Governance Report

j) No complaint pertaining to sexual harassment of women employees was received during the year under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Accordingly, there is no information required to be furnished.

**k) Certificate from practising Company Secretary**

Certificate from Mr. Kamlesh Ojha, Partner M/s. S.G. Kankani & Associates, Practising Company Secretaries that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is as under:

### TO WHOMSOEVER IT MAY CONCERN

I, Kamlesh Ojha, Partner of S.G. Kankani & Associates, Practising Company Secretaries do hereby certify that none of the directors on the board of M/s. Sarda Energy & Minerals Limited have been debarred or disqualified from being appointed or from continuing as directors of Companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority to the best of my knowledge.

This certificate is being issued as per Schedule V under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

For **S. G. KANKANI & ASSOCIATES**

Sd/-

**Kamlesh Ojha**

Partner

M. No. 39476

CP. No. 14660

UDIN: A039476B000478741

Place : Raipur

Date : 20<sup>th</sup> July, 2020

- l) Plant Location** Industrial Growth Centre, Siltara, Raipur (C.G).
- m) Address for correspondence**
- Regd. Office*  
73-A, Central Avenue, Nagpur (M.H.)  
Ph: +91-771-2722407  
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

## Corporate Governance Report

### INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

1. This certificate is issued in accordance with the terms of our engagement letter dated 21<sup>st</sup> September, 2019.
2. We have examined the compliance of conditions of corporate governance by Sarda Energy & Minerals Limited ('the Company') for the year ended on 31<sup>st</sup> March, 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

#### Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

#### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

#### Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31<sup>st</sup> March, 2020.

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.

#### Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

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

**(Naitik Agrawal)**

Partner

M.No.441441

UDIN : 20441441AAAAAJ3808

Raipur  
8th August, 2020



## Business Responsibility Report

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	L27100MH1973PLC016617
2. Name of the Company	Sarda Energy & Minerals Limited
3. Registered Address	73-A, Central Avenue, Nagpur (M.H.) 440018
4. Website	<a href="http://www.seml.co.in">www.seml.co.in</a>
5. Email-id	<a href="mailto:cs@seml.co.in">cs@seml.co.in</a>
6. Financial Year reported	2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Sponge Iron/Ferro Alloys /Billet/Wire Rod/ Iron Ore Pellet -241
8. List three key products/services that the Company manufactures/provides(as in balance sheet)	Iron Ore Pellet Wire Rod Ferro Alloys
9. Total number of locations where business activity is undertaken by the Company	1
a) Number of International Locations (Provide details of major5)	NIL
b) Number of National Locations	1
10. Markets served by the Company-Local/State/National/International	International

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up capital (INR)	36.05 crore
2. Total Turnover (INR)	1,423.91 crore
3. Total profit after taxes (INR)	183.84 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.64%
5. List of activities in which expenditure in 4 above has been incurred	a) Healthcare b) Education c) Environment d) Empowering Women e) Art & Culture f) Armed Forces Veterans g) Livelihood Projects h) Sports i) Rural Development

### SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?	Yes
2. Do the Subsidiary Company /Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Sarda Energy & Minerals Limited [SEML] has 11 subsidiaries / controlled entities. Subsidiaries do not participate in the BR Initiatives of the parent company. However, each of the subsidiaries strives to carry out its business in a sustainable manner and undertake initiatives independently.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Our suppliers are not directly involved with the 'Responsible Business' initiatives of the Company. However, our contracts with them address areas like HSE, Ethics, and Human Rights that our suppliers are obliged to adhere to strictly.

## Business Responsibility Report

### SECTION D

#### 1. BR Information

1 a)	Details of Director/Directors responsible for BR	DIN : 00008190 Name: Mr. Pankaj Sarda Designation: Jt. Managing Director
b)	Details of the BR Head	Mr. Anup K Nanda Head (Works) Telephone: +91-771-2216100 Email ID: anup.kn@seml.co.in

#### 2. Principle-wise (as per NVGs) BR Policy/policies

##### A. Name of principles:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle
P3	Businesses should promote the well-being of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

##### B. Details of compliance (Reply in Y/N):

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes. The relevant policies have been developed over a period of time by taking inputs from concerned stakeholders.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes. The policies are in compliance with the national standards. They are also being reviewed and amended from time to time based on the amendments in the respective standards /regulations.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Policies which are statutorily required have been formulated by the Board or concerned committees of the Board. The Policies have been signed by CMD of the Company.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes								
6	Indicate the link for the policy to be viewed online	Statutorily required policies are available under the investor section on the website of the Company – <a href="http://www.seml.co.in">www.seml.co.in</a> .								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								

## Business Responsibility Report

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
8	Does the company have in-house structure to implement the policy/ policies.	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	No								

C. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

D. Governance related to BR

a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1year	The Company proposes to assess the BR performance of the Company at such intervals as may be required, but at least annually.								
b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The company is publishing BR report for the first time. It is available on the website of the Company at <a href="http://www.sem1.co.in">www.sem1.co.in</a> under investor section and same will be published annually.								

### SECTION E: PRINCIPLE-WISE PERFORMANCE

#### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

- Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

No. It extends to the group, joint ventures, suppliers and contractors and employees too.

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the financial year 2019-2020, the Company has received 14 complaints/queries from shareholders of the Company and all of them were satisfactorily resolved. The Stakeholders Relationship Committee of the Company specifically looks into various aspects of interest of shareholders, and other security holders of the Company.

During financial year 2019-2020 no complaints pertaining to sexual harassment were received by the Company. Similarly, the Company has not received any complaint about unethical behavior, actual or suspected fraud or

## Business Responsibility Report

violation of the Code of Conduct or any other unethical or improper activity under Whistle Blower Policy/Vigil Mechanism of the Company.

The Company has received 10 complaint from other customers, which have been resolved.

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company has installed pollution control equipments to control emission. The company processes the waste generated to reuse it or to make it reusable by others.

- Iron ore Pellets - The waste generated in the production is fully recycled. The Tar and Ash generated from Gasifiers is sold for use in production process by customers. The ESP dust is recycled. The accretion of the Kiln is also processed and recycled in production of other products in the company to recover Fe content thereof.
- DRI/Sponge Iron - The Company uses waste heat for production of electricity. The fly ash is used in brick making. The Kiln accretion is reprocessed for recovery of Fe content. The water is treated and recycled in production process. Bag filter dust is also sold to customers for use in production process of their products.
- Ferro Alloys - The slag generated is granulized and used in brick making. The ESP and GSP Dust is recycled to recover Mn and Fc content thereof.
- Fly Ash Bricks - The Company produces bricks using waste generated from production of different products which replace red bricks, which is hazardous to the environment. The company has increased production capacity over years to fully utilize the waste. In the year 2019-20 the company produced 1.86 lakh MTs of bricks.

- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Being a natural resource Company, there is intensive need for resources – water, energy and raw materials, in our operations. We are also in continuous need for fuel and electricity, which places us amongst the energy intensive industries. We therefore recognize the impact of our operations on the environment and adopt strategies to minimize our resource use in all our processes. To further channelize our endeavours, we consciously track usage of these resources – water, energy and raw materials, throughout our operations to keep the usage to minimum levels and focus on recycling these resources to the maximum possible extent.

- Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The details are as under:

#### Power

Product	UOM	Reduction achieved in consumption, PMT of production in 2019-20 as compared to F.Y. 2018-19
Sponge Iron	Kwh/MT	6.84
Billet	Kwh/MT	6.86
Wire Rod	Kwh/MT	8.67
HB Wire	Kwh/MT	0.88

#### Water

Product	UOM	Reduction achieved in consumption, PMT of production in 2019-20 as compared to F.Y. 2018-19
Sponge Iron	Ltr/MT	41
Billet	Ltr/MT	33
Power	Ltr/MW	343

## Business Responsibility Report

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has a structured procedure for sourcing to ensure raw materials are sourced in an optimal sustainable manner. The Company procures key raw material like Iron-Ore from Odisha and its own mines at Dongarbore, Chhattisgarh. The sourcing of raw materials like iron ore and coal was made through rail and road transport with the material being covered suitably to avoid spillage and dust generation. Priority is given to sourcing by rail for reduced emission. Multiple handling is avoided to the extent possible. Operations have been vertically integrated to reduce transportation and waste of heat.

At material handling areas for coal and iron ore - water sprinklers have been installed; while bag filters are installed at ferro alloys division. Fly ash is transported in bulkers.

In financial year 2019-2020 majority of inputs of the Company were sourced sustainably.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company promotes procurement of goods and services from local vendors and small producers. This is primarily for hiring equipment and services, as well as procuring minor raw materials, stationary items and food supplies. For example, the Company has hired local contractors for cargo handling equipment, dozers, dumpers etc. It also recruits workers from local communities for operation and maintenance of its plants. Minor fabrication works and materials are also sourced from local suppliers. The Company continuously builds and improves the skills and capacity of local contractors through periodic vendor development programmes.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has mechanism to recycle most of its waste for which it has been pursuing programme titled **“Waste to Wealth”**. Waste is recycled to recover residual metal and remaining waste is used in civil construction / brick making. Fly ash is also supplied to cement plants for use in production process.

### Principle 3 : Businesses should promote the well-being of all employees

Our employees are our key assets and our growth and success are attributable to them. Our people strategy is founded on this belief and is designed to recruit, develop and retain the talented workforce that run our businesses. We are committed to providing our employees with a safe and healthy work environment through a high degree of engagement and empowerment, supported with adequate training and workshops, we enable them to realize their full potential, creating a high-performance work culture. We also focus on effectively utilizing and grooming talent by appropriately rotating them across businesses for experience in new roles and to prepare them to take up various key positions in the future. The Company supports brilliant children of employees to pursue higher studies. The Company has also taken medical insurance for well-being of employees.

1	Total number of permanent employees	1,217	
2	Total number of employees hired on temporary/contractual/casual basis	2,602	
3	Number of permanent women employees	7	
4	Number of permanent employees with disabilities	NIL	
5	Do you have an employee association that is recognized by management	NO	
6	Percentage of your permanent employees is members of this recognized employee association	NA	
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year	No complaints relating to child labour, forced labour, involuntary labour, sexual harassment were received during the F.Y. 2019-20.	
8	Percentage of under mentioned employees who were given safety & skill up- gradation training in the last year	a) Permanent Employees	63.01%
		b) Permanent Women Employees	57.14%
		c) Casual/Temporary/Contractual Employees	70.98%
		d) Employees with Disabilities	NA

## Business Responsibility Report

### Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. The Company has mapped its stakeholders and the key stakeholders are as follows:

- a) Government and regulatory authorities
- b) Investors and Shareholders
- c) Employees
- d) Customers
- e) Local Communities
- f) Suppliers/contractors
- g) Lenders
- h) Displaced families

Mapping of various mechanisms and practices with stakeholders will be formally established in due course.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes. The Company has identified such stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company has implemented programmes to improve their livelihood. One such area is operation of Mobile hospital with doctors and medicine in remote areas through-out the year. Support to NGOs providing services to marginalized stakeholders such as Friends of Tribal Society/Support to affordable Schools.

### Principle 5: Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The policy of the Company on human rights cover extends to the Group, Joint Ventures, Suppliers, Contractors, NGOs.

All its business partners (Suppliers, Contractors, NGOs) are contractually obliged to respect human rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The details of complaints received, resolved and pending as on the end of the F.Y. are as under:

Complaint from	Received	Resolved	Pending as on 31.03.2020
Shareholders	14	14	NIL
Customers	10	10	NIL

The Company has not received any other complaint during financial year 2019-20.

### Principle 6 : Businesses should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The policy related to Principle 6 extends to the Group, Joint Ventures and Contractors.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage, etc.

The Company understands the global issue of climate change and takes suitable actions to address it. The Company is committed to -

- i. Addressing environmental issues through efficient use of natural resources, promote use of renewable energy, minimization of wastes, water management, protecting the biodiversity and reducing carbon foot print.
- ii. Effective implementation of environmental management system to prevent, mitigate and control environmental damages.

## Business Responsibility Report

The Company has taken extensive plantation in and around the plant premises to maintain / increase the green cover. The company is promoting renewable power and hydropower project promoted by the company is registered as CDM project. The waste heat recovery is another major step in this direction. The company is also examining feasibility to recover waste heat from ferro alloys process. Another step is installation of VVF drives and use of LED lighting system in place of conventional lighting system.

3. Does the Company identify and assess potential environmental risks? Y/N

Yes. The Company assesses the potential impacts of its operations on the environment through the implementation of the policy on Conservation and Preservation of the Environment. Potential environmental risks are identified, steps are taken to measure and mitigate the risk.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Yes, the hydro power project promoted by the Company is registered under CDM.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page, etc.

Yes, the Company has installed gasifiers for cleaner use of coal. WHR boilers for use of waste heat, upgraded ESP for reduced emission. Installed solar and hydropower projects. More details can be found on our website [www.seml.co.in](http://www.seml.co.in)

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the emissions/waste generated by the Company are within the permissible limits prescribed by CPCB / SPCB and are monitored constantly.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No show cause/legal notices issued to the Company were pending as at the end of F.Y. 2019-2020.

### Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

We are a member of various trade/chamber associations, major among them being the Confederation of Indian Industry (CII), Sponge Iron Manufacturers Association (SIMA), Chhattisgarh Sponge Iron Manufacturers Association (CGSIMA), Indian Ferro Alloys Producers Association (IFAPA) and the likes.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

Yes, the Company is actively involved in the following areas for advocating public good:

- Blood Donation camps
- Safety and Skill Development
- Energy and Raw Material Security
- Sustainable Business principles
- Governance
- Economic Reforms
- Inclusive development policies

### Principle 8 : Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, as a responsible corporate citizen, the Company focuses on ethical and transparent business practices, with inclusive community development lying at the core of its social initiatives. The focus of our community investment initiatives is on social development programmes, especially integrated development, which impacts the overall socio-economic growth and empowerment of people, in keeping with the national and international development agendas. One such initiative is support to 90 Single teacher schools and mobile hospital in deep remote areas starved of basic necessities.

## Business Responsibility Report

The Company has voluntarily adopted a Corporate Social Responsibility (CSR) policy which governs the CSR activities of the Company are governed as per the said policy. During the year 2019-20, the Company has spent ₹ 4.85 crore on social initiatives including quality/affordable education, healthcare, rural development activities, etc. The Company has also supported various activities and support programs in the fight against COVID-19 pandemic. For further details, Members are requested to refer the annual report on CSR activities annexed as Annexure G to the Directors' Report.

- Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

We implement our programmes directly through our Corporate Social Responsibility team and also in association with government and NGOs. We also actively encourage our own employees to contribute towards these social initiatives.

- Have you done any impact assessment of your initiative?

Yes

- What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The total amount spent on all CSR activities and projects during the FY 2019-2020 was ₹ 4.85 crore. The major thrust areas for our programmes are – a) Healthcare b) Education c) Environment d) Women empowerment e) Art & Culture f) Livelihood projects g) Sports h) Rural Development projects i) Support to programmes of national importance including but not limited to disaster mitigation, relief and rehabilitation

- Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Most of our programmes emerge from a community requirement assessment, endorsed by Gram Panchayats and are delivered in close partnership with them. We have taken steps to ensure that the beneficiaries of the support are in true sense the needy people. The Company regularly engages with nearby villagers to ensure community development programs adopted by the respective beneficiaries are achieved with maximum possible benefits to the community.

### Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner

- What percentage of customer complaints/consumer cases are pending as on the end of financial year?

No complaints pending at the end of FY 2019-2020

- Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

The Company's products do not have any mandatory labelling requirements. However, the Company provides test certificates issued by in house testing lab and sometimes from the certified third parties containing quality parameters, as well as the chemical and physical properties of the product. The above information is also available in product brochures that are given to customers. One of the company's lab is NABL accredited Lab.

- Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No case was filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and as accordingly, no such case is pending as on end of financial year.

- Did your Company carry out any consumer survey/ consumer satisfaction trends?

Feedback is a continuous process at our operations, and we leverage feedback for continual improvement in product and service quality, for benchmarking ourselves with industry standards and identifying scope and future opportunities to increase customer value. The Company's Management regularly reviews the feedback/ suggestions received by its marketing team.



## Independent Auditors' Report

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

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of **Sarda Energy & Minerals Limited** ('the Company'), which comprise the balance sheet as at 31st March, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance but does not include standalone financial statements and our auditors report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;

## Independent Auditors' Report

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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Independent Auditors' Report

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore key audit matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 financial statements comply with the Ind AS 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - (g) with respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in with accordance with the provisions of Section 197 of the Act; and
  - (h) 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, as amended, 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 financial statements – Refer Note 41 to the standalone financial statements;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**Per Naitik Agrawal**  
*Partner*

Membership No.441441  
UDIN : 20441441AAAAAD5048

Raipur, 20th June, 2020

## Annexure 'A' Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March, 2020, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant & equipment.
- (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 & equipment to the standalone 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 six 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 Order is 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 Act, 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, goods & services tax, duty of customs, cess and any other statutory dues with the appropriate authorities. Further, no undisputed amounts of statutory dues as stated above were in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods & services tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute except the following cases:

## Annexure 'A' Independent Auditors' Report

Name of the Statute	Nature of the Dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	0.21	Mar 1986 to Oct 1988	At M.P. High Court
Central Excise Act, 1944	Excise Duty	0.08	Mar 1989 to Aug 1989	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	8.08	2015-16	Customs Excise & Service Tax Appellate Tribunal
	Penalty	8.09		
Central Sales Tax Act & Sales Tax Acts of Various states and Entry Tax Act, 1976	Value Added Tax, Central sales tax and Entry tax.	9.45	2006-07 to 2014-15	Appellate Authorities upto Commissioner and High Court level
Income Tax Act, 1961	Income Tax	2.68	A.Y. 2017-18	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income Tax	10.45	A.Y. 2018-19	Assist. Commissioner of Income Tax
Chhatisgarh Upkar Adhiniyam, 1981	Energy Development Cess	66.69	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 Order, is 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 Act.
- (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 Order, is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (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 Order, is not applicable to the Company.
- (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 Order is 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 Order, is not applicable to the Company.

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

**Per Naitik Agrawal**  
Partner

Membership No.441441

UDIN : 20441441AAAAAD5048

Raipur, 20th June, 2020

## Annexure 'B' Independent Auditors' Report

### Report on the Internal Financial Controls Over Financial Reporting 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, 2020 in conjunction with our audit of the standalone 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 ICAI. 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 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 standalone 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

## Annexure 'B' Independent Auditors' Report

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.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2020, 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 ICAI.

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

**Per Naitik Agrawal**  
*Partner*

Membership No.441441  
UDIN : 20441441AAAAAD5048

Raipur, 20th June, 2020

## Balance Sheet as at 31st March, 2020

(₹ in Crore)

	Note	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Property, Plant & Equipment		496.73	523.25
(b) Capital work-in-progress	2	26.11	19.05
(c) Investment Property		43.42	43.63
(d) Other Intangible Assets		2.75	3.11
(e) Intangible Assets under development		8.55	8.43
(f) Financial Assets			
(i) Investments	3	806.76	668.35
(ii) Other Financial Assets	4	2.03	18.85
(g) Other Non-current Assets	5	17.81	15.76
		<b>1,404.16</b>	<b>1,300.43</b>
<b>(2) Current Assets</b>			
(a) Inventories	6	369.68	300.44
(b) Financial Assets			
(i) Investments	7	41.90	52.42
(ii) Trade receivables	8	62.20	39.03
(iii) Bank, Cash & cash equivalents	9	3.24	1.18
(iv) Bank balances other than (iii) above	10	0.71	1.50
(v) Loans	11	408.97	326.44
(c) Other Current Assets (net)		0.82	-
(d) Other Current Assets	12	90.11	59.21
		<b>977.63</b>	<b>780.22</b>
<b>TOTAL ASSETS</b>		<b>2,381.79</b>	<b>2,080.65</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	13	36.05	36.05
(b) Other Equity		1,695.42	1,529.60
<b>Total Equity</b>		<b>1,731.47</b>	<b>1,565.65</b>
<b>Liabilities</b>			
<b>(1) Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	259.07	97.95
(ii) Other financial liabilities	15	2.16	2.53
(b) Provisions	16	2.50	2.72
(c) Deferred tax liabilities (Net)	17	42.54	62.14
		<b>306.27</b>	<b>165.34</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	106.25	175.27
(ii) Trade Payables			
(a) Total outstanding dues of micro and small enterprises		1.78	1.37
(b) Total outstanding dues of creditors other than micro and small enterprises		135.69	88.17
(iii) Other financial liabilities	19	83.08	47.86
(b) Other current liabilities	20	10.68	18.90
(c) Provisions	21	6.57	7.26
(d) Current tax liabilities (net)		-	10.83
		<b>344.05</b>	<b>349.66</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,381.79</b>	<b>2,080.65</b>

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

**Naitik Agrawal**

Partner

Membership No. 441441

Raipur

20th June, 2020

**K. K. Sarda**

Chairman &amp; Managing Director

DIN: 00008170

Raipur

20th June, 2020

**P. K. Jain**

Wholetime Director &amp; CFO

DIN: 00008379

**Manish Sethi**

Company Secretary



## Statement of Profit & Loss for the year ended 31st March, 2020

(₹ in Crore)

	Note	Year Ended 31.03.2020	Year Ended 31.03.2019
I. Revenue from operations	22	1,423.91	1,653.39
II. Other income	23	60.74	31.93
<b>III. Total Revenue (I + II)</b>		<b>1,484.65</b>	<b>1,685.32</b>
<b>IV. Expenses</b>			
Cost of materials consumed	24	903.42	992.57
Purchases of Stock-in-Trade		17.08	47.83
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(0.14)	(13.47)
Employee benefits expense	26	67.97	68.70
Finance costs	28	35.70	35.13
Depreciation and amortization expense	2	51.35	49.96
Other expenses	29	195.45	183.30
<b>Total Expenses</b>		<b>1,270.83</b>	<b>1,364.02</b>
<b>V. Profit before Exceptional Items and Tax (III - IV)</b>		<b>213.82</b>	<b>321.30</b>
<b>VI. Exceptional items (Income) / Expense</b>		<b>-</b>	<b>-</b>
<b>VII. Profit Before Tax (V - VI)</b>		<b>213.82</b>	<b>321.30</b>
<b>VIII. Tax expense</b>			
(1) Current tax		51.25	107.80
(2) Deferred tax		(19.74)	(1.35)
<b>IX. Profit for the period (VII - VIII)</b>		<b>182.31</b>	<b>214.85</b>
<b>Other comprehensive income for the year, net of tax</b>	32		
Items that will not be reclassified to profit or loss		1.63	(0.51)
Income tax relating to items that will not be reclassified to profit or loss		(0.13)	0.18
Items that will be reclassified to profit or loss		0.04	0.54
Income tax relating to items that will be reclassified to profit or loss		(0.01)	(0.09)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>183.84</b>	<b>214.97</b>
<b>X. Earnings per equity share</b>	31		
Basic		50.57	59.59
Diluted		50.57	59.59

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

**Naitik Agrawal**

Partner

Membership No. 441441

Raipur

20th June, 20200

**K. K. Sarda**

Chairman &amp; Managing Director

DIN: 00008170

Raipur

20th June, 2020

**P. K. Jain**

Wholetime Director &amp; CFO

DIN: 00008379

**Manish Sethi**

Company Secretary

## Statement of Changes in Equity for the year ended 31st March, 2020

(₹ in Crore)

**a Equity Share Capital**

For the year ended 31st March, 2019	Balance at April 1, 2018	Changes in equity share capital during the year	Balance at March 31, 2019
	36.05	-	36.05
For the year ended 31st March, 2020	Balance at April 1, 2019	Changes in equity share capital during the year	Balance at March 31, 2020
	36.05	-	36.05

**b Other Equity**

	Reserves and Surplus				OCI		Total other equity
	Capital Reserve	Securities Premium (*)	General Reserve (**)	Retained Earnings	Equity Instruments through Other Comprehensive Income	Remeasurements of the defined benefit plans	
Balance as of April 1, 2018	4.04	194.01	171.83	962.27	-	0.50	<b>1,332.65</b>
Other Comprehensive Income	-	-	-	-	0.45	(0.33)	<b>0.12</b>
Profit for the year	-	-	-	214.85	-	-	<b>214.85</b>
Dividends	-	-	-	(18.02)	-	-	<b>(18.02)</b>
<b>Balance as of March 31, 2019</b>	<b>4.04</b>	<b>194.01</b>	<b>171.83</b>	<b>1,159.10</b>	<b>0.45</b>	<b>0.17</b>	<b>1,529.60</b>
Balance as of April 1, 2019	4.04	194.01	171.83	1,159.10	0.45	0.17	<b>1,529.60</b>
Other Comprehensive Income	-	-	-	-	0.03	1.50	<b>1.53</b>
Profit for the year	-	-	-	182.31	-	-	<b>182.31</b>
Dividends	-	-	-	(18.02)	-	-	<b>(18.02)</b>
<b>Balance as of March 31, 2020</b>	<b>4.04</b>	<b>194.01</b>	<b>171.83</b>	<b>1,323.39</b>	<b>0.48</b>	<b>1.67</b>	<b>1,695.42</b>

(\*) Securities premium is used to record the premium received on issue of shares. It is to be utilised in accordance with the provisions of Companies Act, 2013.

(\*\*) General Reserve is available for payment of dividend to the shareholders as per the provisions of Companies Act, 2013.

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

**Naitik Agrawal**  
Partner  
Membership No. 441441  
Raipur  
20th June, 2020

**K. K. Sarda**  
Chairman & Managing Director  
DIN: 00008170  
Raipur  
20th June, 2020

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

**Manish Sethi**  
Company Secretary

## Cash Flow Statement for the year ended 31st March, 2020

(₹ in Crore)

	Year ended 31.03.2020	Year ended 31.03.2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax as per statement of Profit & Loss	213.82	321.30
<b>Adjustments to reconcile profit before tax to cash generated by operating activities</b>		
Depreciation and amortization expense	51.35	49.96
Finance Costs	35.70	35.13
Exchange differences on translation of assets and liabilities	5.27	(0.65)
Loss pertaining to scraping of assets	0.30	0.72
Allowance/(Reversal) for credit losses on financial assets	(0.06)	(0.21)
Interest Income	(39.48)	(28.28)
Corporate Guarantee Commission	(0.67)	(0.46)
Net (Gain)/Loss on investments pertaining to Fair valuation	10.57	20.42
Dividend income	(18.04)	(18.44)
(Profit) / Loss on sale of investments	(0.27)	(0.01)
(Profit) / Loss on sale of PPE	(0.04)	1.36
Share of (Profit)/loss in Partnership Firm	(12.57)	(6.00)
<b>Changes in assets and liabilities</b>		
Trade Receivables	(23.11)	23.13
Inventories	(69.23)	3.32
Trade Payables	43.59	(37.22)
Loans and advances and other assets	(10.59)	16.76
Liabilities and provisions	24.45	(11.41)
	<b>210.99</b>	<b>369.42</b>
Income Tax Paid (Net of Refund)	(59.18)	(108.73)
<b>NET CASH (USED)/GENERATED IN OPERATING ACTIVITIES</b>	<b>151.81</b>	<b>260.69</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in PPE including capital advances	(37.88)	(44.11)
Sale proceeds of PPE	0.37	2.64
Investment made in Subsidiaries	(125.23)	(42.46)
Other Investments (made)/liquidated	0.28	0.18
Loan repaid by/(given) to Subsidiaries	(92.82)	(44.81)
Loan repaid by/(given) to Others	39.54	(69.15)
Interest received	6.77	1.51
Dividend received	18.04	18.44
<b>NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES</b>	<b>(190.93)</b>	<b>(177.76)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	189.35	10.04
Repayment of long term borrowings	(23.84)	(30.03)
Short term borrowings (net)	(69.83)	(10.57)
Finance cost	(36.48)	(34.15)
Dividend & dividend tax paid	(18.02)	(18.02)
<b>NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES</b>	<b>41.18</b>	<b>(82.73)</b>
<b>Increase/( decrease) in Cash and Cash equivalents ( A+B+C)</b>	<b>2.06</b>	<b>0.20</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2.06</b>	<b>0.20</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1.18	0.98
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>3.24</b>	<b>1.18</b>

## Cash Flow Statement for the year ended 31st March, 2020

(₹ in Crore)

	Year ended 31.03.2020	Year ended 31.03.2019
<b>Supplementary Information</b>		
Restricted Cash Balance	0.71	1.50
Increase/( decrease) in Cash and Cash equivalents	2.06	0.20
<b>Notes</b>		
<b>(a) Cash and cash equivalent include the following</b>		
Cash on Hand	0.32	0.23
Balances with Scheduled banks	2.92	0.95
	<b>3.24</b>	<b>1.18</b>
<b>(b) Previous Year figures have been recasted / restated wherever necessary</b>		
<b>(c) Figures in brackets represents outflows</b>		

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

**Naitik Agrawal**  
Partner  
Membership No. 441441  
Raipur  
20th June, 2020

**K. K. Sarda**  
Chairman & Managing Director  
DIN: 00008170  
Raipur  
20th June, 2020

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

**Manish Sethi**  
Company Secretary

## Notes to financial statements for the year ended 31st March, 2020

### 1 SIGNIFICANT ACCOUNTING POLICIES

(₹ in crore, 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.

#### 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 crore.

#### 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 control over the goods 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

###### 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.

###### 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.

## Notes to financial statements for the year ended 31st March, 2020

### 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 & Machinery or subsequently which are capitalized and added in the carrying amount of such item are depreciated over the residual useful life of the related plant and machinery or their useful life whichever 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 recognized as a separated 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.

### 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.

## Notes to financial statements for the year ended 31st March, 2020

### 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 recognized 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 GST credits availed) on moving average basis and net realizable value whichever is lower.
- ii) Raw Materials are carried at cost (GST 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.

### 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.

## Notes to financial statements for the year ended 31st March, 2020

### 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 of 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 recognized 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

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.

#### Financial instruments measured at fair value through profit and loss

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 assets) is primarily derecognized when:



## Notes to financial statements for the year ended 31st March, 2020

- 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 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 recognized 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.

#### 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.

## Notes to financial statements for the year ended 31st March, 2020

### 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 analyzed.

#### 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.

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.

## Notes to financial statements for the year ended 31st March, 2020

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 utilised. 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.

### 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 purposes 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.

## Notes to financial statements for the year ended 31st March, 2020

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.

### 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

## Notes to financial statements for the year ended 31st March, 2020

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.

#### 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 intersegment 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.

## Notes to financial statements for the year ended 31st March, 2020

## 2 PROPERTY, PLANT &amp; EQUIPMENT

(₹ in Crore)

	Gross Block				Depreciation				Net Block	
	As on 01.04.2019	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2020	Up to 01.04.2019	Depreciation for the year	Transfer / Adjustment	As on 31.03.2020	As on 31.03.2020	As on 31.03.2019
Freehold Land	8.96	-	-	8.96	-	-	-	-	8.96	8.96
Leasehold Land	8.52	-	-	8.52	0.38	0.09	-	0.47	8.05	8.14
Building	141.14	3.40	-	144.54	31.10	7.87	-	38.97	105.57	110.04
Plant & Machinery	538.59	19.58	0.55	557.62	149.81	40.38	0.25	189.94	367.68	388.78
Furniture, Fixture & Equipment	5.50	1.07	0.13	6.44	3.37	0.80	0.08	4.09	2.35	2.13
Vehicles	9.60	0.77	0.55	9.82	4.41	1.62	0.33	5.70	4.12	5.20
<b>Total</b>	<b>712.31</b>	<b>24.82</b>	<b>1.23</b>	<b>735.90</b>	<b>189.07</b>	<b>50.76</b>	<b>0.66</b>	<b>239.17</b>	<b>496.73</b>	<b>523.25</b>

## INVESTMENT PROPERTY

Freehold Land-IP	32.06	-	-	32.06	-	-	-	-	32.06	32.06
Admin Bidg- IP	12.40	-	-	12.40	0.82	0.21	-	1.04	11.37	11.57
<b>Total</b>	<b>44.46</b>	<b>-</b>	<b>-</b>	<b>44.46</b>	<b>0.82</b>	<b>0.21</b>	<b>-</b>	<b>1.04</b>	<b>43.42</b>	<b>43.63</b>

## OTHER INTANGIBLE ASSETS

Software	1.88	-	-	1.88	1.10	0.18	-	1.28	0.60	0.78
Minig Rights & Development	3.08	-	-	3.08	0.74	0.19	-	0.93	2.15	2.34
<b>Total</b>	<b>4.96</b>	<b>-</b>	<b>-</b>	<b>4.96</b>	<b>1.84</b>	<b>0.37</b>	<b>-</b>	<b>2.21</b>	<b>2.75</b>	<b>3.12</b>

## 2 PROPERTY, PLANT &amp; EQUIPMENT

	Gross Block				Depreciation				Net Block	
	As on 01.04.2018	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2019	Up to 01.04.2018	Depreciation for the year	Transfer / Adjustment	As on 31.03.2019	As on 31.03.2019	As on 31.03.2018
Freehold Land	8.46	0.75	0.25	8.96	-	-	-	-	8.96	8.46
Leasehold Land	8.52	-	-	8.52	0.28	0.09	(0.01)	0.38	8.14	8.24
Building	135.97	7.89	2.72	141.14	23.63	7.56	0.09	31.10	110.04	112.34
Plant & Machinery	507.50	37.24	6.15	538.59	112.62	38.78	1.59	149.81	388.78	394.88
Furniture, Fixture & Equipment	4.53	0.99	0.02	5.50	2.43	0.95	0.01	3.37	2.13	2.10
Vehicles	8.64	2.02	1.05	9.61	3.23	1.93	0.75	4.41	5.20	5.41
<b>Total</b>	<b>673.62</b>	<b>48.89</b>	<b>10.19</b>	<b>712.32</b>	<b>142.19</b>	<b>49.31</b>	<b>2.43</b>	<b>189.07</b>	<b>523.25</b>	<b>531.43</b>

## INVESTMENT PROPERTY

Freehold Land-IP	31.14	0.66	(0.25)	32.06	-	-	-	-	32.06	31.14
Admin Bidg- IP	9.72	-	(2.69)	12.40	0.53	0.21	(0.08)	0.82	11.57	9.19
<b>Total</b>	<b>40.86</b>	<b>0.66</b>	<b>(2.94)</b>	<b>44.46</b>	<b>0.53</b>	<b>0.21</b>	<b>(0.08)</b>	<b>0.82</b>	<b>43.63</b>	<b>40.33</b>

## OTHER INTANGIBLE ASSETS

Software	1.87	0.01	-	1.88	0.85	0.25	-	1.10	0.78	1.02
Minig Rights & Development	3.08	-	-	3.08	0.56	0.19	-	0.74	2.34	2.53
<b>Total</b>	<b>4.95</b>	<b>0.01</b>	<b>-</b>	<b>4.96</b>	<b>1.41</b>	<b>0.44</b>	<b>-</b>	<b>1.84</b>	<b>3.12</b>	<b>3.55</b>

## Notes to financial statements for the year ended 31st March, 2020

### 3 NON CURRENT ASSETS - FINANCIAL ASSET - INVESTMENTS

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>A. Investments in Equity Instruments</b>		
<b>Subsidiary Companies - Unquoted (at cost)</b>		
(a) 10,00,000 (P.Y. 10,00,000) Equity Shares of Sarda Energy & Minerals HongKong Limited of HK\$ 1.00 each	0.56	0.56
(b) 30,85,100 (P.Y. 10,85,100) Equity Shares of Sarda Global Venture Pte Limited of US\$ 1.00 each	20.75	6.61
(c) 7,16,307 (P.Y. 7,16,307) Equity Shares of Sarda Energy Limited of ₹ 10/- each	74.60	74.60
(d) 2,10,16,000 (P.Y. 2,10,16,000) Equity Shares of Sarda Metals & Alloys Limited of ₹ 10/- each	212.16	211.41
(e) 16,19,61,080 (P.Y. 12,36,64,040) Equity Shares of Madhya Bharat Power Corporation Limited of ₹ 10/- each	399.83	304.09
(f) 7,83,182 (P.Y. 7,83,182) Equity Shares of Parvatiya Power Private Limited of ₹ 10/- each	7.84	7.84
(g) 7,155 (P.Y. 7,155) Equity Shares of Natural Resources Energy Private Limited of ₹ 10/- each	0.01	0.01
(h) 1,000 (P.Y. 200) Equity Shares of Sarda Gobal Trading DMCC of AED 1,000 each	1.88	0.36
<b>In Joint Ventures (at cost)</b>		
(a) 1,30,800 (P.Y. 1,30,800) Equity Shares of Raipur Infrastructure Company Private Limited of ₹ 10/- each	2.11	2.11
(b) 1,30,742 (P.Y. 1,30,742) Equity Shares of Madanpur South Coal Company Limited of ₹ 10/- each	1.83	1.83
<b>B. Investments in LLP (at cost)</b>		
(a) Shri Ram Electrierty LLP	3.53	3.53
(b) Chattisgarh Hydro Power LLP	79.80	53.53
(c) Sarda Hydro Power LLP	0.30	0.30
<b>C. In Other companies-Carried at FVTOCI</b>		
4,85,000 (P.Y. 4,85,000) Equity Shares of Chhattisgarh Ispat Bhumi Limited	1.45	1.41
<b>D. Investments in Mutual Funds - Carried at FVTPL</b>		
1,49,980 units (P.Y. 1,49,990 units) of KBC Mutual Fund	0.11	0.16
	<b>806.76</b>	<b>668.35</b>
<b>Aggregate amount of quoted investment and market value thereof-</b>		
Aggregate book value of quoted investments	0.11	0.16
Aggregate market value of quoted investments	0.11	0.16
Aggregate value of unquoted investments	806.65	668.18
Investment carried at cost	805.20	666.77
Investment carried at fair value through OCI	1.45	1.41
Investment carried at fair value through Profit & Loss	0.11	0.16

(i) The Company, in its capacity as promoter, has pledged 14,54,70,000 shares of Madhya Bharat Power Corporation Limited and 1,07,18,160 shares of Sarda Metals & Alloys Limited as security for loans availed by the entities.

## Notes to financial statements for the year ended 31st March, 2020

### 4 NON CURRENT ASSETS - FINANCIAL ASSETS - OTHER FINANCIAL ASSETS

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
<b>Security Deposits</b>		
Unsecured, considered good	2.03	18.85
	<b>2.03</b>	<b>18.85</b>

### 5 OTHER NON CURRENT ASSETS

	As at 31st March, 2020	As at 31st March, 2019
(a) <b>Capital Advances</b>		
Unsecured, considered good	12.76	6.95
(b) <b>Advances other than capital advances</b>		
Unsecured, considered good		
(i) Security Deposits		
Unsecured, considered good	0.69	0.70
(ii) Other loans and advances		
Advance income tax	0.81	4.53
Prepaid expenses	0.13	0.24
Balances with Revenue Authorities	3.42	3.34
	<b>17.81</b>	<b>15.76</b>

### 6 INVENTORIES (valued at lower of cost and net realisable value)

	As at 31st March, 2020	As at 31st March, 2019
(a) Raw Material	206.41	140.57
(b) Finished / semi finished goods	133.93	133.77
(c) Stock-in-Trade	0.02	0.04
(d) Stores and spares	29.32	26.06
	<b>369.68</b>	<b>300.44</b>

### 7 CURRENT ASSETS - FINANCIAL ASSETS - INVESTMENTS

	As at 31st March, 2020	As at 31st March, 2019
Investments in Equity Instruments-Carried at FVTPL		
In Other Companies		
32,813 (P.Y. 32,813) Equity Shares of Abhishek Mills Limited	0.00	0.00
15,00,000 (P.Y. 15,00,000) Equity Shares of Canfin Homes Limited	41.86	52.32
3,688 (P.Y. 3,688) Equity Shares of Indian Metals & Ferro Alloys Limited	0.04	0.10
	<b>41.90</b>	<b>52.42</b>
Aggregate amount of quoted investments and market value thereof	41.90	52.42



## Notes to financial statements for the year ended 31st March, 2020

### 8 CURRENT ASSETS - FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	62.20	39.03
Trade receivables which have significant increase in Credit Risk	2.95	2.56
Trade receivable - credit impaired	0.06	0.15
Less: Provision for trade receivables considered good which have significant credit risk and credit impaired	(3.01)	(2.71)
	<b>62.20</b>	<b>39.03</b>

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

### 9 CURRENT ASSETS - FINANCIAL ASSETS - BANK, CASH & CASH EQUIVALENTS

	As at 31st March, 2020	As at 31st March, 2019
Balances with banks		
In current accounts	1.02	0.95
FDR with Bank (Bank Deposits with original maturity up to 3 months)	1.90	-
Cash on hand	0.32	0.23
	<b>3.24</b>	<b>1.18</b>

For the purpose of cash flow statement, cash and cash equivalents comprise of:

	As at 31st March, 2020	As at 31st March, 2019
Balances with banks		
- In current accounts	1.02	0.95
- Bank Deposits with original maturity of upto 3 months	1.90	-
Cash on hand	0.32	0.23
	<b>3.24</b>	<b>1.18</b>

### 10 CURRENT ASSETS - FINANCIAL ASSETS - OTHER BANK BALANCES

	As at 31st March, 2020	As at 31st March, 2019
Unpaid dividend	0.71	1.50
	<b>0.71</b>	<b>1.50</b>

### 11 CURRENT ASSETS - FINANCIAL ASSETS - LOANS

	As at 31st March, 2020	As at 31st March, 2019
(a) <b>Loans and advances to related parties</b>		
Unsecured, considered good	344.99	263.92
(b) <b>Other loans</b>		
Unsecured, considered good		
(i) Earnest money deposit	1.29	1.96
(ii) Loans to employees	0.14	0.10
(iii) Loans and advances to other parties	61.96	57.05
(iv) Claims & recoverables	0.59	3.41
	<b>408.97</b>	<b>326.44</b>

## Notes to financial statements for the year ended 31st March, 2020

### 12 OTHER CURRENT ASSETS

(₹ in Crore)

	As at 31st March, 2020		As at 31st March, 2019	
<b>Advances other than capital advances</b>				
(a) Other Advances				
(i) Employee Advance		0.04		0.04
(ii) Advances to vendors		83.20		53.41
(b) Other Advances				
(i) Advance royalty paid		0.39		3.41
(ii) Prepaid expenses		1.22		0.61
(iii) Balances with tax authorities		5.25		1.73
(iv) Others		0.01		0.01
		<b>90.11</b>		<b>59.21</b>

### 13 EQUITY SHARE CAPITAL

	As at 31st March, 2020		As at 31st March, 2019	
	No.	₹ in crore	No.	₹ in crore
<b>A Authorized</b>				
Equity Shares of ₹ 10/- each	5,00,00,000	50.00	5,00,00,000	50.00
<b>Issued, Subscribed and fully paid up</b>				
Equity Shares of ₹ 10/- each	3,60,49,235	36.05	3,60,49,235	36.05
	<b>3,60,49,235</b>	<b>36.05</b>	<b>3,60,49,235</b>	<b>36.05</b>

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

	As at 31st March, 2020		As at 31st March, 2019	
	No.	₹ in crore	No.	₹ in crore
Number of shares outstanding at the beginning of the period	3,60,49,235	36.05	3,60,49,235	36.05
Add: During the Period	-	-	-	-
Number of shares outstanding at the end of the period	<b>3,60,49,235</b>	<b>36.05</b>	<b>3,60,49,235</b>	<b>36.05</b>

#### 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, 2020		As at 31st March, 2019	
	Number of shares	%	Number of shares	%
Chhatisgarh Investments Limited	1,38,78,760	38.50%	1,38,78,760	38.50%
Sarda Agriculture & Properties Private Limited	26,35,150	7.31%	26,35,150	7.31%

## Notes to financial statements for the year ended 31st March, 2020

- E In the period of five years immediately preceding 31st March, 2020, 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 96,882 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.

### 14 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

(₹ in Crore)

	Non-Current portion		Current Maturities	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
	₹	₹	₹	₹
<b>Term loans (Secured)</b>				
from banks				
Indian Rupee Loan	259.07	97.95	25.42	21.68
	<b>259.07</b>	<b>97.95</b>	<b>25.42</b>	<b>21.68</b>

#### 1) Nature of security :

- Term Loans from Bank 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.
- Besides this, the Term Loan from Banks are also secured by unconditional and irrevocable personal guarantees of Mr. K. K. Sarda, Mr. Manish Sarda & Mr. Pankaj Sarda.

#### 2) Repayment terms :

- Rupee term loan of ₹ 147.97 crore (Present Outstanding ₹ 73.96 crore) from Banks is payable in 32 equal quarterly installments starting from June 2016.
- Rupee term loan -II of ₹ 36.91 crore (Present Outstanding ₹ 24.51 crore) from Union Bank of India is payable in 28 equal quarterly installments starting from Dec. 2018.
- Rupee term loan of ₹ 91.35 crore (Present Outstanding ₹ 91.35 crore) from HDFC Bank is payable in 20 quarterly installments starting from June 2021.
- Rupee term loan of ₹ 50 crore (Present Outstanding ₹ 49.38 crore) from IDFC First Bank Ltd is payable in 20 quarterly installments starting from March 2020.
- Rupee term loan of ₹ 50 crore (Present Outstanding ₹ 48 crore) from Axis Bank Ltd. is payable in 16 equal quarterly installments starting from March 2022.

### 15 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

	As at 31st March, 2020	As at 31st March, 2019
<b>Security Deposit Received</b>		
Deposits from Vendors	2.11	2.35
Other payables	0.05	0.18
	<b>2.16</b>	<b>2.53</b>

## Notes to financial statements for the year ended 31st March, 2020

### 16 PROVISIONS

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits		
Provision for Leave encashment	2.50	2.72
	<b>2.50</b>	<b>2.72</b>

### 17 DEFERRED TAX LIABILITIES (NET)

	As at 31st March, 2020	As at 31st March, 2019
<b>Deferred Tax Liabilities</b>		
Deferred tax liability / (assets) at the beginning of the year	62.14	50.90
Deferred tax liability / (assets) during the year on account of timing difference	(19.60)	11.24
<b>DEFERRED TAX LIABILITIES / ASSETS at the end of the year</b>	<b>42.54</b>	<b>62.14</b>

### 18 CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
<u>From Banks (Secured)</u>		
Working capital loans (repayable on demand)	90.79	122.27
Working capital Buyers Credit loans	15.46	0.00
	<b>106.25</b>	<b>122.27</b>
<u>From Banks and Financial Institutions (Unsecured)</u>		
From banks	-	20.00
From Others	-	33.00
	-	<b>53.00</b>
	<b>106.25</b>	<b>175.27</b>

#### 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.

### 19 CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

	As at 31st March, 2020	As at 31st March, 2019
(a) Current maturities of long term debt	25.42	21.68
(b) Interest accrued but not due on borrowings	0.20	0.33
(c) Deposits from customers	0.04	0.04
(d) Expenses payable	3.85	3.85
(e) Salary & reimbursements	11.84	13.42
(f) Bill discounting	40.88	7.04
(g) INR payable to bank in forex account	0.14	-
(h) Unpaid Dividends	0.71	1.50
	<b>83.08</b>	<b>47.86</b>

## Notes to financial statements for the year ended 31st March, 2020

### 20 OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at 31st March, 2020	As at 31st March, 2019
(a) Others -		
Indirect taxes payable	6.45	11.10
(b) Deposit from Employees	1.65	1.25
(c) Advances from customers	1.80	5.41
(d) TDS payables	0.78	1.14
	<b>10.68</b>	<b>18.90</b>

### 21 PROVISIONS

	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits		
(a) Provision for gratuity	1.25	2.27
(b) Provision for Leave encashment	0.25	0.24
Provision for expenses	5.07	4.75
	<b>6.57</b>	<b>7.26</b>

### 22 REVENUE FROM OPERATIONS

	2019-20	2018-19
Sale of products		
Sponge Iron	266.98	284.76
Ferro Alloys	362.66	442.12
Steel Billets	85.76	110.53
Wire Rod / HB Wire	462.33	453.14
Pellet	200.98	287.88
Power	2.41	2.96
Others	37.47	68.84
Other operating revenues	5.32	3.16
<b>Revenue from Operations</b>	<b>1,423.91</b>	<b>1,653.39</b>

### 23 OTHER INCOME

	2019-20	2018-19
Interest Income	39.48	28.28
Dividend Income		
From Subsidiaries	17.74	18.13
From Others	0.30	0.31
Net gain on sale of investments	0.27	0.01
Corporate guarantee commission	0.67	0.46
Fair value gain on Financial Instruments at FVTPL	(10.57)	(20.42)
Share of Profit in Partnership Firm	12.57	6.00
Other non-operating income (net of expenses directly attributable to such income)	0.28	(0.84)
	<b>60.74</b>	<b>31.93</b>

## Notes to financial statements for the year ended 31st March, 2020

### 24 COST OF RAW MATERIAL CONSUMED

(₹ in Crore)

	2019-20	2018-19
Iron Ore	276.93	296.43
Mn Ore	148.14	206.71
Coal	387.06	402.59
Scrap	75.96	68.53
Other Material	15.33	18.31
	<b>903.42</b>	<b>992.57</b>

### 25 CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS AND STOCK-IN-TRADE

	2019-20	2018-19
Inventories at the end of the year		
Finished Goods / Semi-finished goods	133.93	133.77
Trading Goods	0.02	0.04
	<b>133.95</b>	<b>133.81</b>
Inventories at the beginning of the year		
Finished Goods / Semi-finished goods	133.77	113.15
Trading Goods	0.04	7.19
	<b>133.81</b>	<b>120.34</b>
<b>Increase/(Decrease) in Inventories</b>	<b>0.14</b>	<b>13.47</b>

### 26 EMPLOYEE BENEFIT EXPENSE

	2019-20	2018-19
Salaries, incentives & Managerial Remuneration	61.10	62.67
Contributions to -		
Provident fund	3.63	3.27
Superannuation scheme	0.18	0.18
Gratuity fund	1.27	1.31
Staff welfare expenses	1.79	1.27
	<b>67.97</b>	<b>68.70</b>

## Notes to financial statements for the year ended 31st March, 2020

### 27 EMPLOYEE BENEFITS

(₹ in Crore)

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

	Gratuity		Leave Encashment	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Actuarial study analysis				
<b>Principal actuarial assumptions</b>				
Discount rate	7.00%	7.70%	7.00%	7.70%
Range of compensation increase	8.00%	9.50%	8.00%	9.50%
Attrition rate:				
Age 21 – 44	5.00%	5.00%	5.00%	5.00%
Age 45 – 59	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	7.00%	7.70%	N/A	N/A
Plan duration	58.00	58.00	58.00	58.00
<b>Components of statement of income statement charge</b>				
Current service cost	1.11	1.16	0.20	0.25
Interest cost	0.14	0.12	0.23	0.20
Recognition of past service cost	–	–	–	–
Settlement/curtailment/termination loss	–	–	–	–
<b>Total charged to statement of profit or loss</b>	<b>1.25</b>	<b>1.28</b>	<b>0.43</b>	<b>0.45</b>
<b>Movements in net liability/(asset)</b>				
Net liability at the beginning of the year	2.27	1.76	2.96	2.55
Employer contributions	(1.17)	(1.30)	(0.10)	(0.02)
Total expense recognized in the consolidated statement of profit or loss	1.25	1.28	0.43	0.45
Total amount recognized in OCI	(1.10)	0.53	(0.54)	(0.02)
<b>Net liability at the end of the year</b>	<b>1.25</b>	<b>2.27</b>	<b>2.75</b>	<b>2.96</b>
<b>Reconciliation of benefit obligations</b>				
Obligation at start of the year	13.23	11.05	2.96	2.55
Current service cost	1.11	1.16	0.20	0.25
Interest cost	0.91	0.84	0.23	0.20
Benefits paid directly by the Company	(0.60)	(0.33)	(0.10)	(0.02)
Extra payments or expenses/(income)	–	–	–	–
Obligation of past service cost	(1.10)	0.51	(0.54)	(0.02)
Actuarial loss				
<b>Defined benefits obligations at the end of the year</b>	<b>13.55</b>	<b>13.23</b>	<b>2.75</b>	<b>2.96</b>
<b>Re-measurements of defined benefit plans</b>				
Actuarial gain/(loss) due to changes in financial assumptions	(1.04)	0.08	(0.23)	0.01
Actuarial gain/(loss) on account of experience adjustments	(0.06)	0.44	(0.30)	(0.03)
<b>Total actuarial gain/(loss) recognized in OCI</b>	<b>(1.10)</b>	<b>0.52</b>	<b>(0.53)</b>	<b>(0.02)</b>
<b>Change in fair value of plan assets</b>				
Fair value of plan assets at the beginning of the year	10.96	9.29	–	–
Interest on plan assets	0.77	0.71	–	–
Contributions made	1.17	1.30	0.10	0.02
Benefits paid	(0.60)	(0.34)	(0.10)	(0.02)
Actuarial (loss)/gain on plan assets	0.01	–	–	–
<b>Fair value of plan assets at the end of the year</b>	<b>12.31</b>	<b>10.96</b>	<b>–</b>	<b>–</b>

## Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

### 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.

	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
<b>Discount rate</b>				
+ 1% discount rate	12.44	12.08	2.51	2.68
- 1% discount rate	14.84	14.46	3.04	3.28
<b>Salary increase</b>				
+ 1% salary growth	14.85	14.55	3.04	3.28
- 1% salary growth	12.41	12.08	2.50	2.67

### c) Experience adjustments

	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Defined benefit obligation	13.55	13.23	2.75	2.96
Fair value of plan assets	12.31	10.96	–	–
(Surplus)/deficit in plan assets	1.25	2.27	2.75	2.96
Experience adjustment on plan liabilities	(0.06)	0.44	(0.30)	(0.03)
Actual return on plan assets less interest on plan assets	0.01	–	–	–

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

## 28 FINANCE COSTS

	2019-20	2018-19
Interest expense	31.72	30.02
Other borrowing costs	3.64	4.65
Amortization of ancilliary borrowing costs	–	–
Exchange difference to the extent considered as an adjustment to borrowing costs	0.34	0.46
	<b>35.70</b>	<b>35.13</b>

## 29 OTHER EXPENSES

	2019-20	2018-19
Stores & Spares Consumption	52.28	48.99
Power	14.81	4.67
Manufacturing Expenses		
Plant process & services	17.68	15.09
Material handling Expenses	27.38	26.63
Other Manufacturing Expenses	0.14	0.14
Repairs & Maintenance		
Building	2.32	3.69
Plant & Machinery	6.41	7.65
Others	5.18	5.78
Rent	1.13	1.14
Rates & Taxes	13.50	13.72



## Notes to financial statements for the year ended 31st March, 2020

### 29 OTHER EXPENSES (Contd.)

(₹ in Crore)

	2019-20	2018-19
Insurance Charges	2.68	1.49
Miscellaneous Expenses		
Travelling & Conveyance expenses	3.71	4.05
Legal & Professional Expenses	6.06	5.62
Administrative & Other Expenses	10.13	10.04
Selling Expenses		
Carriage Outward	12.92	15.52
Selling Commission & Brokerage	4.40	4.16
Other Selling Expenses	0.23	0.21
Exchange differences (net)	14.26	14.50
Payment to Auditors	0.24	0.21
	<b>195.45</b>	<b>183.30</b>

### 30 PAYMENTS TO THE AUDITOR

	2019-20	2018-19
As auditor:		
Audit fee	0.21	0.18
Tax audit fee	0.03	0.03
	<b>0.24</b>	<b>0.21</b>

### 31 EARNINGS PER SHARE (EPS)

	2019-20	2018-19
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in Crore)	182.31	214.85
Nominal Value of Equity Shares (₹)	10	10
Weighted average number of Equity Shares used as denominator for calculating basic EPS (in Lakh)	360.49	360.49
Weighted average number of Equity Shares used as denominator for calculating Diluted EPS (in Lakh)	360.49	360.49
Basic (₹)	50.57	59.59
Diluted (₹)	50.57	59.59

### 32 OTHER COMPREHENSIVE INCOME

	As at 31st March, 2020	As at 31st March, 2019
A. (i) Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	1.63	(0.51)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.13)	0.18
B. (i) Items that will be reclassified to profit or loss		
Fair valuation of unquoted investments	0.04	0.54
(ii) Income tax relating to items that will be reclassified to profit or loss	(0.01)	(0.09)
<b>Total Other Comprehensive Income</b>	<b>1.53</b>	<b>0.12</b>

## Notes to financial statements for the year ended 31st March, 2020

### 33 SEGMENT REPORTING

(₹ in Crore)

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

	2019-20				2018-19			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
<b>Revenue</b>								
Sales & other income	1,036.45	369.33	2.62	1,408.40	1,149.27	489.09	3.30	1,641.66
Inter segment sales		15.38	202.44	217.82		12.01	173.16	185.17
Others Unallocated				15.51				11.73
Less: Inter segment sales				217.82				185.17
<b>Total Revenue</b>	<b>1,036.45</b>	<b>384.71</b>	<b>205.06</b>	<b>1,423.91</b>	<b>1,149.27</b>	<b>501.10</b>	<b>176.46</b>	<b>1,653.39</b>
<b>Result</b>								
Segment Result	240.70	22.13	0.50	263.33	349.76	52.23	(4.39)	397.60
Unallocated Expenses net off unallocated income				0.45				(26.66)
<b>Operating Profit</b>				<b>263.78</b>				<b>370.94</b>
Interest & Forex Fluctuation Loss (Net)				(49.96)				(49.64)
<b>Profit Before Tax &amp; Extraordinary Item</b>				<b>213.82</b>				<b>321.30</b>
<u>Provision for taxation</u>								
For Current Year				51.25				107.80
For Deffered Taxation				(19.74)				(1.35)
<b>Profit After Taxation</b>				<b>182.31</b>				<b>214.85</b>
<b>Other Information</b>								
Segment Assets	784.35	189.91	134.43	1,108.69	702.66	157.88	140.68	1,001.22
Unallocated Assets				1,273.10				1,079.43
<b>Total Assets</b>				<b>2,381.79</b>				<b>2,080.65</b>
Segment Liabilities	176.64	76.42	34.58	287.64	145.30	17.67	48.47	211.44
Unallocated Liabilities				362.68				303.56
<b>Total Liabilities</b>				<b>650.32</b>				<b>515.00</b>
Capital Expenditure	20.08	1.61	3.49	25.18	22.62	6.26	3.91	32.79
Depreciation / Amortization	29.20	5.30	10.56	45.06	27.64	3.64	11.39	42.67
Unallocated Depreciation				6.28				7.29

## Notes to financial statements for the year ended 31st March, 2020

### 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 Global Trading DMCC, Dubai Sarda Metals & Alloys Limited Sarda Energy Limited Madhya Bharat Power Corporation Limited Parvatiya Power Limited Raipur Fabritech Private Limited* Raipur Industrial Gases Private Limited* Natural Resources Energy Private Limited
2	Controlled Entities	Chhattisgarh Hydro Power LLP Sarda Hydro Power LLP Shri Ram Electricity LLP
3	Joint Ventures	Raipur Infrastructure Company Limited Madanpur South Coal Company Limited
4	Related Enterprises where interest of the Company/ directors exists	Chhattisgarh Investments Limited Geschaft Formulae India Private Limited (Formerly known as Sarda Solution and Technologies Private Limited) Rishabh Mining & Transport Co. Private Limited Sarda Dairy & Food Products Limited Goldenlife Financial Services Private Limited Earth Stahl & Alloys Private Limited Chhattisgarh Metaliks & Alloys Private Limited Prachi Agriculture & Properties Private Limited Lighthouse Info Systems 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. Prabhakar Ram Tripathi Mr. Gajinder Singh Sahni Mr. Jitender Balakrishnan Mr. C.K. Lakshminarayanan Mr. Asit Kumar Basu Mr. Rakesh Mehra Mr. Manish Sethi (CS)
6	Relatives of Directors / KMP's	Mrs. Veena Sarda Mr. Satyanarayan Khator Mr. Mahesh Khator Mr. Anant Sarda Ms. Niharika Jain

\* Companies have been struck off.

#### Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and on arm's length basis. For the year ended 31st March, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31st March, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## Notes to financial statements for the year ended 31st March, 2020

## b) Material Transactions with Related Parties

(₹ in Crore)

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	398.15	30.77	-	263.78	-	-
	(263.23)	(38.83)	-	(248.41)	-	-
Loans/Advances Received Back	292.55	36.34	-	306.59	-	-
	(217.95)	(38.70)	-	(151.42)	-	-
Loans/Advances Received	-	5.42	-	0.18	-	-
	-	-	-	-	-	-
Material Transferred/Sold	16.05	-	-	0.85	-	-
	(65.97)	(0.00)	-	(1.84)	-	-
Materials Purchased	23.92	0.00	-	6.05	-	-
	(24.44)	-	(0.05)	(9.84)	-	-
Interest Received	15.96	0.44	-	16.16	-	-
	(5.39)	(0.57)	-	(14.69)	-	-
Interest Paid	-	-	-	-	-	0.01
	-	-	-	-	-	(0.01)
Commission Paid	-	-	-	0.04	-	0.09
	-	-	-	-	-	(0.14)
Dividend Income	17.74	-	-	-	-	-
	(18.13)	-	-	-	-	-
Remuneration	-	-	-	-	7.08	0.12
	-	-	-	-	(7.80)	(0.18)
Rent Paid	-	-	-	1.20	-	0.02
	-	-	-	(1.20)	-	-
Services Offered	1.15	-	0.04	-	-	-
	(0.55)	-	(0.04)	-	-	-
Services Received	-	-	-	2.03	-	-
	-	-	-	(2.39)	-	-
Corporate Guarantee Given / (received back)	51.64	-	-	-	-	-
	0.18	-	-	-	-	-
Investments made/Share application money	112.15	26.28	-	-	-	-
	(42.92)	(6.01)	-	-	-	-
Investments written off	-	-	-	-	-	-
	(0.02)	-	-	-	-	-

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

## Outstanding as at 31.03.2020

Receivable	204.01	-	-	146.16	0.02	-
	(83.93)	(5.17)	-	(175.29)	(0.01)	-
Corporate Guarantee Outstanding	52.07	-	-	-	-	-
	(61.70)	-	-	-	-	-
Investments	717.63	83.63	3.93	-	-	-
	(605.48)	(57.36)	(3.93)	-	-	-
Payables	-	5.42	-	0.82	3.60	0.20
	-	-	-	(0.02)	(4.64)	(0.23)

## Notes to financial statements for the year ended 31st March, 2020

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

	2019-20	2018-19
<b>Loans/Advances given</b>		
Sarda Metals & Alloys Limited	170.42	214.27
Chhatisgarh Investments Limited	263.74	248.41
Madhya Bharat Power Corporation Limited	158.21	47.55
<b>Loans/Advances Received Back</b>		
Sarda Metals & Alloys Limited	150.78	209.95
Chhatisgarh Investments Limited	306.59	151.19
Madhya Bharat Power Corporation Limited	108.24	-
<b>Loans/Advances Received</b>		
Chhattisgarh Hydro Power LLP	5.42	-
<b>Materials Transferred/Sold</b>		
Sarda Metals & Alloys Limited	10.66	65.20
Sarda Energy Limited	5.39	0.76
<b>Materials Received/Purchased</b>		
Sarda Metals & Alloys Limited	23.79	23.99
Earth Stahl & Alloys Private Limited	5.67	7.18
Chhatisgarh Investments Limited	-	0.02
<b>Interest Received</b>		
Sarda Metals & Alloys Limited	2.65	1.96
Chhatisgarh Investments Limited	16.16	14.69
Parvatiya Power Limited	2.24	1.84
Chhattisgarh Hydro Power LLP	0.44	0.57
Madhya Bharat Power Corporation Limited	8.52	1.59
<b>Interest Paid</b>		
Mahesh Khator	0.01	0.01
<b>Commission paid</b>		
Earth Stahl & Alloys Private Limited	0.04	-
Satyanarayan Khator	0.09	0.14
<b>Remuneration Paid</b>		
Mr. Kamal Kishore Sarda	4.33	5.09
Mr. Pankaj Sarda	1.77	1.71
<b>Dividend Income</b>		
Sarda Energy & Minerals Hongkong Limited	17.74	18.13
<b>Rent Paid</b>		
Chhatisgarh Investments Limited	0.74	0.74
Rishabh Mining & Transport Company Private Limited	0.46	0.46
<b>Services Offered</b>		
Sarda Metals & Alloys Limited	0.79	0.55
Madhya Bharat Power Corporation Limited	0.36	-
<b>Services Received</b>		
Geschaft Formulae India Private Limited	2.03	2.39
<b>Corporate Guarantee Received back</b>		
Sarda Metals & Alloys Limited	-	0.18

## Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

	2019-20	2018-19
<b>Investment Made including Share Application</b>		
Madhya Bharat Power Corporation Limited	95.74	42.04
Chhattisgarh Hydro Power LLP	26.28	6.96
Sarda Global Ventures Pte Limited, Singapore	14.14	-
<b>Investment Written Off</b>		
Raipur Fabritech Private Limited	-	0.01
Raipur Industrial Gases Private Limited	-	0.01

Outstanding as on

	31st March, 2020	31st March, 2019
<b>Investments</b>		
Sarda Metals & Alloys Limited	212.16	211.41
Madhya Bharat Power Corporation Limited	399.83	304.09
Sarda Energy Limited	74.60	74.60
<b>Receivables</b>		
Sarda Metals & Alloys Limited	39.78	17.75
Chhattisgarh Investment Limited	145.89	174.86
Madhya Bharat Power Corporation Limited	106.77	48.92
Parvatiya Power Limited	29.28	17.13
<b>Corporate Guarantee</b>		
Sarda Metals & Alloys Limited	52.07	61.70
<b>Payables</b>		
K. K. Sarda (Remuneration)	2.53	3.56
Pankaj Sarda (Remuneration)	1.03	1.04
Chhattisgarh Hydro Power LLP	5.42	-

### 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, 2020 is ₹ 12.76 Crore (31 March, 2019: ₹5.11 Crore).

### 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 ₹ 4.85 Crore
- Amount spent during the year on:

Sl. No.	Particulars	In Cash	Yet to be paid	Total
(i)	Construction / acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	4.85	-	4.85

## Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

### 37 DUE TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

The Company has certain dues to suppliers registered under Micro, Small & Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSME Act are as follows:

	As at 31st March, 2020	As at 31st March, 2019
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year		
- Principal amount due to micro and small enterprise	1.78	1.36
- Interest due on above	—	—
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.		
- Payment made beyond the Appointed date	—	—
- Interest paid beyond the Appointed date	—	—
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	—	—
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	—	—
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	—	—

### 38 ESTIMATION OF UNCERTAINTIES RELATING TO THE GLOBAL HEALTH PANDEMIC FROM COVID-19 (COVID-19)

Due to outbreak of COVID-19 globally and in India, the Company's management has made initial assessment of impact on business and financial risks on account of COVID-19. Considering that the plant was closed down on account of nation wise lockdown since 25th March, 2020 and as a result of lockdown the volume for the month of March, 2020 have been impacted to some extent. However, in view of higher volume of operations during the rest of the month and year, there was no major impact on financials of the Company for the year ended 31st March, 2020. Subsequently, in view of classification of iron & steel Industry as essential commodity, the Company has resumed operations effective from 16th April, 2020 after obtaining necessary approval from the appropriate Government agencies. The Company is taking full measure to protect the health & safety of the employees. Further the Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables, Inventory and Investments and has concluded that there are no material adjustments required in the financial statements. Barring unforeseen circumstances, the management believes that the impact of the COVID-19 outbreak on the business and financial position of the Company is not likely to be significant at this stage, unless the corona impacted cases further increase in the area of operations of the Company. The management does not see any risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due. The Company continues to make repayment of loan on due dates and has not availed the moratorium in repayment of loans granted by the banks and including interest thereon. The Company is monitoring the situation closely and will take appropriate measures depending on the evolving situation.

### 39 NEW AND AMENDED STANDARDS

During the year Ind AS 116 made effective from 01.04.2019 and several other amendments apply for the first time for the year ended 31.03.2020, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

## Notes to financial statements for the year ended 31st March, 2020

### 40 PROPOSED DIVIDEND

The Board of Directors has recommended Equity dividend of ₹ 5 per share for the financial year 2019-20. The proposed dividend is subject to the approval of the shareholders in the Annual General Meeting.

### 41 CONTINGENT LIABILITIES

(₹ in Crore)

	Year ended 31st March, 2020	Year ended 31st March, 2019
Guarantees given by Company's bankers	69.93	31.73
Guarantees given to DGFT on behalf of wholly owned subsidiary for meeting export obligation	Nil	0.99
Guarantees given to Assistant Commissioner of Customs on behalf of wholly owned subsidiary	0.43	0.71
Bills discounted with the Company's bankers under Letters of Credit	40.97	7.04
Corporate Guarantee given to HDFC Bank Limited (P.Y. Axis Trustee Services Limited) for disbursement of term loan to Sarda Metals & Alloys Limited (SMAL), wholly owned subsidiary of the Company	51.64	60.00
Claims against the Company not acknowledged as debt & disputed in appeals	6.42	6.42
Excise Duty & Service Tax Demand	16.45	16.45
VAT, CST & Entry Tax	9.45	9.23
Income Tax	13.13	Nil
Energy Development Cess	66.69	60.79
Relinquishment Charges of 156 MW LTA for Kolam Power Plant	97.20	Nil

i) Guarantee given to Director General of Foreign Trade Nil (P.Y. ₹ 0.99 Crore) and Assistant Commissioner of Customs ₹ 0.43 Crore (P.Y. ₹ 0.71 Crore) 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 ₹ 0.21 Crore (P.Y. ₹ 0.21 Crore) raised on account of Cenvat credit availed, which the Company has disputed in High Court, Jabalpur (MP).
- Excise Duty demand of ₹ 0.08 Crore (P.Y. ₹ 0.08 Crore) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- Service Tax demand of ₹ 16.17 Crore (P.Y. ₹ 16.17 Crore) raised on account of Service Tax on amount received in an international arbitration case settled out of court, which the Company has disputed and has filed appeal before Central Excise & Service Tax Appellate Tribunal (CESTAT).

#### iii) Value Added Tax/Central Sales Tax/Entry Tax

Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 9.45 Crore (P.Y. ₹ 9.22 Crore) are pending in appeal against assessment of various years.

- Energy Development Cess of ₹ 66.69 Crore (P.Y. Rs. 60.79 Crore) net of amount deposited ₹ 2.94 Crore (P.Y. ₹ 2.94 Crore) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to February 2019. The Honorable High Court of Chhattisgarh has held the levy of Energy Development Cess as unconstitutional vide its Order dated 20th June 2008. The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.
- Disputed in appeals includes a claim against SEML for ₹ 0.45 Crore Against this, SEML has filed a counter claim of ₹ 4.53 Crore.
- Bank Guarantee of ₹ 5.00 Crore (P.Y. ₹ 5.00 Crore) 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 Limited. The Company has challenged the wrongful invocation in the High court of Kolkata. WBPDC has on the



## Notes to financial statements for the year ended 31st March, 2020

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) ₹ 2.68 Crore (P.Y. ₹ Nil) for the Assessment Year 2017-18 on account of partial disallowance of deduction claimed under Section 80IA and other disallowances made by Assessing Office as per order passed under Section 143(3) of the Income Tax Act, 1961. For Assessment year 2017-18 the Company has filed appeal before Commissioner of Income Tax (Appeal) Bhopal and the matter is pending. ₹ 10.45 Crore (P.Y. ₹ Nil) for the Assessment Year 2018-19 on account of partial disallowance of depreciation and exempted income and other disallowances made by central processing cell as per order passed under Section 143(1) of the Income Tax Act, 1961. For Assessment year 2017-18 the Company has filed rectification application before Assessing Officer Raipur and the matter is pending.
- viii) Relinquishment charges of 156 MW LTA for Kolam Power Plant, Relinquishment Charges in accordance with the directions under petition no 92/MP/2015 vide order dated 08-03-2019 is ₹ 97.20 Crore. Petition filled before the Hon'ble Tribunal for Electricity at New Delhi against the Impugned Order dated 08.03.2019 read with the corrigendum dated 10.05.2019 passed by the Central Electricity Regulatory Commission in the Petition No. 92/MP/2015. Matter is pending before the Hon'ble Tribunal for Electricity at New Delhi.

### 42 CONTINGENT ASSET

- i) Company has various pending insurance claims in lieu of machine break down adding up to ₹ 0.91 Crore as on 31st March, 2020.
- ii) Consequent to the deallocation of the coal block Gare Palma IV/7, the Company had filed a writ petition before the Hon'ble High Court of Delhi challenging the compensation amount and exclusion of washary from the mine infrastructure. Following the order of Hon'ble High Court of Delhi dated 09.03.2017, Ministry of Coal, Govt. of India had asked for resubmitting the compensation claim. Accordingly the Company has resubmitted compensation claim of ₹ 176.52 Crore. This includes compensation of ₹ 26.41 Crore already received by the Company in FY 2016-17. This matter is still pending with Ministry of Coal, Govt. of India.

### 43 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company'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 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 Group'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.

## Notes to financial statements for the year ended 31st March, 2020

### 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 Crore)

	31st March, 2020	31st March, 2019
Trade and other receivables	62.20	39.03
Loans and advances	411.00	345.29
Cash and cash equivalents	3.24	1.18

### Impairment losses

	31st March, 2020	31st March, 2019
Trade and other receivables (measured under life time excepted credit loss model)		
Opening balance	2.71	2.89
Provided during the year	0.30	(0.18)
Closing balance	3.01	2.71

### Ageing analysis

	31st March, 2020	31st March, 2019
Upto 3 months	62.03	37.28
3-6 months	0.07	0.03
More than 6 months	3.11	4.43
	<b>65.21</b>	<b>41.74</b>

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:

## Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

	31st March, 2020	31st March, 2019
Term Loan - Union Bank of India-TG3	6.13	6.13
Cash Credit facility	96.88	65.40
Current investments	41.90	52.42

### Maturities of financial liabilities

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

As at 31st March, 2020	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	131.67	259.07	–	390.74
Trade payables	137.47	–	–	137.47
Security deposits	0.04	2.16	–	2.20
Other financial liabilities	57.63	–	–	57.63
	<b>326.81</b>	<b>261.23</b>	–	<b>588.04</b>

As at 31st March, 2019	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	196.95	97.95	–	294.90
Trade payables	89.54	–	–	89.54
Security deposits	0.04	2.53	–	2.57
Other financial liabilities	26.13	–	–	26.13
	<b>312.66</b>	<b>100.48</b>	–	<b>413.14</b>

### INTEREST RATE RISK

Interest rate risk is the risk that an upward movement in the interest rate would adversely affect 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, 2020	31st March, 2019
Variable rate borrowings	304.63	224.99
Fixed rate borrowings	86.11	69.91

#### 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, 2020	31st March, 2019
Interest rates - increase by 70 basis points	(1.43)	(1.65)
Interest rates - decrease by 70 basis points	1.43	1.65

## Notes to financial statements for the year ended 31st March, 2020

### 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 Crore

	Currency	2019-20	2018-19
Borrowings	USD	0.20	-
Trade Payables	USD	1.21	0.48
Forward Contract for Payables	USD	0.10	-

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

	Impact on profit after tax	
	31st March, 2020	31st March, 2019
Foreign exchange rates - increase by 1%	(1.15)	(0.33)
Foreign exchange rates - decrease by 1%	1.15	0.33

### PRICE RISK

The entity is exposed to equity price risk, which arises 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 ₹ 0.84 Crore (2018-19: ₹ 1.05 Crore ); 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 ₹ 0.028 Crore (2018-19: ₹ 0.028 Crore); an equal change in the opposite direction would have decreased profit and loss.

## 44 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.

## Notes to financial statements for the year ended 31st March, 2020

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.

(₹ in Crore)

	31st March, 2020	31st March, 2019
Total liabilities	284.49	127.31
Less : Cash and cash equivalent	3.24	1.18
<b>Net debt</b>	<b>281.25</b>	<b>126.13</b>
Total equity	1,731.47	1,565.65
<b>Net debt to equity ratio</b>	<b>0.16</b>	<b>0.08</b>

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

### 45 FINANCIAL INSTRUMENTS

#### A. Accounting classification and fair values

31st March, 2020	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amotized Cost*		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
<b>Bank, cash and cash equivalents</b>	-	-	3.95	3.95	-	-	-	-
<b>Non-current investments</b>								
Unquoted Equity Investments	-	1.45	805.20	806.65	-	1.45	-	1.45
Quoted Mutual Funds	0.11	-	-	0.11	0.11	-	-	0.11
<b>Current investments</b>								
Quoted Equity Investments	41.90	-	-	41.90	41.90	-	-	41.90
<b>Financial Asset: Loans &amp; others</b>								
Trade and other receivables	-	-	411.00	411.00	-	-	-	-
	-	-	62.20	62.20	-	-	-	-
	<b>42.01</b>	<b>1.45</b>	<b>1,282.35</b>	<b>1,325.81</b>	<b>42.01</b>	<b>1.45</b>	-	<b>43.46</b>
<b>Financial liabilities</b>								
Long term borrowings	-	-	259.07	259.07	-	-	-	-
Short term borrowings	-	-	106.25	106.25	-	-	-	-
Trade and other payables	-	-	137.47	137.47	-	-	-	-
Other financial liabilities	0.14	-	85.11	85.25	0.14	-	-	0.14
	<b>0.14</b>	-	<b>587.90</b>	<b>588.04</b>	<b>0.14</b>	-	-	<b>0.14</b>

## Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

31st March, 2019	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amotized Cost*		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
<b>Bank, cash and cash equivalents</b>	–	–	2.66	2.66	–	–	–	–
<b>Non-current investments</b>								
Unquoted Equity Investments	–	1.41	666.77	668.18	–	1.41	–	1.41
Quoted Mutual Funds	0.16	–	–	0.16	0.16	–	–	0.16
<b>Current investments</b>								
Quoted Equity Investments	52.42	–	–	52.42	52.42	–	–	52.42
<b>Financial Asset: Loans &amp; others</b>	–	–	345.28	345.28	–	–	–	–
<b>Trade and other receivables</b>	–	–	39.03	39.03	–	–	–	–
	<b>52.58</b>	<b>1.41</b>	<b>1,053.74</b>	<b>1,107.73</b>	<b>52.58</b>	<b>1.41</b>	<b>–</b>	<b>53.99</b>
<b>Financial liabilities</b>								
Long term borrowings	–	–	97.95	97.95	–	–	–	–
Short term borrowings	–	–	175.27	175.27	–	–	–	–
Trade and other payables	–	–	89.54	89.54	–	–	–	–
Other financial liabilities	–	–	50.38	50.38	–	–	–	–
	–	–	<b>413.14</b>	<b>413.14</b>	–	–	–	–

\* The carrying value and the fair value approximates.

#### B. Measurement of fair values

The table shown below analyses 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)

## Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

### 46 INCOME TAX EXPENSE

#### i) Income tax recognized in profit or loss

##### a. Current tax expense

	31st March, 2020	31st March, 2019
Current year	52.22	110.14
Adjustment for prior periods	(0.97)	(2.34)
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(19.74)	(1.35)
<b>Total income tax expense</b>	<b>31.51</b>	<b>106.45</b>

#### ii) Income tax recognized in OCI

	31st March, 2020	31st March, 2019
Remeasurements of defined benefit plans and fair valuation of Equity Instruments	(0.14)	0.09
<b>Total income tax expense relating to OCI items</b>	<b>(0.14)</b>	<b>0.09</b>

##### b) Reconciliation of tax expense and accounting profit

	31st March, 2020	31st March, 2019
Accounting profit before tax from continuing operations	213.82	321.30
Accounting profit before tax from discontinued operations		
<b>Accounting profit before tax</b>	<b>213.82</b>	<b>321.30</b>
Expected Tax Rate	25.17%	34.94%
Tax using the Company's domestic tax rate (Current year 25.17% and Previous Year 34.94%)	53.81	112.27
Adjustments in respect of current income tax of previous years	(0.97)	(2.34)
Exceptional item not considered for tax purpose	-	1.67
Expense Allowable for tax purpose	(20.88)	(30.64)
Expense not allowed for tax purpose	17.32	27.83
Deduction under Chapter VIA	(1.16)	(4.19)
Income not considered for tax purpose other than PGBP	0.09	0.02
Income Taxable at special rate of tax	3.04	3.17
Income Taxable at special rate of tax	-	0.01
Other temporary differences	0.80	(1.35)
<b>Effective income tax rate</b>	<b>24.35%</b>	<b>33.13%</b>
<b>At the effective income tax rate of 24.35% (31 March 2019: 33.13%)</b>		
Tax Differences due to new Income Tax rate	(20.54)	-
Income tax reported before Adjustment	52.06	106.45
Income tax reported in the statement of profit and loss	31.51	106.45
	<b>31.51</b>	<b>106.45</b>

## Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

### c) Deferred tax assets and liabilities

Deferred tax relates to the following:

	31st March, 2020	31st March, 2019
Accelerated depreciation for tax purposes	(20.46)	0.82
Expenses allowed on payment basis	0.31	(0.12)
DTA impact on indexation of land	(0.82)	(0.29)
DTA impact on net movement, Valuation & others	1.37	(1.84)
	<b>(19.60)</b>	<b>(1.43)</b>

### d) Reconciliation of deferred tax assets/ liabilities

	31st March, 2020	31st March, 2019
Opening balance as at 1st April	62.14	63.57
Tax income/expense during the period recognized in profit or loss	(19.60)	(1.43)
<b>Closing balance</b>	<b>42.54</b>	<b>62.14</b>

## 47 DISCLOSURE PURSUANT TO REGULATION 34(3) AND PARA A OF SCHEDULE V OF SEBI (LODR), REGULATIONS, 2015

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

Name of the entities	Relationship	2019-20		
		Amount outstanding as at 31.03.2020	Maximum amount outstanding during the year	Investment by the loanee in the shares of the Company
		₹ in Crore	₹ in Crore	No. of shares
<b>Loans where there is no repayment schedule:</b>				
Sarda Metals & Alloys Limited	Subsidiary	39.78	56.50	
Parvatiya Power Limited	Subsidiary	29.28	42.95	
Madhya Bharat Power Corporation Limited	Subsidiary	106.61	131.06	
Sarda Energy Limited	Subsidiary	28.10	28.10	
Mosh Varaya Infrastructure Limited	Others	38.32	39.34	
Kamal Trading Company	Others	0.001	0.001	
Chhatisgarh Investments Limited	Others	146.55	196.44	1,38,78,760
Sarda Power & Steel Limited	Others	13.17	13.17	
Orient Press Limited	Others	1.00	1.00	
Maneesh Pipes Private Limited	Others	6.19	6.19	
Simplex Prefab Infrastructure (India) Private Limited	Others	0.46	0.46	
Shiv Trading Company	Others	-	1.11	
K K Vyas	Others	-	0.003	
Shree Pariyojna Nirman Limited	Others	0.03	2.00	
Continental Jeweltech Mining Private Limited	Others	1.04	1.04	
Sameer Dube	Others	0.20	0.20	
Shabro Metallic Private Limited	Others	-	2.50	
Neha Devcon Private Limited	Others	0.62	0.62	
Aarti Sponge and Power Limited	Others	0.84	0.86	
Shri Bajrang Power and Ispat Limited	Others	-	10.00	
Raj Engineering Works	Others	0.02	0.02	



## Notes to financial statements for the year ended 31st March, 2020

(₹ in Crore)

Name of the entities	Relationship	2019-20		
		Amount outstanding as at 31.03.2020 ₹ in Crore	Maximum amount outstanding during the year ₹ in Crore	Investment by the loanee in the shares of the Company No. of shares
Aryan Infra Services	Others	0.06	0.10	
Arihant Infrastructure	Others	-	0.21	

Loans where there no repayment schedule and no interest is charged:

Natural Resources Energy Private Limited	Subsidiary	0.08	6.88	
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The above loans were given for the business activities of the recipients and have been so utilized by them.

**48** PREVIOUS YEAR'S FIGURES HAVE BEEN RECASTED/REGROUPED/RESTATED, WHEREVER NECESSARY TO MAKE THEM COMPARABLE.

Signatures to Notes 1 to 48

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

**Naitik Agrawal**  
Partner  
Membership No. 441441  
Raipur  
20th June, 2020

**K. K. Sarda**  
Chairman & Managing Director  
DIN: 00008170  
Raipur  
20th June, 2020

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

**Manish Sethi**  
Company Secretary

## Independent Auditors' Report

To the Members of

**Sarda Energy & Minerals Limited**

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **Sarda Energy & Minerals Limited** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group"), its associates and jointly controlled entities, which comprise the consolidated Balance Sheet as at 31st March, 2020, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Holding Company as at 31st March, 2020, of consolidated profit (including total comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

#### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Corporate Governance but does not include consolidated financial statements and our auditors report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditors' Report

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities 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; 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the

## Independent Auditors' Report

disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore key audit matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

- We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets of ₹ 2,531.84 crore as at 31st March, 2020, total revenues of ₹ 530.43 crore, and net cash flows amounting to ₹ 113.12 crore for the year ended on that date, 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 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, is based solely on the reports of the other auditors.
- The consolidated financial statements also include the Group's share of net loss of ₹ 7.03 crore and the Group's share of total comprehensive loss of ₹ 7.05 crore for the year ended 31st March, 2020, as considered in the consolidated financial statements, in respect of one associates and two joint ventures, whose financial statements have not been audited by us. 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 jointly controlled entities and associates, 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 jointly controlled entities and associates, 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

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- 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 of the aforesaid consolidated financial statements.
- In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

## Independent Auditors' Report

- (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 for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2020 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 Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.
- (g) with respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197 (16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in with accordance with the provisions of Section 197 of the Act; and
- (h) 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 financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities— Refer Note 39 to the consolidated financial statements.
  - ii. The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - 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, associate companies and jointly controlled companies incorporated in India.

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

per **Naitik Agrawal**  
*Partner*

Membership No.441441  
UDIN: 20441441AAAAAE7784

Raipur, 20th June, 2020

## Annexure 'A' Independent Auditors' Report

### Report on the Internal Financial Controls Over Financial Reporting 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 financial statements of the Company as of and for the year ended 31st March, 2020, 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 Act.

#### 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 Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 consolidated 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 consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated 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' Independent 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, 2020, based on the internal control over financial reporting criteria established by the Group 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.

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

per **Naitik Agrawal**  
*Partner*  
Membership No.441441  
UDIN: 20441441AAAAAE7784

Raipur, 20th June, 2020

## Consolidated Balance Sheet as at 31st March, 2020

(₹ in Crore)

	Note	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Property, Plant & Equipment		1,209.26	1,248.88
(b) Capital work-in-progress	2	1,364.82	1,054.49
(c) Investment Property		51.78	51.99
(d) Other Intangible Assets		31.45	32.67
(e) Intangible Assets under development		8.94	8.78
(f) Goodwill on Consolidation		28.21	15.42
(g) Investment in associates and joint ventures	3	29.78	29.91
(h) Financial Assets			
(i) Investments	3	21.90	17.01
(ii) Other Financial Assets	4	2.96	20.59
(i) Other Non-current Assets	5	46.50	59.66
		<b>2,795.60</b>	<b>2,539.40</b>
<b>(2) Current Assets</b>			
(a) Inventories	6	500.76	439.50
(b) Financial Assets			
(i) Investments	7	139.18	166.01
(ii) Trade receivables	8	123.89	92.56
(iii) Bank, Cash & cash equivalents	9	163.93	43.49
(iv) Bank balances other than (iii) above	10	0.71	1.50
(v) Loans	11	259.54	312.54
(c) Current tax assets (net)		1.12	-
(d) Other Current Assets	12	114.95	87.03
		<b>1,304.08</b>	<b>1,142.63</b>
<b>TOTAL ASSETS</b>		<b>4,099.68</b>	<b>3,682.03</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	13	36.05	36.05
(b) Other Equity		1,831.34	1,707.38
<b>Equity Attributable to owners of the company</b>		<b>1,867.39</b>	<b>1,743.43</b>
Non Controlling Interests		100.47	131.55
<b>Total Equity</b>		<b>1,967.86</b>	<b>1,874.98</b>
<b>Liabilities</b>			
<b>(1) Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	1,408.34	1,064.04
(ii) Other financial liabilities	15	27.56	14.29
(b) Provisions	16	8.91	8.71
(c) Deferred tax liabilities (Net)	17	60.90	71.03
		<b>1,505.71</b>	<b>1,158.07</b>
<b>(2) Current Liabilities</b>			
(a) <b>Financial Liabilities</b>			
(i) Borrowings	18	223.19	267.62
(ii) Trade Payables			
(a) Total outstanding dues of micro and small enterprises		2.11	2.79
(b) Total outstanding dues of creditors other than micro and small enterprises		211.55	177.82
(iii) Other financial liabilities	19	161.74	156.92
(b) Other current liabilities	20	19.21	22.91
(c) Provisions	21	7.46	8.16
(d) Current tax liabilities (net)		0.85	12.76
		<b>626.11</b>	<b>648.98</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,099.68</b>	<b>3,682.03</b>

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

**Naitik Agrawal**

Partner

Membership No. 441441

Raipur

20th June, 2020

**K. K. Sarda**

Chairman &amp; Managing Director

DIN: 00008170

Raipur

20th June, 2020

**P. K. Jain**

Wholetime Director &amp; CFO

DIN: 00008379

**Manish Sethi**

Company Secretary



## Consolidated Statement of Profit & Loss for the year ended 31st March, 2020

(₹ in Crore)

	Note	Year Ended 31.03.2020	Year Ended 31.03.2019
I. Revenue from operations	22	2,000.15	2,323.89
II. Other income	23	(16.93)	16.85
III. Total Revenue (I + II)		<b>1,983.22</b>	<b>2,340.74</b>
IV. Expenses			
Cost of materials consumed	24	1,233.10	1,430.61
Purchases of Stock-in-Trade		53.04	100.94
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	6.51	(38.38)
Employee benefits expense	26	87.79	87.35
Finance costs	27	82.48	98.96
Depreciation and amortization expense	2	77.92	76.47
Other expenses	28	263.49	261.10
<b>Total Expenses</b>		<b>1,804.33</b>	<b>2,017.05</b>
V. Profit Before Tax (V - VI)		<b>178.89</b>	<b>323.69</b>
VI. Tax expense			
(1) Current tax		52.86	110.69
(2) Deferred tax		(9.51)	5.81
VII. Profit for the period (VII - VIII)		<b>135.54</b>	<b>207.19</b>
VIII. Add: Share of Profit of Joint Ventures & Associates		(7.09)	(0.06)
IX. Profit for the period (IX - X)		<b>128.45</b>	<b>207.13</b>
X. Other comprehensive income for the year, net of tax	29		
Items that will not be reclassified to profit or loss		1.47	(0.52)
Income tax relating to items that will not be reclassified to profit or loss		(0.08)	0.28
Items that will be reclassified to profit or loss		(1.70)	(9.80)
Income tax relating to items that will be reclassified to profit or loss		0.57	2.42
XI. TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<b>128.71</b>	<b>199.51</b>
XII. Net Profit /(loss) attributable to			
a) Owner of the Company		126.34	203.18
b) Non Controlling Interest		2.11	3.95
XIII. Total Comprehensive income /(loss) attributable to			
a) Owner of the Company		126.94	199.22
b) Non Controlling Interest		1.77	0.29
XIV. Earnings per equity share	30		
Basic		35.05	56.36
Diluted		35.05	56.36

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

**Naitik Agrawal**

Partner

Membership No. 441441

Raipur

20th June, 2020

**K. K. Sarda**

Chairman &amp; Managing Director

DIN: 00008170

Raipur

20th June, 2020

**P. K. Jain**

Wholetime Director &amp; CFO

DIN: 00008379

**Manish Sethi**

Company Secretary

## Consolidated Statement of Changes in Equity for the year ended 31st March, 2020

(₹ in Crore)

### a Equity Share Capital

For the year ended 31st March, 2019	Balance at April 1, 2018	Changes in equity share capital during the year	Balance at March 31, 2019
	36.05	–	36.05
For the year ended 31st March, 2020	Balance at April 1, 2019	Changes in equity share capital during the year	Balance at March 31, 2020
	36.05	–	36.05

### b Other Equity

	Reserves and Surplus				OCI		Foreign Currency Translation Reserve	Total Other Equity
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Remeasurements of the defined benefit plans	Equity instruments through Other Comprehensive Income		
Balance as of April 1, 2018	4.04	194.03	171.83	1,168.49	1.34	(1.20)	1.88	1,540.41
Other Comprehensive Income	–	–	–	–	(0.61)	(3.35)	–	(3.96)
Addition during the year	–	–	–	–	–	–	8.82	8.82
Profit for the year	–	–	–	203.17	–	–	–	203.17
Dividends & Tax	–	–	–	(18.02)	–	–	–	(18.02)
Changes in control	–	–	–	(23.04)	–	–	–	(23.04)
<b>Balance as of March 31, 2019</b>	<b>4.04</b>	<b>194.03</b>	<b>171.83</b>	<b>1,330.60</b>	<b>0.73</b>	<b>(4.55)</b>	<b>10.70</b>	<b>1,707.38</b>
Balance as of April 1, 2019	4.04	194.03	171.83	1,330.60	0.73	(4.55)	10.70	1,707.38
Other Comprehensive Income	–	–	–	–	0.93	(0.32)	–	0.61
Addition during the year	–	–	–	–	–	–	2.40	2.40
Profit for the year	–	–	–	126.34	–	–	–	126.34
Final Dividend & Tax	–	–	–	(18.02)	–	–	–	(18.02)
Changes in control	–	–	–	12.63	–	–	–	12.63
<b>Balance as of March 31, 2020</b>	<b>4.04</b>	<b>194.03</b>	<b>171.83</b>	<b>1,451.55</b>	<b>1.66</b>	<b>(4.87)</b>	<b>13.10</b>	<b>1,831.34</b>

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

**Naitik Agrawal**

Partner

Membership No. 441441

Raipur

20th June, 2020

**K. K. Sarda**

Chairman & Managing Director

DIN: 00008170

Raipur

20th June, 2020

**P. K. Jain**

Wholtime Director & CFO

DIN: 00008379

**Manish Sethi**

Company Secretary

## Consolidated Cash Flow Statement for the year ended 31st March, 2020

(₹ in Crore)

	Year ended 31.03.2020	Year ended 31.03.2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax as per Profit & Loss Account	178.89	323.69
<b>Adjustments to reconcile profit before tax to cash generated by operating activities</b>		
Depreciation and amortization expense	77.92	76.47
Finance Costs	82.48	98.96
Loss pertaining to scrapping of assets	3.22	0.72
Exchange differences on translation of assets & liabilities	7.90	(6.41)
Net (Gain)/Loss on investments pertaining to Fair valuation	40.08	24.73
Interest Income	(21.14)	(0.32)
Dividend income	(0.01)	(0.01)
(Profit)/Loss on sale of investments	3.28	(3.43)
(Profit)/Loss on sale of Property, Plant & Equipment	(2.98)	1.35
Effect of exchange difference on translation of subsidiaries	2.40	8.82
Allowance for credit losses on financial assets	(0.06)	(0.21)
<b>Changes in assets and liabilities</b>		
Trade Receivables	(30.71)	38.95
Inventories	(61.27)	(28.24)
Trade Payables	26.42	54.77
Loans and advances and other assets	84.65	10.20
Liabilities and provisions	17.03	(6.11)
	<b>408.10</b>	<b>593.93</b>
Income Tax Paid	(63.42)	(113.85)
<b>NET CASH (USED)/GENERATED IN OPERATING ACTIVITIES</b>	<b>344.68</b>	<b>480.08</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in Fixed Assets	(358.65)	(327.35)
Sale of Property, Plant & Equipment	6.27	2.66
Investment made in Joint Venture, MFs & Others	(26.50)	(7.90)
Investment liquidated in Joint Venture, MFs & Others	9.07	(18.39)
Loan repaid by/(given to) related & others parties	(25.21)	(69.86)
Interest received	4.74	(20.49)
Dividend received	0.01	0.01
Change in non-controlling interest	(32.85)	42.77
<b>NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES</b>	<b>(423.12)</b>	<b>(398.55)</b>

## Consolidated Cash Flow Statement for the year ended 31st March, 2020

(₹ in Crore)

	Year ended 31.03.2020	Year ended 31.03.2019
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	453.47	164.41
Repayment of long term borrowings	(109.92)	(95.50)
Short term borrowings (net)	(44.04)	(57.69)
Interest Paid	(82.61)	(98.88)
Dividend & dividend tax paid	(18.02)	(18.02)
<b>NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES</b>	<b>198.88</b>	<b>(105.68)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>120.44</b>	<b>(24.15)</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	43.49	67.64
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>163.93</b>	<b>43.49</b>
<b>Supplementary Information</b>		
Restricted Cash Balance	<b>0.71</b>	<b>1.50</b>
<b>Notes</b>		
(a) <b>Cash and cash equivalent include the following</b>		
Cash on Hand	0.39	0.33
Balances with banks	163.54	43.16
	<b>163.93</b>	<b>43.49</b>
(b) Previous year figures have been recast/restated wherever necessary.		
(c) Figures in brackets represent outflows.		

As per our report of even date attached

For and on Behalf of the Board

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

(ICAI FRN 002172C)

Chartered Accountants

**Naitik Agrawal**

Partner

Membership No. 441441

Raipur

20th June, 2020

**K. K. Sarda**

Chairman &amp; Managing Director

DIN: 00008170

Raipur

20th June, 2020

**P. K. Jain**

Wholetime Director &amp; CFO

DIN: 00008379

**Manish Sethi**

Company Secretary

## Notes to consolidated financial statements for the year ended 31st March, 2020

### 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.

#### 1.2 Basis of Consolidation

The Consolidated Financial Statements comprise individual financial statements of Sarda Energy & Minerals Limited, its subsidiaries, associates and jointly controlled entities as on 31st March, 2020. 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 intra group 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 Associates and 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 Associates and 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 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.

Unrealised 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, 2020. The financial statement of an associate has been audited up to 31st December, 2019 and the period from 1st January to 31st March, 2020 was unaudited considered in the consolidated financial statement.

**Notes to consolidated financial statements for the year ended 31st March, 2020**

- 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) Land, Right to use Land, Approach Road, Plant & Machinery and Building are depreciated/amortized over the period for which ownership of the plant is vested with the Group as per Implementation Agreement signed with the Government.
- ii) Service Concession Agreement
  - a) The Group recognizes an intangible asset arising from service concession arrangements to the extent it has a right to charge for use of concession infrastructure. The Fair Value at the time of initial recognition of such intangible asset received as consideration for providing construction upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition the intangible asset is measured at cost less any accumulated amortization.
  - b) Intangible assets comprising of Right to Use land rights expected to provide future economic benefits are stated at cost of acquisition/implementation/development less accumulated amortization.
- iii) 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.

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

### 2 PROPERTY, PLANT & EQUIPMENT

	Gross Block				Depreciation				Net Block	
	As on 01.04.2019	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2020	Up to 01.04.2019	Depreciation for the year	Transfer / Adjustment	As on 31.03.2020	As on 31.03.2020	As on 31.03.2019
Freehold Land	29.03	-	-	29.03	-	-	-	-	29.03	29.03
Leasehold Land	10.37	0.04	-	10.41	0.48	0.12	(0.02)	0.62	9.79	9.89
Building	264.72	7.01	-	271.73	49.52	12.19	-	61.71	210.02	215.19
Plant & Machinery	1,205.18	31.32	4.52	1,231.98	220.89	61.44	1.23	281.10	950.87	984.26
Furniture, Fixture & Equipments	8.46	1.35	0.14	9.67	4.95	1.02	0.08	5.89	3.78	3.51
Vehicles	12.08	1.12	0.85	12.35	5.08	2.09	0.58	6.59	5.76	7.00
<b>Total</b>	<b>1,529.84</b>	<b>40.84</b>	<b>5.51</b>	<b>1,565.17</b>	<b>280.92</b>	<b>76.86</b>	<b>1.88</b>	<b>355.91</b>	<b>1,209.26</b>	<b>1,248.88</b>
Depreciation taken to Preoperative Expenses						37.43				
Net Depreciation during the year						39.43				

#### INVESTMENT PROPERTY

Freehold Land - IP	40.41	-	-	40.41	-	-	-	-	40.41	40.41
Building - IP	12.40	-	-	12.40	0.82	0.21	-	-	-	11.58
<b>Total</b>	<b>52.81</b>	<b>-</b>	<b>-</b>	<b>52.81</b>	<b>0.82</b>	<b>0.21</b>	<b>-</b>	<b>1.04</b>	<b>51.78</b>	<b>51.99</b>

#### OTHER INTANGIBLE ASSETS

Computer Software	1.88	-	-	1.88	1.10	0.18	-	1.28	0.60	0.78
Minig Rights & Development	3.08	-	-	3.08	0.74	0.19	-	0.93	2.15	2.34
Rights to use land	32.82	-	-	32.82	3.27	0.85	-	4.12	28.70	29.55
<b>Total</b>	<b>37.78</b>	<b>-</b>	<b>-</b>	<b>37.78</b>	<b>5.11</b>	<b>1.22</b>	<b>-</b>	<b>6.33</b>	<b>31.45</b>	<b>32.67</b>

### 2 PROPERTY, PLANT & EQUIPMENT

	Gross Block				Depreciation				Net Block	
	As on 01.04.2018	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2019	Up to 01.04.2018	Depreciation for the year	Transfer / Adjustment	As on 31.03.2019	As on 31.03.2019	As on 31.03.2018
Freehold Land	28.52	0.75	0.25	29.02	-	-	-	-	29.02	28.52
Leasehold Land	10.37	-	-	10.37	0.33	0.12	(0.02)	0.47	9.89	10.04
Building	256.28	11.15	2.72	264.71	37.95	11.66	0.09	49.52	215.20	218.33
Plant & Machinery	1,169.92	41.42	6.46	1,204.88	162.66	59.84	1.87	220.63	984.25	1,007.26
Furniture, Fixture & Equipments	7.35	1.13	0.02	8.46	3.60	1.36	0.01	4.95	3.51	3.75
Vehicles	10.62	2.61	1.15	12.08	3.52	2.38	0.83	5.07	7.00	7.10
<b>Total</b>	<b>1,483.06</b>	<b>57.06</b>	<b>10.60</b>	<b>1,529.52</b>	<b>208.06</b>	<b>75.36</b>	<b>2.78</b>	<b>280.64</b>	<b>1,248.88</b>	<b>1,275.00</b>

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

**2 PROPERTY, PLANT & EQUIPMENT (Contd.)**

	Gross Block				Depreciation				Net Block	
	As on 01.04.2018	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2019	Up to 01.04.2018	Depreciation for the year	Transfer / Adjustment	As on 31.03.2019	As on 31.03.2019	As on 31.03.2018
<b>INVESTMENT PROPERTY</b>										
Freehold Land - IP	39.50	0.66	(0.25)	40.41	-	-	-	-	40.41	39.50
Building - IP	9.72	-	(2.68)	12.40	0.53	0.21	(0.08)	0.82	11.58	9.19
<b>Total</b>	<b>49.22</b>	<b>0.66</b>	<b>(2.93)</b>	<b>52.81</b>	<b>0.53</b>	<b>0.21</b>	<b>(0.08)</b>	<b>0.82</b>	<b>51.99</b>	<b>48.69</b>
<b>OTHER INTANGIBLE ASSETS</b>										
Goodwill	1.31	-	1.31	-	-	-	-	-	-	1.31
Computer Software	1.88	0.01	-	1.90	0.85	0.25	-	1.10	0.80	1.02
Minig Rights & Development	3.07	-	-	3.07	0.56	0.19	-	0.75	2.32	2.53
Rights to use land	32.39	0.43	-	32.82	2.43	0.84	-	3.27	29.55	29.96
<b>Total</b>	<b>38.66</b>	<b>0.44</b>	<b>1.31</b>	<b>37.79</b>	<b>3.84</b>	<b>1.27</b>	<b>-</b>	<b>5.12</b>	<b>32.67</b>	<b>34.81</b>

**3 NON CURRENT ASSETS - FINANCIAL ASSET - INVESTMENTS**

	As at 31st March, 2020	As at 31st March, 2019
(a) <b>Investment in Joint Ventures and Associates</b>		
Using equity method	29.78	29.91
(b) <b>Carried at FVTOCI</b>		
Investments in other companies in Unquoted Equity Instruments	21.79	16.85
(c) <b>Carried at FVTPL</b>		
Investment in Mutual Fund	0.11	0.16
	<b>51.68</b>	<b>46.92</b>

**4 NON CURRENT ASSETS - FINANCIAL ASSETS - OTHER FINANCIAL ASSETS**

	As at 31st March, 2020	As at 31st March, 2019
Security Deposits		
Unsecured, considered good	2.96	20.59
	<b>2.96</b>	<b>20.59</b>

**5 OTHER NON CURRENT ASSETS**

	As at 31st March, 2020	As at 31st March, 2019
<b>OTHER NON-CURRENT ASSETS</b>		
(a) <b>Capital Advances</b>		
Unsecured, considered good	27.07	35.06
(b) <b>Advances other than capital advances</b>		
Unsecured, considered good		
Other loans and advances	7.96	13.04
Prepaid Expenses	11.47	11.56
	<b>46.50</b>	<b>59.66</b>



## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

### 6 INVENTORIES (valued at lower of cost and net realisable value)

	As at 31st March, 2020	As at 31st March, 2019
(a) Raw Material	277.79	212.20
(b) Finished / semi finished goods	187.23	193.72
(c) Stock-in-Trade	0.02	0.04
(d) Stores and spares	35.72	33.54
	<b>500.76</b>	<b>439.50</b>

### 7 CURRENT ASSETS - FINANCIAL ASSETS - INVESTMENTS

	As at 31st March, 2020	As at 31st March, 2019
Carried at FVTPL		
(i) Investments in Equity Instruments in other Companies (Quoted)	41.90	52.42
(ii) Investments held for trading	97.28	113.59
	<b>139.18</b>	<b>166.01</b>

### 8 CURRENT ASSETS - FINANCIAL ASSETS - TRADE RECEIVABLES

	As at 31st March, 2020	As at 31st March, 2019
Trade receivables considered good - Secured	16.65	13.69
Trade receivables considered good - Unsecured	106.63	78.35
Trade receivables which have significant increase in Credit Risk	3.56	3.17
Trade receivable - credit impaired	0.06	0.15
Less: Provision for trade receivables considered good which have significant credit risk and credit impaired	(3.01)	(2.80)
	<b>123.89</b>	<b>92.56</b>

### 9 CURRENT ASSETS - FINANCIAL ASSETS - BANK, CASH & CASH EQUIVALENTS

	As at 31st March, 2020	As at 31st March, 2019
Balances with banks		
In current accounts	6.91	11.73
FDR with Bank	45.58	24.42
Liquid Mutual Fund Investment	111.05	7.01
Cash on hand	0.39	0.33
	<b>163.93</b>	<b>43.49</b>

### 10 CURRENT ASSETS - FINANCIAL ASSETS - OTHER BANK BALANCES

	As at 31st March, 2020	As at 31st March, 2019
Unpaid dividend	0.71	1.50
	<b>0.71</b>	<b>1.50</b>

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

**11 CURRENT ASSETS - FINANCIAL ASSETS - LOANS**

	As at 31st March, 2020		As at 31st March, 2019	
(a) <b>Loans and advances to related parties</b>				
Considered good - Unsecured	139.98		175.07	
(b) <b>Other loans</b>				
Considered good - Unsecured				
(i) Earnest money deposit	1.30		1.98	
(ii) Loans to employees	0.36		0.24	
(iii) Loans and advances to other parties	104.25		110.76	
(iv) Claims & recoverables	13.65		24.49	
	<b>259.54</b>		<b>312.54</b>	

**12 OTHER CURRENT ASSETS**

	As at 31st March, 2020		As at 31st March, 2019	
<b>Advances other than capital advances</b>				
(a) <b>Other Advances</b>				
Unsecured, considered good				
(i) Employee Advance	0.04		0.04	
(ii) Advances to vendors	94.92		60.55	
(iii) Advance royalty paid	0.39		3.41	
(iv) Prepaid expenses	3.71		3.76	
(v) Balances with revenue authorities	13.93		19.13	
(vi) Others	1.96		0.14	
	<b>114.95</b>		<b>87.03</b>	

**13 EQUITY SHARE CAPITAL**

	As at 31st March, 2020		As at 31st March, 2019	
	No.	₹ in crore	No.	₹ in crore
A <b>Authorized</b>				
Equity Shares of ₹ 10/- each	5,00,00,000	50.00	5,00,00,000	50.00
<b>Issued, Subscribed and fully paid up</b>				
Equity Shares of ₹ 10/- each	3,60,49,235	36.05	3,60,49,235	36.05
	<b>3,60,49,235</b>	<b>36.05</b>	<b>3,60,49,235</b>	<b>36.05</b>

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

	As at 31st March, 2020		As at 31st March, 2019	
	No.	₹ in crore	No.	₹ in crore
Number of shares outstanding at the beginning of the period	3,60,49,235	36.05	3,60,49,235	36.05
Add: Increased during the year	-	-	-	-
Less: Decreased during the year	-	-	-	-
Number of shares outstanding at the end of the period	<b>3,60,49,235</b>	<b>36.05</b>	<b>3,60,49,235</b>	<b>36.05</b>

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

### 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, 2020		As at 31st March, 2019	
	Number of shares	%	Number of shares	%
Chhatisgarh Investments Limited	1,38,78,760	38.50%	1,38,78,760	38.50%
Sarda Agriculture & Properties Private Limited	26,35,150	7.31%	26,35,150	7.31%

## 14 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

	Non-Current portion		Current Maturities	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
	₹	₹	₹	₹
<b>Term loans (Secured)</b>				
from banks				
Indian Rupee Loan	691.70	562.29	62.74	63.55
from other parties				
Indian rupee loan from Financial institutions	716.39	501.52	-	-
Hire purchase loans	0.25	0.23	0.17	0.11
	<b>1,408.34</b>	<b>1,064.04</b>	<b>62.91</b>	<b>63.66</b>

## 15 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

	As at 31st March, 2020	As at 31st March, 2019
<b>Security Deposit Received</b>		
Deposits from Vendors	25.16	11.72
Other payables	2.40	2.57
	<b>27.56</b>	<b>14.29</b>

## 16 PROVISIONS

	As at 31st March, 2020	As at 31st March, 2019
(a) Provision for employee benefits		
Provision for Leave encashment	5.17	4.86
(b) Others		
Statutory liabilities	-	0.10
Site restoration expenses	3.74	3.75
	<b>8.91</b>	<b>8.71</b>

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

**17 DEFERRED TAX LIABILITIES (NET)**

	As at 31st March, 2020	As at 31st March, 2019
<b>Deferred Tax Liabilities (Net)</b>		
Deferred tax liability / (assets) at the beginning of the year	71.03	68.09
Deferred tax liability / (assets) during the year on account of timing difference & unabsorbed depreciation	1.90	13.27
Deferred Tax MAT Credit	(12.03)	(10.33)
<b>DEFERRED TAX LIABILITIES / ASSETS at the end of the year</b>	<b>60.90</b>	<b>71.03</b>

**18 CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS**

	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
<u>From Banks (Secured)</u>		
Short term loans	29.14	16.84
Working capital loans (repayable on demand)	107.28	168.98
Working capital Buyers Credit loans	86.68	28.80
	<b>223.10</b>	<b>214.62</b>
<u>From Banks and Financial Institutions (Unsecured)</u>		
From banks	-	20.00
From Others	-	33.00
<u>Other loans and advances (Unsecured)</u>		
Loans from Other Parties	0.09	-
	<b>0.09</b>	<b>53.00</b>
	<b>223.19</b>	<b>267.62</b>

**19 CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES**

	As at 31st March, 2020	As at 31st March, 2019
(a) Current maturities of long term debt	62.91	63.66
(b) Interest accrued but not due on borrowings	16.34	16.47
(c) Deposits from customers	3.95	4.10
(d) Expenses payable	21.15	47.72
(e) Salary & reimbursements	13.77	15.26
(f) Bill discounting (backed by LCs)	40.88	7.04
(g) INR payable to bank in forex account-on Financial Instruments at FVTPL-Level 1	0.14	-
(h) Unpaid Dividends	0.71	1.50
(i) Others	1.89	1.17
	<b>161.74</b>	<b>156.92</b>

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

### 20 OTHER CURRENT LIABILITIES

	As at 31st March, 2020	As at 31st March, 2019
(a) Others -		
Indirect taxes payable	7.88	12.39
Others	0.30	0.17
(b) Deposit from Employees	1.65	1.25
(c) Advances from customers	6.53	6.95
(d) TDS payables	2.50	1.65
(e) Open access UI charges payable	0.15	0.24
(f) Other expenses payable	0.20	0.26
	<b>19.21</b>	<b>22.91</b>

### 21 PROVISIONS

	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits		
(a) Provision for gratuity	1.36	2.36
(b) Provision for Leave	0.36	0.39
Provision for expenses	5.74	5.41
	<b>7.46</b>	<b>8.16</b>

### 22 REVENUE FROM OPERATIONS

	2019-20	2018-19
Sale of products		
Sponge Iron	266.98	284.76
Ferro Alloys	803.44	943.21
Steel Billets	85.77	110.53
Wire Rod / HB Wire	462.33	453.14
Pellet	200.98	287.22
Power	91.33	117.27
Others	61.89	97.42
Other operating revenues	27.43	30.34
<b>Revenue from Operations (Gross)</b>	<b>2,000.15</b>	<b>2,323.89</b>

### 23 OTHER INCOME

	2019-20	2018-19
Interest Income	21.14	32.32
Dividend Income		
From Others	1.40	1.28
Net gain on sale of investments	(3.28)	3.43
Fair value gain on Financial Instruments at FVTPL	(40.08)	(24.60)
Other non-operating income (net of expenses directly attributable to such income)	3.89	4.42
	<b>(16.93)</b>	<b>16.85</b>

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

**24 COST OF RAW MATERIAL CONSUMED**

	2019-20	2018-19
Iron Ore	276.93	296.43
Mn Ore	305.31	335.89
Coal	547.64	593.29
Scrap	75.96	68.13
Other Material	27.26	136.87
	<b>1,233.10</b>	<b>1,430.61</b>

**25 CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS AND STOCK-IN-TRADE**

	2019-20	2018-19
Inventories at the end of the year		
Finished Goods / Semi-finished goods	187.23	193.72
Trading Goods	0.02	0.04
	<b>187.25</b>	<b>193.76</b>
Inventories at the beginning of the year		
Finished Goods / Semi-finished goods	193.72	148.19
Trading Goods	0.04	7.19
	<b>193.76</b>	<b>155.38</b>
<b>Increase/(Decrease) in Inventories</b>	<b>(6.51)</b>	<b>38.38</b>

**26 EMPLOYEE BENEFIT EXPENSE**

	2019-20	2018-19
Salaries, incentives & Managerial Remuneration	78.43	79.49
Contributions to -		
Provident fund	4.51	3.82
Superannuation scheme	0.18	0.18
Gratuity fund	1.65	1.70
Staff welfare expenses	3.02	2.16
	<b>87.79</b>	<b>87.35</b>

**27 FINANCE COSTS**

	2019-20	2018-19
Interest expense	72.34	85.30
Other borrowing costs	7.55	9.94
Amortization of ancillary borrowing costs	1.48	0.77
Exchange difference to the extent considered as an adjustment to borrowing costs	1.11	2.95
	<b>82.48</b>	<b>98.96</b>

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

### 28 OTHER EXPENSES

	2019-20	2018-19
Stores & Spares Consumption	70.47	70.76
Power	8.54	8.15
Manufacturing Expenses		
Plant process & services	25.99	23.27
Material handling Expenses	35.30	35.90
Other Manufacturing Expenses	0.29	0.31
Repairs & Maintenance		
Building	2.41	3.76
Plant & Machinery	9.79	10.63
Others	7.61	7.94
Rent	2.27	2.35
Rates & Taxes	15.67	15.89
Insurance Charges	4.50	3.57
Miscellaneous Expenses		
Travelling & Conveyance expenses	5.68	6.23
Legal & Professional Expenses	7.51	12.95
Administrative and other Expenses	20.87	16.24
Selling Expenses		
Carriage Outward	22.06	26.06
Selling Commission & Brokerage	4.40	4.16
Other Selling Expenses	2.88	2.14
Exchange differences (net)	16.65	10.32
Payment to Auditors	0.60	0.47
	<b>263.49</b>	<b>261.10</b>

### 29 OTHER COMPREHENSIVE INCOME

	2019-20	2018-19
(i) <b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of defined benefit plans	1.47	(0.52)
Income Tax relating to items that will not be reclassified to profit or loss	(0.08)	0.28
(ii) <b>Items that will be reclassified to profit or loss</b>		
Fair value of investment	(1.23)	(9.42)
Share of other comprehensive income in associates & joint ventures to the extent to be classified into profit or loss	(0.47)	(0.38)
Income Tax relating to items that will be reclassified to profit or loss	0.57	2.42
	<b>0.26</b>	<b>(7.62)</b>

### 30 EARNINGS PER SHARE (EPS)

	2019-20	2018-19
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in Crore)	126.34	203.18
Nominal Value of Equity Shares (₹)	10	10
Weighted average number of Equity Shares used as denominator for calculating basic EPS (no. in crore)	3.60	3.60
Weighted average number of Equity Shares used as denominator for calculating Diluted EPS (no. in crore)	3.60	3.60
Basic	35.05	56.36
Diluted	35.05	56.36

## Notes to consolidated financial statements for the year ended 31st March, 2020

## 31 SEGMENT REPORTING

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

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

## A) Business Segment Primary

(₹ in Crore)

	2019-20				2018-19			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
<b>Revenue</b>								
Sales & other income	1,032.35	857.74	96.18	1,986.27	1,147.96	1,049.80	118.31	2,316.07
Inter segment sales		15.38	318.33	333.71		12.26	356.53	368.79
Others Unallocated				13.88				7.82
Less: Inter segment sales		15.38	318.33	333.71		12.26	356.53	368.79
<b>Total Revenue</b>	<b>1,032.35</b>	<b>857.74</b>	<b>96.18</b>	<b>2,000.15</b>	<b>1,147.96</b>	<b>1,049.80</b>	<b>118.31</b>	<b>2,323.89</b>
<b>Result</b>								
Segment Result	240.69	97.29	49.78	387.76	349.76	116.92	24.33	491.01
Unallocated Expenses net off unallocated income				(109.70)				(58.04)
<b>Operating Profit</b>				<b>278.04</b>				<b>432.97</b>
Interest & Forex Fluctuation Loss (Net)				(99.15)				(109.28)
<b>Profit Before Tax &amp; Extraordinary Item</b>				<b>178.89</b>				<b>323.69</b>
<b>Provision for taxation</b>								
For Current Year				(52.86)				(110.69)
For Deferred Taxation				9.51				(5.81)
<b>Profit After Taxation</b>				<b>135.54</b>				<b>207.19</b>
<b>Other Information</b>								
Segment Assets	784.35	533.86	1,276.10	2,594.31	702.66	521.67	1,125.00	2,349.33
Unallocated Assets				1,477.15				1,316.15
<b>Total Assets</b>				<b>4,071.46</b>				<b>3,665.48</b>
Segment Liabilities	176.65	168.80	1,218.49	1,563.94	145.30	72.02	941.14	1,158.46
Unallocated Liabilities				567.88				648.59
<b>Total Liabilities</b>				<b>2,131.82</b>				<b>1,807.05</b>
Capital Expenditure	20.08	15.26	306.06	341.40	22.62	13.78	284.31	320.71
Unallocated Capital Expenditure				2.82				0.21
Depreciation / Amortisation	29.20	13.82	27.05	70.07	27.64	12.12	27.92	67.68
Unallocated Depreciation				7.84				8.79



## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

### 32 INTEREST IN SUBSIDIARIES

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

Name of Subsidiaries	Country of Origin	Proportion of ownership interest As at 31st March (%)	
		2020	2019
Sarda Energy & Minerals Hong Kong Limited	HongKong	100.00	100.00
Sarda Global Ventures Pte Limited	Singapore	100.00	100.00
Sarda Global Trading DMCC	Dubai	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	100.00	60.00
Parvatiya Power Limited	India	51.00	51.00
Madhya Bharat Power Corporation Limited	India	82.96	79.36
Shri Ram Electricity LLP	India	51.00	51.00
Sarda Hydro Power LLP	India	60.00	60.00
Natural Resources Energy Private Limited	India	100.00	100.00

### 33 (A) INTEREST IN JOINT VENTURES

The financial statements of the following Joint Ventures have been considered in consolidation:

Name of the Company	Country of Origin	Proportion of ownership interest As at 31st March (%)	
		2020	2019
Raipur Infrastructure Company Limited	India	33.33%	33.33%
Madanpur South Coal Company Limited	India	20.13%	20.13%

### 33 (B) INTEREST IN ASSOCIATES OF SUBSIDIARY COMPANY

The financial statements of the following Associate has been considered in consolidation:

Name of the Company	Country of Origin	Proportion of ownership interest As at 31st March (%)	
		2020	2019
PT. Tigadaya Minergy	Indonesia	49.00%	49.00%

## Notes to consolidated financial statements for the year ended 31st March, 2020

## 34 RELATED PARTY DISCLOSURE

## a) Names of related parties and description of relationship

S.No.	Relationship	Name of Related Parties
1	Joint Ventures/Associates	Raipur Infrastrucutre Company Limited
		Madanpur South Coal Company Limited
		P T Tigadaya Minergy (Associate of Overseas WOS)
2	Related Enterprises where significant influence exist	Chhattisgarh Investments Limited
		Geschaft Formulae India Private Limited (Formerly known as Sarda Solution and Technologies Private Limited)
		Rishabh Mining & Transport Company Private Limited
		Sarda Dairy & Food Products Limited
		Goldenlife Financial Services Private Limited
		Prachi Agriculture & Properties Private Limited
		Earth Stahl Alloys Private Limited
		Chhattisgarh Metaliks & Alloys Private Limited
		Kashmirilal Constructions Private Limited
		Lighthouse Info Systems Private Limited
		Apex Equipment Private Limited
		Jai Balaji Enterprises
		Vikas Associates
		R. R. Sarda & Co
3	Key Management Personnel (KMP)	Mr. Kamal Kishore Sarda
		Mr. Pankaj Sarda
		Mrs. Uma Sarda
		Mr. Padam Kumar Jain
		Mr. Prabhakar Ram Tripathi
		Mr. Gajinder Singh Sahni
		Mr. Jitender Balakrishnan
		Mr. C.K. Lakshminarayanan
		Mr. Asit Kumar Basu
		Mr. Rakesh Mehra
		Mr. Manish Sethi
		Mr. Manish Sarda
		Mr. Neeraj Sarda
		Mrs. Sonal Sarda
		Mr. V. Sridar
		Mr. V. Shankarnath
		Mr. Gaurav Thakkar
		Mr. Sanjay Sabat
		Mr. Vipula Sarda
		Mr. P. S. Duttgupta
		Mr. Gaurishankar Patra (POWER FIN. COP. LTD )
		Ms. Shilpa Rathod
		Mr. Kashmirilal Agarwal
		Mr.Praharsh Agarwal
		Mr. Dinesh Kumar Lahoti
		Mr. Martin Victor ALVA

## Notes to consolidated financial statements for the year ended 31st March, 2020

S.No.	Relationship	Name of Related Parties
4	Relatives of KMP's	Mrs. Veena Sarda
		Mr. Mahesh Kumar Khator
		Mr. Satya Narayan Khator
		Mr. Anant Sarda
		Miss. Niharika Jain
		Mr. Vikas Agarwal

### Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and on arm's length basis. For the year ended 31st March, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31st March, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### b) Material Transactions with Related Parties

(₹ in Crore)

	Joint Ventures/ Associates	Related Enterprises where significant influence exists	Key Management Personnel	Relatives of Key Management Personnel
Remuneration	-	-	10.93	0.12
	-	-	(11.62)	(0.18)
Rent Paid	-	1.46	-	0.03
	-	(1.53)	-	(0.02)
Loans Granted	-	292.74	-	-
	-	(248.41)	-	-
Loans Received Back	-	332.79	-	-
	-	(151.67)	-	-
Loans Taken	-	0.18	-	-
	-	-	-	-
Interest Paid	-	-	-	0.01
	-	-	-	(0.01)
Interest Received	-	16.84	-	-
	-	(15.23)	-	-
Advances Given	-	0.04	-	-
	-	-	-	-
Sale of Goods	-	0.85	-	-
	-	(1.93)	-	-
Purchase of Goods	-	17.65	-	-
	-	(21.13)	-	-
Services Received	-	2.43	-	-
	-	(2.75)	-	-
Services Rendered	0.04	-	-	-
	(0.04)	-	-	-
Commission Paid	-	0.04	-	0.09
	-	-	-	(0.14)
Investment made	-	6.17	-	-
	-	(0.48)	-	-
Outstanding as on 31st March				
Receivables	-	0.82	0.02	-
	-	(0.54)	(0.01)	-
Loans Receivable	-	156.38	-	-
	-	(181.27)	-	-
Loans Payable	-	0.18	-	-
	-	-	-	-
Payables	-	1.73	3.60	0.20
	-	(1.71)	(4.64)	(0.23)

## Notes to consolidated financial statements for the year ended 31st March, 2020

### 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, 2020 is ₹ 66.93 Crore (31 March 2019: ₹ 148.63 Crore).

### 36 ESTIMATION OF UNCERTAINTIES RELATING TO THE GLOBAL HEALTH PANDEMIC FROM COVID-19 (COVID-19)

Due to outbreak of COVID-19 globally and in India, the Group's management has made initial assessment of impact on business and financial risks on account of COVID-19. Considering that the plants were closed down (except Hydro Power Plants) on account of nation wise lockdown since 25th March, 2020 and as a result of lockdown the volume for the month of March, 20 have been impacted to some extent. However, in view of higher volume of operations during the rest of the month and year, there was no major impact on financials of the Group for the year ended 31st March, 2020. Subsequently, in view of classification of iron & steel Industry as essential commodity, the Group has resumed operations effective from 16th April, 2020 after obtaining necessary approval from the appropriate Government agencies. The Group is taking full measure to protect the health & safety of the employees. Further the Group has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables, Inventory and Investments and has concluded that there are no material adjustments required in the financial statements. Barring unforeseen circumstances, the management believes that the impact of the COVID-19 outbreak on the business and financial position of the Group is not likely to be significant at this stage, unless the corona impacted cases further increase in the area of operations of the Group. The management does not see any risks in the Group's ability to continue as a going concern and meeting its liabilities as and when they fall due. The Group continues to make repayment of loan on due dates and has not availed the moratorium in repayment of loans granted by the banks and including interest thereon. The Group is monitoring the situation closely and will take appropriate measures depending on the evolving situation.

### 37 NEW AND AMENDED STANDARDS

During the year Ind AS 116 made effective from 01.04.2019 and several other amendments apply for the first time for the year ended 31.03.2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

### 38 INCOME TAX EXPENSE

(₹ in Crore)

#### i) Income tax recognized in profit or loss

	31st March, 2020	31st March, 2019
<b>a) Current tax expense</b>		
Current year	53.69	113.04
Adjustment for prior periods	(0.83)	(2.34)
	-	-
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(9.51)	5.81
<b>Total income tax expense</b>	<b>43.35</b>	<b>116.51</b>

#### ii) Income tax recognized in OCI

	31st March, 2020	31st March, 2019
That will not be reclassified to profit or loss	(0.08)	0.28
That will be reclassified to profit or loss	0.57	2.42
<b>Total income tax expense relating to OCI items</b>	<b>0.49</b>	<b>2.70</b>

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

### b) Reconciliation of tax expense and accounting profit

	31st March, 2020	31st March, 2019
Accounting profit before tax from continuing operations	178.89	323.69
<b>Accounting profit before tax</b>	<b>178.89</b>	<b>323.69</b>
<b>Expected Tax Rate</b>	<b>25.17%</b>	<b>34.94%</b>
Tax using the Company's domestic tax rate (Current year 25.17% and Previous Year 34.94%)	45.02	113.11
Adjustments in respect of current income tax of previous years	(0.83)	(2.34)
Exceptional item not considered for tax purpose	(2.48)	1.67
Expense Allowable for tax purpose	(28.38)	(33.75)
Expense not allowed for tax purpose	26.66	27.17
Deduction under Chapter VIA	(1.16)	2.32
Income not considered for tax purpose other than PGBP	0.09	0.02
Effect of different overseas rates	7.07	2.52
Income Taxable at special rate of tax	3.04	0.01
Mat Credit used	0.78	(0.04)
Other temporary differences	(9.51)	5.81
<b>Effective income tax rate</b>	<b>24.23%</b>	<b>35.99%</b>
Income tax reported in the statement of profit and loss	43.35	116.50
	<b>43.35</b>	<b>116.50</b>

### c) Reconciliation of deferred tax assets/ Liabilities

Deferred tax relates to the following:

	31st March, 2020	31st March, 2019
<b>Opening balance as at 1st April</b>	<b>71.03</b>	<b>68.09</b>
Accelerated depreciation for tax purposes	0.46	16.30
Expenses allowed on payment basis	0.31	(0.17)
DTA impact on indexation of land	(0.82)	(0.56)
DTA impact on net movement, Valuation & others	1.95	(9.56)
MAT Credit Adjusted	(12.03)	(3.07)
<b>Closing balance as at 31st March</b>	<b>60.90</b>	<b>71.03</b>

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

## 39 CONTINGENT LIABILITIES

	Year ended 31st March, 2020	Year ended 31st March, 2019
Guarantees given by group's bankers	88.36	40.36
Guarantees given to DGFT on behalf of wholly owned subsidiary for meeting export obligation	–	0.99
Guarantees given to Assistant Commissioner of Customs on behalf of wholly owned subsidiary	0.43	1.51
Bills discounted with the group's bankers under Letters of Credit	40.97	7.04
Claims against the group not acknowledged as debt & disputed in appeals	21.50	68.05
Excise Duty & Service Tax Demand	16.45	16.45
VAT, CST & Entry Tax	9.45	10.85
Income Tax	14.87	1.77
Electricity Duty	8.84	8.84
Energy Development Cess	66.69	60.79
Relinquishment Charges	119.03	–
	<b>386.59</b>	<b>216.65</b>

i) Guarantee given to Director General of Foreign Trade ₹ Nil (P.Y. ₹ 0.99 Crore) and Assistant Commissioner of Customs ₹ 0.43 Crore (P.Y. ₹ 2.21 Crore) 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 Limited 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 ₹ 10.84 Crore (P.Y. ₹ 57.39 Crore) as on the Balance Sheet date. However, Claim against the Company in the previous financial year comprised of claims by erstwhile civil contractors, M/S SEW Infrastructure Limited. In the course of hearing before Hon'ble High Court of Delhi, both the Parties opted for amicable resolution of disputes through mediation and have settled their entire disputes in complete satisfaction of all the claims and/or counter claim. Final order passed by Delhi High Court Mediation and Conciliation Centre and the matter stands closed. The Arbitration Tribunal has passed an award on 31.07.2019 in the arbitration case with the erstwhile Electro-mechanical Contractor. In addition, the award carries interest until the date of payment. The Company has filed petition challenging the award in the High Court of Delhi and the matter is currently pending before the Delhi High Court. As directed by the High Court, the Company has already deposited ₹ 1.50 Crore against the awarded amount which shall be adjusted from the final amount payable to the contractor in case its petition is not allowed by the High Court.
- Commercial Tax demand from Sarda Metals & Alloys Limited for ₹ 4.24 Crore (PY ₹ 4.24 Crore) on account of disallowance of Input Tax credit of ₹3.39 Crore on equipments of Power Plant and Penalty of ₹ 0.85 Crore. 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 ₹ 6.42 Crore (P.Y. ₹ 6.42 Crore) are pending in various courts of law.

iii) Excise Duty & Service Tax

- Excise duty demand of ₹ 0.21 Crore (P.Y. ₹ 0.21 Crore) raised on account of Cenvat credit availed, which the Company has disputed in High Court, Jabalpur (MP).
- Excise Duty demand of ₹ 0.08 Crore (P.Y. ₹ 0.08 Crore) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- Service Tax demand of ₹ 16.17 Crore (P.Y. ₹ 16.17 Crore) raised on account of Service Tax on amount received in an international arbitration case settled out of court, which the Company has disputed and has filed appeal before Central Excise & Service Tax Appellate Tribunal (CESTAT).

**Notes to consolidated financial statements for the year ended 31st March, 2020****iv) Value Added Tax/Central Sales Tax/Entry Tax**

Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 9.45 Crore (P.Y. ₹ 10.85 Crore) are pending in appeal against assessment of various years.

**v) Income Tax**

- a) During the financial year 2014-15, Income tax department has conducted a search operation U/s 132 of Income Tax Act, 1961, covering the block periods from AY 2009-10 to 2014-15. The assessment has been completed by the tax authorities and a demand has been raised for the A.Y. 2012-13 for ₹ 0.87 Crore on account of disallowance of expenditure and addition of Forex gain. For Assessment year 2015-16 addition of ₹ 7.97 Crore has been made on account of discrepancies in stocks and demand has been raised for ₹ 0.87 Crore after adjustment of advance tax. The Company has filed appeals with Commissioner Appeals for both the assessment years which is pending.
- b) ₹ 2.68 Crore (P.Y. Nil) for the Assessment Year 2017-18 on account of partial disallowance of deduction claimed under Section 80IA and other disallowances made by Assessing Office as per order passed under Section 143(3) of the Income Tax Act, 1961. For Assessment year 2017-18 the Company has filed appeal before Commissioner of Income Tax (Appeal) Bhopal and the matter is pending. ₹ 10.45 Crore (P.Y. Nil) for the Assessment Year 2018-19 on account of partial disallowance of depreciation, exempted income and other disallowances made by central processing cell as per order passed under Section 143(1) of the Income Tax Act, 1961. For Assessment year 2017-18 the Company has filed rectification application before Assessing Officer Raipur and the matter is pending.
- vi) Electricity Duty ₹ 8.84 Crore (P.Y. ₹ 8.84 Crore) for the period from January 2013 to March 2017 for sale of Electricity. 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.
- vi) Energy Development Cess of ₹ 66.69 Crore (P.Y. ₹ 60.79 Crore) net of amount deposited ₹ 2.94 Crore (P.Y. ₹ 2.94 Crore) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to February 2019. The Honorable High Court of Chhattisgarh has held the levy of Energy Development Cess as unconstitutional vide its Order dated 20th June 2008. The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.
- vii) Bank Guarantee of ₹ 5 Crore (P.Y. ₹ 5 Crore) 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.
- viii) Relinquishment charges of 156 MW LTA for Kolam Power Plant, Relinquishment Charges in accordance with the directions under petition no 92/MP/2015 vide order dated 08-03-2019 is ₹ 97.20 Crore. Petition filed before the Hon'ble Tribunal for Electricity at New Delhi against the Impugned Order dated 08.03.2019 read with the corrigendum dated 10.05.2019 passed by the Central Electricity Regulatory Commission in the Petition No. 92/MP/2015. Matter is pending before the Hon'ble Tribunal for Electricity at New Delhi. Madhya Bharat Power Corporation Limited has made relinquishment of long term open access for transfer of power from 96 MW Rongnichu HEP, East Sikkim under Bulk Power Transmission Agreement with POWERGRID in January 2019 as the plant could not be commissioned as per schedule committed to PGCIL. Due to non transmission of power from the power project, PGCIL's capacity remained stranded. Central Electricity Regulatory Commission (CERC) has issued Order dated 10.05.2019 for determination of relinquishment charges. In pursuance of the said Order, PGCIL (CTU) has imposed a relinquishment charge of ₹ 21.83 crores on MBPCL for the stranded capacity vide its letter dated 27.12.2019. Similar relinquishment charges have been levied on many other IPPs as well. Against the above stated CERC Order, MBPCL along with Association of Power Producers (APP) and other entities have filed appeal to APTEL (Appellate Tribunal for Electricity) for review of CERC order. Meanwhile the Company had re-applied for OPEN ACCESS for transmission of power from 96 MW RHEP and Long Term Access has been granted to it w.e.f 31st January 2021. As such the period (12 years) for which the capacity of transmission line will remain stranded will get reduced and the liability calculated by PGCIL will get proportionally reduced. (even if the appeal before APTEL gets rejected).

## Notes to consolidated financial statements for the year ended 31st March, 2020

### 40 CONTINGENT ASSETS

- i) The Group has various pending insurance claims in lieu of machine break down adding up to ₹ 0.91 Crore as on 31st March, 2020.
- ii) Consequent to the deallocation of the coal block Gare Palma IV/7, the Group had filed a writ petition before the Hon'ble High Court of Delhi challenging the compensation amount and exclusion of washary from the mine infrastructure. Following the order of Hon'ble High Court of Delhi dated 09.03.2017, Ministry of Coal, Govt. of India had asked for resubmitting the compensation claim. Accordingly the Group has resubmitted compensation claim of ₹ 176.52 Crore. This includes compensation of ₹ 26.41 Crore already received in FY 2016-17. This matter is still pending with Ministry of Coal, Govt. of India.

### 41 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 enter 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

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 counter parties' 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 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 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:



## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

	31st March, 2020	31st March, 2019
Trade and other receivables	123.89	92.56
Loans and advances	262.51	333.13
Bank, cash and cash equivalents	164.64	44.99

### Impairment losses

	31st March, 2020	31st March, 2019
Trade and other receivables (measured under life time expected credit loss model)		
Opening balance	2.71	2.88
Provided during the year	0.30	(0.18)
Reversal of provision	-	-
Unwinding of discount	-	-
Closing balance	3.01	2.70

### Ageing analysis\*

	31st March, 2020	31st March, 2019
Upto 3 months	112.94	86.34
3-6 months	4.87	3.86
More than 6 months	9.09	5.07
	<b>126.90</b>	<b>95.27</b>

\*Gross trade receivables i.e. not including provision for doubtful debts/impairment

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:

	31st March, 2020	31st March, 2019
Term Loan - Union Bank of India (UBI)	6.13	6.13
Term Loan - PFC	46.67	51.86
Term Loan - PTC	28.68	11.58
Term Loan - IDBI/ IREDA	37.30	102.92
Cash Credit facility	130.39	68.68
Current investments	41.90	52.42

### 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

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

As at 31st March, 2020	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	275.17	842.37	576.89	1,694.43
Trade payables	213.66	-	-	213.66
Security deposits	8.78	22.73	-	31.51
Other financial liabilities	94.88	-	-	94.88
	<b>592.49</b>	<b>865.10</b>	<b>576.89</b>	<b>2,034.48</b>

As at 31st March, 2019	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	329.35	561.78	504.17	1,395.30
Obligations under finance lease	-	-	-	-
Trade payables	180.61	-	-	180.61
Security deposits	4.15	12.15	2.10	18.40
Other financial liabilities	89.16	-	-	89.16
	<b>603.27</b>	<b>573.93</b>	<b>506.27</b>	<b>1,683.47</b>

**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 Group. The Group is exposed to long term and short-term borrowings, Commercial Paper Program. The Group 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 Group'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, 2020	31st March, 2019
Variable rate borrowings	1,566.52	1,291.08
Fixed rate borrowings	127.92	104.22

**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	
	2019-20	2018-19
Interest rates - increase by 70 basis points	(8.50)	(8.10)
Interest rates - decrease by 70 basis points	8.50	8.10

**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.

## Notes to consolidated financial statements for the year ended 31st March, 2020

Currency in Crore

Particulars	Currency	2019-20	2018-19
Bank Loans	USD	(0.50)	(0.44)
Trade & Other Payables	EURO	(0.60)	(0.52)
Trade & Other Payables	USD	(2.73)	(2.31)
Trade & Other Payables	AED	(1.02)	-
Investment held for Trading	USD	1.13	1.64
	AED	0.58	-
Investment in associate	USD	0.29	0.32
Trade & Other Receivables	USD	0.99	1.28
	AED	0.03	-
Cash & Cash Equivalents	USD	-	0.08
	AED	0.01	-
Forward Contract to Sell/Receivable	USD	(0.10)	0.09

Profit or loss estimate to higher/lower as a result of changes in foreign exchange rates- (₹ in Crore)

	Impact on profit after tax	
	2019-20	2018-19
Foreign exchange rates - increase by 1%	(0.01)	(1.60)
Foreign exchange rates - decrease by 1%	0.01	1.60

### PRICE RISK

The Group is exposed to equity price risk, which arises 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 Group'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% increase in the index at the reporting date on profit & loss would have been an increase of ₹ 4.77 Crore (2018-19: ₹ 3.45 Crore); 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% increase in the index at the reporting date on profit & loss would have been an increase of ₹ 0.44 Crore (2018-19: ₹ 0.34 Crore); an equal change in the opposite direction would have decreased profit and loss.

## 42 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.

## Notes to consolidated financial statements for the year ended 31st March, 2020

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 Crore)

	31st March, 2020	31st March, 2019
Total liabilities	1,471.25	1,127.69
Less : Cash and cash equivalent	163.93	43.49
<b>Net debt</b>	<b>1,307.32</b>	<b>1,084.20</b>
Total equity	1,967.86	1,874.98
<b>Net debt to equity ratio</b>	<b>0.66</b>	<b>0.58</b>

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

### 43 FINANCIAL INSTRUMENTS

(₹ in Crore)

#### A. Accounting classification and fair values

31st March, 2020	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amotized Cost*		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
<b>Bank, cash and cash equivalents</b>	-	-	164.64	164.64	-	-	-	-
<b>Non-current investments</b>								
Unquoted Equity Investments	-	21.79	29.78	51.57	-	21.79	-	21.79
Quoted Mutual Funds	0.11	-	-	0.11	0.11	-	-	0.11
<b>Current investments</b>								
Quoted Equity Investments	139.18	-	-	139.18	139.18	-	-	139.18
<b>Financial Asset: Loans &amp; others</b>	-	-	262.51	262.51	-	-	-	-
<b>Trade and other receivables</b>	-	-	123.89	123.89	-	-	-	-
	<b>139.29</b>	<b>21.79</b>	<b>580.82</b>	<b>741.90</b>	<b>139.29</b>	<b>21.79</b>	-	<b>161.08</b>
<b>Financial liabilities</b>								
Long term borrowings	-	-	1,408.34	1,408.34	-	-	-	-
Short term borrowings	-	-	223.19	223.19	-	-	-	-
Trade and other payables	-	-	213.67	213.67	-	-	-	-
Other financial liabilities	0.14	-	189.16	189.30	0.14	-	-	0.14
	<b>0.14</b>	-	<b>2,034.36</b>	<b>2,034.50</b>	<b>0.14</b>	-	-	<b>0.14</b>

31st March, 2019	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amotized Cost*		Level 1	Level 2	Level 3	
<b>Financial assets</b>								
<b>Bank, cash and cash equivalents</b>	-	-	44.99	44.99	-	-	-	-
<b>Non-current investments</b>								
Unquoted Equity Investments	-	16.85	29.91	46.76	-	16.85	-	16.85
Quoted Mutual Funds	0.16	-	-	0.16	0.16	-	-	0.16
<b>Current investments</b>								
Quoted Equity Investments	166.01	-	-	166.01	166.01	-	-	166.01
<b>Financial Asset: Loans &amp; others</b>	-	-	333.13	333.13	-	-	-	-
<b>Trade and other receivables</b>	-	-	92.56	92.56	-	-	-	-
	<b>166.17</b>	<b>16.85</b>	<b>500.59</b>	<b>683.61</b>	<b>166.17</b>	<b>16.85</b>	-	<b>183.02</b>

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

31st March, 2019	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amotized Cost*		Level 1	Level 2	Level 3	
<b>Financial liabilities</b>								
Long term borrowings	-	-	1,064.04	1,064.04	-	-	-	-
Short term borrowings	-	-	267.62	267.62	-	-	-	-
Trade and other payables	-	-	180.61	180.61	-	-	-	-
Other financial liabilities	-	-	171.21	171.21	-	-	-	-
	-	-	<b>1,683.48</b>	<b>1,683.48</b>	-	-	-	-

\* The carrying value and the fair value approximates.

### B. Measurement of fair values

The table shown below analyses 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 Group 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)

**44** PREVIOUS YEAR FIGURES HAVE BEEN RE-CASTED / REGROUPED / RESTATED WHEREVER NECESSARY TO MAKE THEM COMPARABLE.

Signatures to Notes 1 to 44  
As per our report of even date attached  
For **O. P. Singhania & Co.**  
(ICAI FRN 002172C)  
Chartered Accountants

**Naitik Agrawal**  
Partner  
Membership No. 441441  
Raipur  
20th June, 2020

**K. K. Sarda**  
Chairman & Managing Director  
DIN: 00008170  
Raipur  
20th June, 2020

For and on Behalf of the Board

**P. K. Jain**  
Wholtime Director & CFO  
DIN: 00008379

**Manish Sethi**  
Company Secretary

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Joint Ventures / Associates.

Name of the Enterprise	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
<b>Parent</b>								
Srda Energy & Minerals Limited	39.28	772.91	114.53	147.11	597.94	1.53	115.49	148.64
<b>Subsidiary</b>								
<b>Indian</b>								
SMAL - Sarda Metals & Alloys Limited	12.42	244.37	2.22	2.85	(27.60)	(0.07)	2.16	2.78
SEL - Sarda Energy Limited	3.87	76.18	2.55	3.27	-	-	2.54	3.27
CHPPL - Chhattisgarh Hydro Power LLP	5.42	106.73	13.58	17.48	(3.58)	(0.01)	13.56	17.45
MBPCL - Madhya Bharat Power Corporation Limited	25.50	501.79	(0.97)	(1.24)	(8.08)	(0.02)	(0.98)	(1.26)
PPL - Parvatiya Power Limited	1.53	30.14	1.79	2.30	(139.28)	(0.35)	1.51	1.95
SHP LLP - Sarda Hydro Power LLP	0.02	0.49	-	-	-	-	-	-
SRE LLP - Shri Ram Electricity LLP	0.18	3.50	0.05	0.06	-	-	0.05	0.06
NREPL - Natural Resources Energy Private Limited	0.01	0.19	0.08	0.10	-	-	0.08	0.10
<b>Foreign</b>								
SEMHKL - Sarda Energy & Minerals Hongkong Limited	6.44	126.81	(23.52)	(30.22)	-	-	(23.48)	(30.22)
SGV - Sarda Global Venture Pte. Limited	0.64	12.51	0.06	0.08	(178.06)	(0.45)	(0.29)	(0.38)
SGT-Sarda Global Trading DMCC	(0.42)	(8.23)	(6.51)	(8.36)	-	-	(6.50)	(8.36)
<b>Joint Venture</b>								
<b>Indian</b>								
RICL - Raipur Infrastructure Company Limited	-	-	0.04	0.05	(5.87)	(0.02)	0.03	0.04
MSSCL - Madampur South Coal Company Limited	-	-	(0.04)	(0.06)	-	-	(0.04)	(0.06)
<b>Associates</b>								
<b>Foreign</b>								
PT. Tagadaya Mining, Indonesia			(5.51)	(7.08)	-	-	(5.50)	(7.08)
<b>Minority Interest in all subsidiaries</b>	5.11	100.47	1.65	2.11	(135.47)	(0.35)	1.37	1.77
<b>Total</b>	100.00	1967.86	100.00	128.45	100.00	0.26	100.00	128.71

## Notes to consolidated financial statements for the year ended 31st March, 2020

(₹ in Crore)

## 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 31.03.2020

S. No.	Particulars/Name of the Subsidiary Company	SEMHKL Hongkong	SGV Singapore	SGT Dubai	SMAL India	CHP LLP India	PPL India	MBPCL India	SEL India	SRE LLP India	SHP LLP India	NREPL India
1	Financial year of the Subsidiary Company/LLP ended on	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020
2	Date from which it became Subsidiary Company/LLP	17th Sep. 2007	12th June, 2008	06th March, 2018	15th June, 2009	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	1st March, 2011	21st Sept. 2010	10th Feb. 2015
3	Capital	0.56	20.75	1.88	21.02	106.67	1.54	219.34	0.72	3.53	0.51	0.01
4	Reserves & Surplus	126.25	(8.24)	(10.11)	223.36	0.06	28.61	282.45	75.47	(0.03)	(0.02)	0.18
5	Total Assets	158.74	22.57	12.73	744.71	240.48	53.54	1,483.88	104.59	4.14	0.49	0.37
6	Total Liabilities	126.81	12.51	(8.23)	244.37	106.73	30.14	501.79	76.18	3.50	0.49	0.19
7	Investments	85.35	-	11.93	-	-	20.34	-	87.81	-	-	-
8	Turnover	(29.40)	-	(7.21)	556.47	48.00	9.61	-	10.42	0.12	0.03	0.38
9	Profit before Taxation	(30.22)	0.08	(8.36)	4.67	27.40	4.56	(1.50)	3.27	0.12	-	0.25
10	Provision for Taxation	-	-	-	1.82	9.94	0.04	-	-	-	-	0.05
11	Profit After Taxation	(30.22)	(7.00)	(8.36)	2.85	17.46	4.52	(1.50)	3.27	0.12	-	0.20
12	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
13	% of Shareholding	100.00%	100.00%	100.00%	100.00%	72.00%	51.00%	73.84%	100.00%	51.00%	60.00%	100.00%
14	Whether commenced operation	Yes	Yes	Yes	Yes	Yes	Yes	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 rates as on 31.03.2020, i.e. 1US\$ = ₹ 75.68 [SGV and SEMHKL] and 1AED = ₹ 20.58 [SGT]

## Notes :

- 1 SEMHKL - Sarda Energy & Minerals Hongkong Limited
- 2 SGV - Sarda Global Venture Pte. Limited
- 3 SGT - Sarda Global Trading DMCC
- 4 SMAL - Sarda Metals & Alloys Limited
- 5 SEL - Sarda Energy Limited
- 6 CHPPL - Chhattisgarh Hydro Power LLP
- 7 MBPCL - Madhya Bharat Power Corporation Limited
- 8 PPL - Parvatiya Power Limited
- 9 SHPLLP - Sarda Hydro Power LLP
- 10 SRE LLP - Shri Ram Electricity LLP
- 11 NREPL - Natural Resources Energy Private Limited

**Notes to consolidated financial statements for the year ended 31st March, 2020**

(₹ in Crore)

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 Associates

**Summary of Financial Information of Associates As on 31.03.2020**

S.No.	Particulars/Name of the Joint Ventures	PT. Tagadaya Minergy, Indonesia
1	Financial year of the Associate ended on	31st March, 2020
2	Share of Associate held by the company on the year end	
	No.	39,646
	Amount of Investment	22.17
	Extend of Holding %	49.00%
3	Networth	4.63
4	Profit/(Loss) for the year	
	i. Considered in Consolidation	(7.08)
	ii. Not Considered in Consolidation	-
5	Whether commenced operation	Yes

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 Joint venture

**Summary of Financial Information of Joint Ventures As on 31.03.2020**

S.No.	Particulars/Name of the Joint Ventures	RICL India	MSCCL India
1	Financial year of the Joint Ventures ended on	31st March, 2020	31st March, 2020
2	Share of Joint Ventrues held by the company on the year end		
	No.	1,30,800	1,30,742
	Amount of Investment	6.26	1.35
	Extend of Holding %	33.33%	20.13%
3	Networth	18.67	7.00
4	Profit/(Loss) for the year		
	i. Considered in Consolidation	(1.23)	0.04
	ii. Not Considered in Consolidation	-	-
5	Whether commenced operation	Yes	No

**Notes :**

- 1 RICL - Raipur Infrastructure Company Limited
- 2 MSCCL - Madanpur South Coal Company Limited

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

**Naitik Agrawal**  
Partner  
Membership No. 441441  
Raipur  
20th June, 2020

**K. K. Sarda**  
Chairman & Managing Director  
DIN: 00008170  
Raipur  
20th June, 2020

**P. K. Jain**  
Wholtime Director & CFO  
DIN: 00008379

**Manish Sethi**  
Company Secretary







A glimpse of our operations





**Sarda Energy & Minerals Limited**  
[www.seml.co.in](http://www.seml.co.in)