

## **Auditors' Report**

**To**  
**The Members of Sarda Metals & Alloys Limited**

1. We have audited the attached Balance Sheet of Sarda Metals & Alloys Limited (the Company) as at March 31, 2012 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 20XX, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
    - b) in the case of the profit and loss account, of the loss for the year ended on that date; and

c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**  
Chartered Accountants  
FRN.103523W

Place : Raipur  
Date : 25-May-12

Ananthakrishnan G  
Partner  
Membership No.205226

## **ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Sarda Metals & Alloys Limited on the financial statements for the year ended 31<sup>st</sup> March 2012]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
  - (c) During the year, the Company has not disposed off a substantial part of the Fixed Assets.
- (ii) (a) The Company is in the project construction phase. Accordingly, the provision of Clause (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of inventories are not applicable to the company.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(b),(c) and (d) of the order are not applicable.
  - (b) As per our information and the explanations given to us, the company has taken unsecured loan from its holding company. The amount outstanding as at 31<sup>st</sup> March 2012 was Rs 20, 10, 19,133.
  - (c) In our opinion and as per the information and explanations given to us, the interest charged on the loans taken from the holding company is prima-facie not prejudicial to the interest of the company. There are no other stipulations.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the companies Act, 1956 the particulars of which need to be entered into the register maintained under section 301. Therefore, the provisions of Clause 4(v)(b) are not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

- (viii) The Company is in the project construction stage. Accordingly the provisions of clause 4(viii) (1) regarding maintenance of cost accounting records for any of the products of the Company are not applicable for the year.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (x) As the company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable to the company for the current year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly the provisions of Clause 4(xviii) of the Companies (Auditor's Report) order, 2003 (as amended) are not applicable to the company.
  
- (xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.
  
- (xx) The Company has not raised money by way of public issue during the year.
  
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co.**  
Chartered Accountants  
FRN 103523W

Ananthkrishnan G  
Partner  
Membership No. 205226

Place:Raipur  
Date:25-May -12

**SARDA METALS & ALLOYS LIMITED**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2012**

(Amount in Rs. Lacs)

PARTICULARS	Note No	AS AT 31.03.2012	AS AT 31.03.2011
<b>I) EQUITY AND LIABILITIES</b>			
1) SHAREHOLDERS' FUND			
(a) Share Capital	3	1,254.50	504.50
(b) Reserve and Surplus	4	11,232.37	4,493.62
(c) Money Received Against Share Warrants		-	-
		<b>12,486.87</b>	<b>4,998.12</b>
2) SHARE APPLICATION MONEY PENDING ALLOTMENT	5	36.64	-
		<b>36.64</b>	<b>-</b>
3) NON CURRENT LIABILITIES			
(a) Long Term Borrowings	6	29,474.40	11,395.62
(b) Deferred Tax liabilities (Net)	7	-	-
(c) Other Long term liabilities	8	6,779.47	398.67
(d) Other Long term Provisions	9	7.17	6.66
		<b>36,261.04</b>	<b>11,800.95</b>
4) CURRENT LIABILITIES			
(a) Short Term Borrowings		-	-
(b) Trade Payables		-	-
(c) Other Current Liabilities	10	308.09	107.62
(d) Short Term Provisions		-	-
		<b>308.09</b>	<b>107.62</b>
<b>TOTAL</b>		<b>49,092.64</b>	<b>16,906.69</b>
<b>II) ASSETS</b>			
1) NON CURRENT ASSETS			
(I) FIXED ASSETS			
(a) Tangible Assets	11	2,100.06	2,040.47
(b) Intangible Assets		-	-
(c) Capital Work in Progress	12	41,607.07	6,869.03
(d) Intangible Assets Under development		-	-
(ii) Non Current Investments		-	-
(III) Deferred Tax assets		-	-
(IV) Long Term Loans & Advances	13	2,339.37	6,453.71
(V) Other Non Current Assets		-	-
		<b>46,046.50</b>	<b>15,363.21</b>
2) CURRENT ASSETS			
(a) Current Investments	14	0.05	-
(b) Inventories		-	-
(c) Trade Receivables		-	-
(d) Cash and Cash equivalents	15	782.20	1,165.44
(e) Short Term Loans and Advances		4.35	17.63
(f) Other Current Assets	16	2,259.54	360.41
		<b>3,046.14</b>	<b>1,543.48</b>
<b>TOTAL</b>		<b>49,092.64</b>	<b>16,906.69</b>

Significant Accounting Policies Note 1 & 2

Notes referred to above forms an integral part of financial statements

AS PER OUR REPORT OF EVEN DATE ATTACHED

ON BEHALF OF THE BOARD OF DIRECTORS

FOR HARIBHAKTI & CO.

CHARTERED ACCOUNTANTS

FRN: 103523W

ANANTHAKRISHNAN.G  
PARTNER

K.K.SARDA  
DIRECTOR

R.T.LADDHA  
DIRECTOR

GURAV THAKKAR  
DGM(F&A) &  
COMPANY SECRETARY

M. No. : 205226

PLACE : RAIPUR

DATE : 25-May-12

PLACE: RAIPUR

DATE: 25-May-12

**SARDA METALS & ALLOYS LIMITED**

**Statement of Profit and Loss for the year ended 31st March 2012**

(Amount in Rs. Lacs)

Particulars	Note No.	31.03.2012	31.03.2011
I. Revenue From Operations		-	
II. Other income			
Gain from Foreign Exchange Fluctuation		176.71	-
III. Total Revenue (I + II)		176.71	-
IV. Expenses:			
<u>Cost of materials consumed</u>			
Internally manufactured intermediates or components consumed			
Purchases of Stock-in-Trade			
Changes in inventories of finished goods work-in-progress and Stock-in-Trade			
Employee benefits expense			
Finance costs			
Depreciation and amortization expense			
Other expenses	18	187.96	
Total expenses		187.96	-
V. Profit before exceptional and extraordinary items and tax (III-IV)		(11.25)	-
VI. Exceptional items			
VII. Profit before extraordinary items and tax (V - VI)		(11.25)	
VIII. Extraordinary Items		-	
IX. Profit before tax (VII- VIII)		(11.25)	
X Tax expense:			
(1) Current tax			
(2) Deferred tax			
XI Profit (Loss) for the period from continuing operations (VII-VIII)		(11.25)	
XII Profit/(loss) from discontinuing operations			
XIII Tax expense of discontinuing operations			
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			-
XV Profit (Loss) for the period (XI + XIV)		(11.25)	-
XVI Earnings per equity share In Rs			
(1) Basic		(0.18)	-
(2) Diluted		(0.18)	-

Significant Accounting Policies Note 1 & 2 Notes referred to above forms an integral part of financial statements AS PER OUR REPORT OF EVEN DATE ATTACHED FOR HARIBHAKTI & CO. CHARTERED ACCOUNTANTS FRN: 103523W	ON BEHALF OF THE BOARD OF DIRECTORS		
ANANTHAKRISHNAN,G PARTNER M. No. 205226 PLACE RAIPUR DATE 25-May-12	K.K.SARDA DIRECTOR  PLACE: DATE:	R.T.LADDHA DIRECTOR  RAIPUR 25-May-12	GAURAV THAKKAR DGM(F&A) & COMPANY SECRETARY

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012</b>			
		(Amount in Rs. Lacs)	
	Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
A.	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	-	-
	Net Profit before tax as per Statement of Profit & Loss	(11.25)	-
	<u>Adjusted for :</u>		
	Depreciation	17.70	-
	Unrealised Foreign Exchange (Gain)/Loss	(176.71)	-
		(159.01)	-
	Cash generated from Operations	(170.26)	-
	Direct Taxes (Net)		
	<b>Net cash from Operating Activities</b>	(170.26)	-
B.	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Investment in Fixed Assets including capital WIP	(31,969.17)	(10,543.50)
	Other pre operative expenditure to be capitalized	-	(871.38)
	Decrease in long term loans & advances on capital account	4,114.34	(349.22)
	Increase in Other Long Term Liabilities	6,604.36	-
	Increase in Other Long Term Provisions	0.51	-
	Increase in current assets on capital account	(1,885.85)	-
	Increase in current liability on capital account	200.47	506.90
	Increase in Other Non Current Assets	-	-
	Increase in Current Investment	(0.05)	-
	<b>Net cash from investing activities</b>	(22,935.39)	(11,257.20)
C.	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Fresh Issue of Shares	7,500.00	-
	Share Application Money Received	36.64	-
	Secured Loans Received	20,210.08	7,207.27
	Unsecured loan received	(2,178.16)	5,513.33
	Interest Expenditure Capitalized	(2,846.14)	(321.06)
	<b>Net cash from financing activities</b>	22,722.41	12,399.54
	<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	(383.24)	1,142.34
	<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	1,165.44	23.10
	<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>782.20</b>	<b>1,165.44</b>
<b>Notes to the cash flow statement</b>			
1	Cash & Cash Equivalents consist of the following		
	Cash on hand	5.58	3.13
	Balances with Scheduled Banks	776.62	1,162.31
		<b>782.20</b>	<b>1,165.44</b>
2	Figures in the bracket represents cash outflow		
AS PER OUR REPORT OF EVEN DATE ATTACHED FOR HARIBHAKTI & CO. CHARTERED ACCOUNTANTS FRN: 103523W		ON BEHALF OF THE BOARD OF DIRECTORS	
ANANTHAKRISHNAN.G PARTNER M. No. 205226 PLACE RAIPUR DATE 25-May-12	K.K.SARDA DIRECTOR  PLACE DATE	R.T.LADDHA DIRECTOR  RAIPUR 25-May-12	GAURAV THAKKAR DGM(F&A) & COMPANY SECRETARY



**SARDA METALS & ALLOYS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2012**

**1 CORPORATE INFORMATION**

Sarda Metals & Alloys Limited ('The Company') was incorporated on 21<sup>st</sup> October 2008 under the provisions of Companies Act 1956. It is coming up with a Green Field Project of 6X33 MVA Ferro Alloys Furnaces and 240 MW Captive Power Plant. In the first phase the company is installing 2X33 MVA Ferro Alloys Furnaces & 80 MW Captive Power Plant. The first phase of the Green Field Project is under progress and the company is yet to commence Commercial Operations

**2 BASIS OF PREPARATION**

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

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1.a Change in accounting policy**

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements.

However it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

**2.1.b Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods .

**2.1.c Tangible Assets**

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

**2.1.d Capital Work in Progress**

All project related expenditure viz, civil works, machinery under erection, Construction and erection materials, capital stocks, borrowing cost incurred prior to the date of commercial operation and other Pre-Operative Expenses are grouped under Capital Work-in-Progress.

**2.1.e Depreciation of tangible assets**

Depreciation on tangible assets is provided on Written Down Value (WDV) method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. In the case of assets where impairment loss is recognized, the revised carrying amount is depreciated over the remaining estimated useful life of the asset.

The company has used the following rates to provide depreciation on its tangible assets .

Particulars	Rates (WDV)
Plant & Machinery	13.91%
Computer & Accessories	40.00%
Furniture & fixture	18.10%
Office Equipments	13.91%
Vehicles	25.89%

### **2.1.f Borrowing Costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### **2.1.g Impairment of tangible and intangible assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life .

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years .

### **2.1.h Investments**

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

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments .

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss .

### **2.1.i Revenue Recognition**

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

### **2.1.j Foreign currency translation**

#### **2.1.j.1 Initial recognition**

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

#### **2.1.j.2 Subsequent Recognition**

As at the reporting date non monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. All non monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the rate existing on the reporting date.

### 2.1.j.3 Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined .

### 2.1.j.4 Foreign exchange fluctuations

Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination .

Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

All other exchange differences are recognized as income or as expenses in the period in which they arise .

### 2.1.k Retirement and other employee benefits

Retirement benefit in the form of Provident fund contributed to the Statutory Provident Fund is a defined contribution scheme and the payments when due to the respective funds are treated as Expenses During Construction till the commencement of commercial operations. There are no obligations other than contribution payable to Provident Fund Authorities .

Retirement benefit in the form of Gratuity is a defined benefit obligation. Gratuity Liability at each balance sheet date is ascertained on Actuarial Valuation basis using projected unit credit method. Actuarial gains/losses are not deferred and are taken to Expenses During Construction Account till commencement of Commercial Operations.

The liability for encashable leaves as estimated is provided on accrual basis and is charged to Expenses During Construction Account .

### 2.1.l Taxes on Income

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), and deferred tax charge or credit (reflecting that tax effects of timing differences between accounting income and taxable income for the period). Current income tax and tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

### 2.1.m Cash and cash equivalent

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

3	SHARE CAPITAL	As at 31.03.2012	As at 31.03.2011
	<b>AUTHORISED</b>		
	Authorised Shares of Rs 10 each ( In Nos )	25,000,000	25,000,000
	Authorised Share Capital (Rs Lacs )	2,500.00	2,500.00
	Issued ,Subscribed and fully paid up of Rs 10 (In Nos )	12,545,000	5,045,000
	Issued ,Subscribed and fully paid up of Rs 10 (In Rs )	1,254.50	504.50
3.a	<b>Reconciliation of shares at the beginning and at the end of reporting period</b>		
	<b>Equity Shares</b>		
	At the beginning of the period ( in Nos)	5,045,000	50,000
	Issued during the period ( in Nos )	7,500,000	4,995,000
	Out standing at the end of the period ( in Nos )	12,545,000	5,045,000
	At the beginning of the period ( Rs Lacs )	504.50	5.00
	Issued during the period ( Rs Lacs)	750.00	499.50
	Out standing at the end of the period ( Rs Lacs)	1,254.50	504.50
	<b>Shares held by each share holder holding more than 5 % shares</b>		
	Sarda Energy & Minerals Limited, Holding Company (In Nos)	12,545,000	5,045,000
	% of holding	100%	100%
	<b>Shares held by holding/ultimate holding company and/or their subsidiaries/associates in nos</b>		
	M/s Sarda Energy & Minerals Ltd 10,04,50,00 (31.03.2011 :5,04,50,00) equity share of Rs 10 each fully paid	125,450,000	50,450,000

4	RESERVES & SURPLUS	As at	As at
		31.03.2012	31.03.2011
<b>A. SECURITIES PREMIUM ACCOUNT</b>			
Opening Balance		4,495.50	-
Add: Addition During the year		6,750.00	4,495.50
		11,245.50	4,495.50
<b>B. PROFIT AND LOSS ACCOUNT</b>			
Opening balance		(1.88)	(1.88)
Add: profit / (loss) for the year		(11.25)	-
		(13.13)	(1.88)
Total		11,232.37	4,493.62

**5 SHARE APPLICATION MONEY PENDING ALLOTMENT**

The Company has received non refundable share application money from the holding company Sarda Energy & Mineral Limited. The company proposes to allot 36,636 no of shares against this share application money received at a premium of atleast Rs 90. The shares shall be allotted against this share application money before 30.09.2012. The company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money. Since the share application money is non interest bearing there is no accrued interest.

6	LONG TERM BORROWINGS	(Amount in Rs. Lacs)	
		As at	As at
		31.03.2012	31.03.2011
<b>A. Secured Loans - Term Loans</b>			
1. From Banks		9,533.37	7,207.27
2. From Financial Institution		16,000.00	-
(Term Loans from Banks and other Parties are Secured by pari passu charge by way of Registered Mortgage of the office located at Kalomboli, Navi Mumbai, Equitable Mortgage of the immovable property of the company situated at APIIC Industrial Park at Kantakapalli village, Pari Passu first charge on the moveable properties and assets of the company and second charge on the current assets of the company in favour of Axis Trustee Services Limited appointed as Security trustee by the Lenders.)			
(Term Loans are also secured by Pledge of 51% of Shares held in the company by the Holding Company Sarda Energy & Minerals Limited.)			
Terms of Repayment :			
Term Loans from Banks are repayable in 36 quarterly installments commencing from June 2012. The rate of interest on Term Loans is Axis Bank Base rate plus 275 basis points payable monthly.)			
Term Loan from Financial Institution is repayable in 36 quarterly installments commencing from December 2013. The rate of interest is 2 year benchmark rate plus 293 basis points payable monthly.)			
3. Buyer's Credits (Refer Note 6.1)		1,930.84	-
(Buyer's Credits are secured by Letter of Undertaking (LOU) issued by Axis Bank Ltd in favour of foreign banks/Foreign branches of Indian banks). The LOU issued are covered as part of the term loan limits sanctioned by the Banks.			
<b>B. Unsecured Loan</b>			
Loans and Advances from Related Parties			
Sarda Energy & Minerals Limited - Holding Company		2,010.19	4,188.35
		29,474.40	11,395.62

6.1	Buyer's Credit	Rate of Interest	(Amount in Rs. Lacs)	
			As at	As at
			31.03.2012	31.03.2011
	HDFC Bank, Bahrain	3.08%	341.46	-
	Axis Bank Hongkong	3.74%	964.52	-
	Axis Bank Hongkong	3.39%	55.12	-
	ANZ Bank, Singapore	2.52%	569.74	-
			1,930.84	-

**7 Deferred Tax**

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

8	OTHER LONG TERM LIABILITIES	(Amount in Rs. Lacs)	
		As at	As at
		31.03.2012	31.03.2011
Creditors for Capital Goods		6,779.47	398.67
		6,779.47	398.67

**9 RETIREMENT BENEFIT PLAN**

**Defined Contribution Plans**

The Company makes provident fund contributions to defined contribution retirement benefit plans for qualifying employees. The contributions are made to the statutory provident fund of the Govt. of India. During the year the Company recognized and capitalized Rs 16.23 Lacs (previous year Rs 6.36 Lacs) for provident fund contributions.

**Defined benefit Plans**

The Company has made provision for gratuity and capitalized Rs. 0.50 Lacs (Prev Year – Rs. 6.66 Lacs) on the basis of the valuation conducted by the Actuary. The liability has been ascertained on the assumption of lumpsum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

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

(Amount in Rs. Lacs)

Long Term Provisions	As at	As at
	31.03.2012	31.03.2011
Provision for Employee Benefits		
- Gratuity	7.17	6.66
	7.17	6.66

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's balance sheet as at 31<sup>st</sup> March 2012.

(Amount in Rs. Lacs)

Sl no	Particulars	As at	As at
		31.03.2012	31.03.2011
<b>1</b>	<b>Table showing changes in present value of obligations</b>		
	Discount Rate (beginning of the year)	0.08	-
	Discount Rate (end of the year)	0.08	0.08
	Rate of increase in Compensation levels	0.05	0.05
	Rate of Return on Plan Assets	-	-
	Expected Average remaining working lives of employees (years)	25.10	21.60
<b>2</b>	<b>Table showing changes in present value of obligations</b>		
	Present Value of Obligation as at the beginning of the year	6.66	-
	Acquisition adjustment	-	-
	Interest Cost	0.53	-
	Current Service Cost	5.19	2.24
	Curtailement Cost / (Credit)	-	-
	Settlement Cost / (Credit)	-	-
	Benefits paid	-	-
	Actuarial (gain) / loss on obligations	(5.22)	4.42
	Present Value of Obligation as at the end of the year	7.17	6.66
<b>3</b>	<b>Table showing changes in the Fair value of Plan Assets</b>		
	Fair Value of Plan Assets at the beginning of the year	-	-
	Acquisition Adjustments	-	-
	Expected Return of Plan Assets	-	-
	Contributions	-	-
	Benefits paid	-	-
	Actuarial Gain / (loss) on Plan Assets	-	-
	Fair Value of Plan Assets at the end of the year	-	-
<b>4</b>	<b>Tables showing Fair Value of Plan Assets</b>		
	Fair value of plan asset at the beginning of year	-	-
	Acquisition adjustments	-	-
	Actual return on plan assets	-	-
	Contributions	-	-
	Benefits paid	-	-
	Fair value of plan assets at the end of year	-	-
	Funded status	-	-
	Excess of actual over estimated return on plan assets	-	-
<b>5</b>	<b>Actuarial Gain / Loss Recognized</b>		
	Actuarial (gain) / loss for the year – Obligation	(5.22)	4.42
	Actuarial (gain) / loss for the year – Plan Assets	-	-
	Total (gain) / loss for the year	(5.22)	4.42
	Actuarial (gain) / loss recognized in the year	(5.22)	4.42
	Unrecognized actuarial (gains) / losses at the end of year	-	-
<b>6</b>	<b>The amounts to be recognized in Balance Sheet and Statements of Profit &amp; Loss</b>		
	Present value of obligation as at the end of the year	7.17	6.66
	Fair value of Plan Assets as at the end of the year	-	-
	Funded status	-	-
	Net Asset / (Liability) Recognized in Balance Sheet	(7.17)	(6.66)
<b>7</b>	<b>Expense recognized in the Statement of Profit &amp; Loss</b>		
	Current Service Cost	5.19	2.24
	Interest Cost	0.53	-
	Expected Return of Plan Assets	-	-
	Curtailement Cost / (Credit)	-	-
	Settlement Cost / (Credit)	-	-
	Net actuarial (gain) / loss recognized in the year	(5.22)	4.42
	Expenses recognized in the Statement of Profit & Loss	0.51	6.66

(Amount in Rs. Lacs)

10

OTHER CURRENT LIABILITIES	As at	As at
	31.03.2012	31.03.2011
1. Interest Accrued but not due	159.91	-
2. Other Expenses Payable	67.24	48.29
3. Duties and taxes payable	80.93	59.33
	308.09	107.62

## 11 TANGIBLE ASSETS

Particulars	Gross block			Depreciation				Net Block		
	As at 01.04.11	Additions	Deduction	As at 31.03.2012	Upto 01.04.11	For the Year	Transfer/ Adj	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
Freehold Land	1,961.67	0.40	-	1,962.07	-	-	-	-	1,962.07	1,961.67
Administration Building	-	7.50	-	7.50	-	0.36	-	0.36	7.14	-
Plant & Machinery	8.61	0.00	-	8.61	1.51	0.99	-	2.49	6.11	7.10
Computer & Accessories	29.04	29.93	-	58.97	5.82	9.65	-	15.46	43.51	23.23
Furniture & fixture	16.45	17.92	-	34.38	2.73	3.20	-	5.93	28.45	13.73
Office Equipments	15.20	12.47	-	27.66	1.54	2.72	-	4.26	23.40	13.66
Vehicles	25.63	17.17	-	42.81	4.55	8.89	-	13.44	29.37	21.09
<b>Total</b>	<b>2,056.61</b>	<b>85.39</b>	<b>-</b>	<b>2,142.00</b>	<b>16.14</b>	<b>25.81</b>	<b>-</b>	<b>41.94</b>	<b>2,100.06</b>	<b>2,040.47</b>
<b>Previous Year</b>	<b>1,355.99</b>	<b>700.62</b>	<b>-</b>	<b>2,056.61</b>	<b>2.15</b>	<b>13.98</b>	<b>-</b>	<b>16.14</b>	<b>2,040.47</b>	<b>1,353.83</b>

(Amount in Rs. Lacs)

12	CAPITAL WORK IN PROGRESS	As at	As at
		31.03.2012	31.03.2011
	1. Development in progress of Freehold Land	541.18	224.17
	2. Factory Buildings under construction	5,139.62	2,362.48
	3. Electrical Installations under construction	4,973.91	143.50
	4. Administrative Building Under Construction	147.84	84.97
	5. Plant & Machinery Under Construction	25,171.07	2,627.08
	6. Computer & Peripherals Under Construction	-	15.59
	7. Furniture & Fittings under construction	11.89	0.37
	8. Office Equipment under construction	-	0.15
	9. Project Closing Stock	367.15	51.30
	10. Borrowing Costs	3,487.74	641.60
	11. Expenditure during Construction Period ( Also refer note 12.1)	1,766.67	717.81
		41,607.07	6,869.03

(Amount in Rs. Lacs)

12.1	PAYMENTS & OTHER BENEFITS TO EMPLOYEES	As at	As at
		31.03.2012	31.03.2011
	Salaries Wages Bonus and Other Allowances	751.22	236.84
	Staff Welfare Expenses	10.55	2.81
	Contribution to Provident & Other Funds	29.06	8.31
	( The above expenses are included under "Expenditure during Construction Period")		
		790.82	247.97

(Amount in Rs. Lacs)

13	LONG TERM LOANS AND ADVANCES	As at	As at
		31.03.2012	31.03.2011
	Unsecured - Considered Good		
	Capital Advances	2,328.62	6,452.71
	Security Deposits	10.74	1.00
		2,339.37	6,453.71

(Amount in Rs. Lacs)

14	CURRENT INVESTMENTS	As at	As at
		31.03.2012	31.03.2011
	Investments in Mutual Funds		
	Birla Sun life Mutual Fund	0.05	-
		0.05	-
	Aggregate amount of quoted investments	-	-
	Market Value	-	-
	Aggregate amount of unquoted investments	0.05	-

**Details of Current Investments**

S No	Name of the Body Corporate	Shares/Units	Quoted/Unquoted	Paid/Fully Paid	Extent of Holding	Amount in Rs	Basis of Valuation
1	Birla Sunlife Mutual Fund	27.314	Unquoted	Fully Paid	N.A	5,000.00	At Cost or Net Realisable value which

(Amount in Rs. Lacs)

15	CASH AND CASH EQUIVALENT	As at	As at
		31.03.2012	31.03.2011
	Cash in hand	5.58	3.13
	Balance With Banks	776.62	1,162.31
		782.20	1,165.44

(Amount in Rs. Lacs)

16	SHORT TERM LOANS AND ADVANCES	As at	As at
		31.03.2012	31.03.2011
	Security deposits	12.30	5.40
	Cenvat & VAT Credit	2,243.68	331.07
	Prepaid Expenses	3.56	23.93
		2,259.54	360.41

(Amount in Rs. Lacs)

17	OTHER EXPENSES	For the Year	For the Year
		Ended	Ended
		31.03.2012	31.03.2011
	Books & Periodicals	1.19	-
	Conference & Seminar Charges	0.78	-
	Gifts & Presentations	18.00	-
	Pooja & Festival	4.70	-
	Depreciation	17.70	-
	Membership Fees	0.44	-
	Social Welfare Expenses	7.21	-
	Brokerage & Commission	0.36	-
	Audit Expenses	1.38	-
	Sitting Fees	1.80	-
	Garden Expenses	2.48	-
	Audit Fees	9.50	-
	Office Rent	36.72	-
	Office Maintenance	23.91	-
	Advertisement Expenditure	1.14	-
	Vehicle Maintenance Charges	22.98	-
	System Maintenance	7.40	-
	Repairs & Maintenance Office Building (Lease)	6.77	-
	Filing Fees	17.51	-
	Electricity Charges	5.99	-
		187.96	-

- 18 The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises development Act, 2006) claiming their status as on 31<sup>st</sup> March, 2011 as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is nil.

(Amount in Rs. Lacs)

19	FOREIGN EXCHANGE EARNING & OUTGO	As at	As at
		31.03.2012	31.03.2011
	CIF Value of Imports - Capital goods	6,434.82	-
	FOB Value of Exports	-	-
	Expenditure in foreign currency	-	-
	Machinery & Components	6,361.11	460.12
	Ocean Freight	56.29	-
	Travelling Expenses	8.17	14.05
	Technical Consultancy	13.66	4.71

(Amount in Rs. Lacs)

20	PAYMENTS TO AUDITORS REPRESENTS	As at	As at
		31.03.2012	31.03.2011
	Audit Fees *	6.00	3.00
	Reimbursement of travelling and out of pocket expenses	1.25	0.14
		7.25	3.14

\* Net of service tax which is cenvatable and is accounted as and when paid

## 21 RELATED PARTY DISCLOSURE

### 21.1 Name of the related party and description of relationship

Sl no	Description of relationship	Name of the related parties
1	Holding Company	M/s Sarda Energy and Minerals Limited
2	Key Management personel	Mr . Neeraj Sarda
3	Relative of Key Management Personnel	Mrs Sonal Sarda

(Amount in Rs. Lacs)

21.2	MATERIAL TRANSACTION WITH RELATED PARTIES	Holding	Key	Relative of
		Company	Management	Key management
			Personnel	Personnel
	Share application converted into Equity	7,500.00 (71.00)		
	Loan converted into Equity/Share Application	7,536.64 (4,924.00)		
	Loan Received	24,689.82 (9,493.33)		
	Loans Repaid	19,743.06 (3,980.00)		
	Remuneration paid		23.00 (42.44)	5.32 -
	interest paid	457.46 (295.81)		



		(Amount in Rs. Lacs)	
		As at 31.03.2012	As at 31.03.2011
22	Estimated amount of contracts remaining to be executed on Capital Account net of advances given	11,884.12	25,808.00
23	Outstanding Letter of Credit / Letter of Undertaking	6,973.23	3,802.86

24 Earning Per Share

Particulars	As at 31.03.2012	As at 31.03.2011
	Net Profit in Rs Lacs	(11.25)
Nominal Value of Equity Shares ( In Rs)	10.00	10.00
Weighted average number of Equity Shares for Basic EPS	6,312,123	1,172,027
Basic Earning Per Share (In Rs )	(0.18)	-
Weighted average number of Equity Shares for Diluted EPS	6,312,123	1,172,027
Diluted Earing per Share (In Rs )	(0.18)	-

25 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.

Particulars	2011-12			2010-11		
	Power	Ferro	Total	Power	Ferro	Total
Revenue						
Sales & Other Income						
Inter Segment Sales						
Others Unallocated						
<b>Total Revenue</b>						
Result						
Segment Result						
Unallocated Expenses net off			11.25			
<b>Operating Profit</b>			(11.25)			
Interest & Forex Fluctuation Loss (Net)			-			
<b>Profit Before Tax Extraordinary Item</b>			(11.25)			
Add: Extra Ordinary Item			-			
Provision for Taxation						
For Current Tax			-			
For Deferred Tax			-			
<b>Profit After Taxation</b>			(11.25)			
Other Information						
Segment Assets	34,828.30	13,482.12	48,310.43	13,312.56	2,428.69	15,741.25
Unallocated Assets			782.20			1,165.44
<b>Total Assets</b>			49,092.63	13,312.56	2,428.69	16,906.69
Segment Liabilities	4,405.45	4,620.11	9,025.56	495.65	17.30	512.95
Unallocated Liabilities			9,025.56			16,906.69
<b>Total Liabilities</b>	4,405.45	4,620.11	18,051.12	495.65	17.30	17,419.64
Capital Expenditure	-	-	32,569.18	-	-	14,188.47
Depreciation/Amortisation			25.81			13.98
Unallocated Capital Expenditure & Depreciation						
Non Cash Expenditure other than depreciation/amortisation						

		As at 31.03.2012	As at 31.03.2011
26	Provision for Contingencies	Nil	Nil

AS PER OUR REPORT OF EVEN DATE ATTACHELON BEHALF OF THE BOARD OF DIRECTORS  
FOR HARIBHAKTI & CO.  
CHARTERED ACCOUNTANTS  
FRN: 103523W

ANANTHAKRISHNAN.G  
PARTNER  
M. No. 205226

K.K.SARDA  
DIRECTOR

R.T.LADDHA  
DIRECTOR

GAURAV THAKKAR  
DGM(F&A) &  
COMPANY SECRETARY