


AN IMPETUS CALLED GROWTH



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At the heart of progress and advancement of any country is its infrastructure.

At the heart of infrastructure are energy and minerals, specifically, ferro-alloys and steel.

The economy in general and the infrastructure sector in particular have been facing challenging times over the past few years. Two years of sub five per cent domestic GDP growth, policy indecisions and strong global macro headwinds created taxing and testing operational environment for business, especially those closely connected to the infrastructure sector.

Growth had almost come to a standstill.

And then, in May 2014...

...for the first time in three decades, a decisive mandate by the electorate ensured a stable government in the centre with a clear majority for a single political party.

This immediately changed the sentiment and outlook, not only within the country, but internationally as well. Expectations of reforms, revival and resurgence reverberated across all industries and sectors, particularly in the infrastructure sector as the new government identified the sector as a primary engine of growth.

A decisive and directional budget followed soon after providing a huge multi-year boost to the country's infrastructure sector through numerous measures and proposals. This was the catalyst the economy needed.

Growth was back on track.

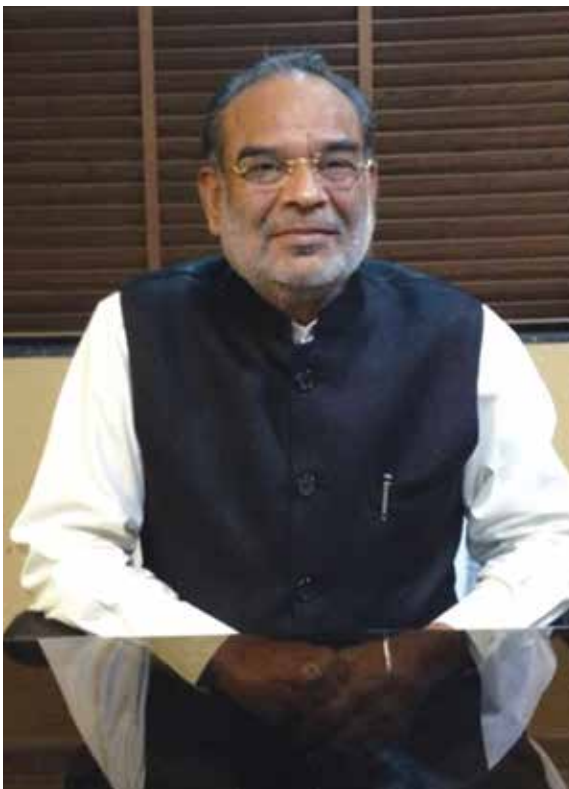
At Sarda Energy & Minerals Limited, we used the challenging times to build up internal strengths and improve our operational efficiencies. We consolidated our capabilities and competencies, and prepared for the turn-around.

As one of the lowest cost producers of steel and one of the largest manufacturers of ferro-alloys with captive iron-ore and coal mines and self-sufficiency in our energy requirements, we are ready to leverage our distinctive advantage and power ahead with the country with



**AN
IMPETUS
CALLED GROWTH**

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

After many years of stiff challenges and tough operating environment, it appears that the worst is now behind us. What a positive change in outlook and confidence can stability bring in! The thumping majority to a single party in the general elections has completely changed the mood and mindset across the country from consumers to investors. The future is looking bright and optimistic, and at SEML, we are poised and prepared with our expansion plans, ready to capitalise on an IMPETUS CALLED GROWTH.

The year 2013 was a mixed year for the global economy. While the first half of the year saw subdued growth, the second half witnessed a surge in growth, primarily driven by advanced economies. Overall, the world output grew at 3.25 per cent in the last six months of 2013, compared to 2.25 per cent in the first six months. In India, domestic issues continued to weigh down heavily on the economy, with sustained high inflation and a depreciating currency being the key deterrents to growth. Input costs remained high throughout the year primarily due to high prices of oil and gas, and high cost of finance. On the consumer front, this depressed demand, while for businesses, this affected profitability.

Driven by a low domestic demand, India became a net steel exporter after a gap of six

years. In sponge-iron, a combination of poor availability of raw materials and cheap imports saw the consecutive fourth year decline in production. Mining of iron-ore in Goa, Karnataka and Odisha continue to be restricted and monitored by Supreme Court.

In the face of these challenges, your Company was able to deliver satisfactory results. The consolidated turnover for the year 2013-14 increased to ₹ 1,720 crore from ₹ 1,545 crore in the previous year. However, due to low realisations, and higher costs of inputs as well as capital, consolidated profit before tax for the year was ₹ 154 crore compared to ₹ 200 crore in the previous year. The consolidated net profit for the year was ₹ 92 crore against ₹ 162 crore in the previous year.

During the year, your Company modernised some of its existing facilities. As a result, the consolidated gross fixed assets have increased to ₹ 2,226 crore compared to ₹ 2,066 crore last year. The benefits of modernisation will start to accrue in the near future.

Looking ahead, I see substantially higher growth for the country's economy in general and opportunities for capacity expansion & further investments in green field projects for your Company in particular. The new government's thrust on infrastructure, housing, manufacturing and real estate are certain to revive demand of steel and consequently ferro alloys. As the lowest cost manufacturers of steel (sponge iron, billets) and one of the largest manufacturers and exporters of ferro-alloys in India, your Company is all set to capitalise on this growth resurgence. Operations at our iron-

ore mines have resumed after a gap of five years.

Your Company's Coal mine continues to perform better. Our power plants at Vizag and Raipur are operating successfully, trial runs at our Greenfield ferro-alloys plant at Vizag are underway. With a low borrowing and a strong cash flow, ready infrastructure and clearances for expansion all in place, we are ready to leap ahead.

I thank you all for your firm faith and belief in the Company, and assure you we will continue to strive ahead and deliver to your expectations.

Yours sincerely,

Kamal Kishore Sarda

Chairman and Managing Director

CORPORATE INFORMATION

Board of Directors

Chairman & Managing Director

Mr. K.K. Sarada

Dy. Managing Director

Mr. Pankaj Sarada

Wholetime Director

Mr. G.D. Mundra

Independent Director

Mr. A.K. Basu

Mr. C.K. Lakshminarayanan

Mr. G.S. Sahni

Mr. Jitender Balakrishnan

Mr. P.R. Tripathi

Mr. Rakesh Mehra

Chief Financial Officer

Mr. P.K. Jain

Company Secretary

Mr. Manish Sethi

Auditors

M.M. Jain & Associates
Chartered Accountants
Shreemohini, Kingsway
Nagpur

Bankers

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

Registered Office

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

Works

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

Corporate Office

125, B-Wing, Mittal Court
Nariman Point
Mumbai – 400 021
Maharashtra, India
Phone: +91-22-22880080-81
Fax: +91-22-22826680

Delhi Office

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Greater Kailash, Part -II
New Delhi – 110 048
Phone: +91-11-32634937
Fax: +91-11-30824411

Visakhapatnam Office

Sarda Metals & Alloys Ltd.
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Sri Gowri Nilayam,
Seethammadhara NE
Visakhapatnam – 530013
Phone: +91-891-2858200
Fax: +91-891-2700864

Hongkong Office

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

Singapore Office

Sarda Global Venture Pte Ltd
17 Phillip Street,
#05-01, Grand Building,
Singapore – 048695

Registrar & Share Transfer Agents

Sharepro Services (India) Pvt. Ltd.
Sam Hita Warehousing Complex
Warehouse No. 52 & 53, Plot No 13AB
2nd Floor, Sakinaka
Mumbai – 400 072
Phone: +91-22-67720400
Fax: +91-22-67720416
Email: sharepro@shareproservices.com

Directors' Report

Dear Members,

Your directors present the 41st Annual Report on business and operations of your Company for the financial year ended 31st March, 2014.

Financial performance

(₹ in Crore)

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Revenue from operations (Gross)	1,396	1,524	1,720	1,545
Less: excise duty	125	140	129	140
Revenue from operations (Net)	1,271	1,384	1,591	1,405
Export	182	120	182	120
EBIDTA	260	287	373	338
Depreciation	63	64	96	69
Finance cost (Net)	63	63	123	69
Profit before tax	134	160	154	200
Provision for current and deferred tax	44	35	47	38
Provision for deferred tax related to previous year	15	--	15	--
Net Profit	75	125	92	162

Dividend

Your directors have recommend a dividend of ₹ 3/- per equity share for the year ended 31st March, 2014. The dividend shall be paid after approval of the members at the annual general meeting.

During the year, your Company has transferred the unpaid dividend amount in respect of the F.Y. 2005-06 to the Investor Education and Protection Fund established u/s 205C of the Companies Act, 1956.

Operations

The financial year 2013-14 was a yet another challenging year due to slow down in Indian economy and industrial production and infrastructure growth on account of high inflation, policy paralysis, political scenario, the ongoing European debt crisis and delayed receipt of permission for disposal of coal washery rejects. In spite of these constraints and the challenging environment, the performance of your Company was satisfactory. This was achieved through a constant endeavor at all levels for excellence combined with a series of safety initiatives.

For detailed analysis, members are requested to refer to the Management Discussion and Analysis, forming part of this Annual Report.

Cost saving initiative

Your company initiated a drive in 2012-13, in all its activities, to cut down controllable costs on the basis of innovation, discipline and logical thinking. The drive has yielded good results in improving energy efficiency, reducing consumption of materials, more efficient inventory management, optimising manpower, etc. These steps have contributed significantly in maintaining the bottomline in these challenging times. Encouraged by the success, cost reduction & efficiency improvement have been adopted as an operational philosophy. In appreciation of the success achieved, your Directors have recommended to spend a part of the savings on employee welfare and have constituted a committee and framed rules for attaining this purpose.

Projects

Debottlenecking, Modernization & Expansion project

Your Company has achieved financial closure for its ₹ 550 crore project for debottlenecking, modernisation & expansion of existing manufacturing and mining facility. The project will be executed over the next 2 years.

Pithead Thermal Power Plant

Your Company has received Environmental Clearance for its 350 MW pithead thermal power plant, subject to receipt of Stage-1 forest clearance and subsequently Stage 1 forest clearance has also been received. Coal mining plan for enhanced capacity of coal mining has been submitted to the concerned government authorities. Project execution will be started after approval of the mining plan.

Controlled entities

- **Sarda Energy & Minerals Hongkong Ltd, Hongkong (SEMHKL)**, is a wholly owned subsidiary, functioning as global investment arm of your Company. During the year under review, the subsidiary reported a net profit of ₹ 23.76 crore.
- **Sarda Global Venture Pte. Ltd. Singapore (SGV)**, a wholly owned subsidiary, has acquired economic interest in coal mines in Indonesia but the mining project has not seen any progress during the year.
- **Sarda Metals & Alloys Ltd.(SMAL)**, a wholly owned subsidiary has installed 2 x 33 MVA Ferro Alloys plant backed by 80 MW captive thermal power plant. On commercial considerations during the FY 2013-14 the Company operated only the power plant. In view of improvement in the ferro alloys market, SMAL has recently started ferro alloys manufacturing facility. During the year, your Company has made additional equity investment of ₹ 9.71 crore in the project. The project has reported a net profit of ₹ 6.89 crore in its first full year of operation and has met all its repayment commitments on time.
- **Sarda Energy Ltd. (SEL)**, a wholly owned subsidiary, has taken up the project of 1320 MW super critical thermal power project in Chhattisgarh. The Company has received stage 1 forest clearance. Environmental clearance is awaited. The work on the project could not see any progress during the period under review because the land acquisition has been challenged in the High Court of Chhattisgarh. All activities have been suspended until the decision of the Hon'ble High Court of Chhattisgarh is pronounced in the matter.
- **Parvatiya Power Ltd. (PPL)**, is operating 4.8 MW Loharkhet Small Hydro Power Project in Bageshwar District of Uttarakhand since 2008. During the year 2013-14, the plant generated and supplied 209.17 lacs KWh (previous year: 192.70 lacs KWh) power achieving 50% capacity utilization factor. The Company has earned profit after tax of ₹ 2.20 crore as against ₹ 1.78 crore in the previous year. The Company is exploring the possibility of capacity enhancement in the project.

Your Company continues to hold 51% stake in PPL.

- **Madhya Bharat Power Corporation Ltd. (MBPCL)**, is implementing the 96 MW Rongnichu Hydro Power Project near Gangtok in East Sikkim as a run-of-the-river scheme. Work on the project is progressing slower than expected due to multiple factors. The project has faced time and cost overruns. The Company has applied for additional funding for cost overrun, which is under active consideration of the lenders. The Project has been successfully registered as a CDM Project with UNFCCC.

No fresh equity investment was made during the year. Your Company continues to hold 58.73% share in MBPCL.

- **Chhattisgarh Hydro Power LLP** has been allotted four run-of-the river Small Hydro Power Projects in Chhattisgarh with a total generation capacity of 77 MW. The LLP has started work on first 24 MW Gullu Hydro power project. The financial closure was achieved during the year. Civil contract has been awarded and bids of Electro-Mechanical and Hydro-Mechanical works are under evaluation. Work on the project is progressing well as per schedule. The project is entitled for CDM benefits; MOEF has conveyed Host Country Approval to the Project for CDM registration. The project is currently under validation stage.

All these projects are entitled for benefits in the form of subsidy from Ministry of New & Renewable Energy, Clean Development Mechanism as well as Renewable Energy Certificates. Your Company has made fresh contribution of ₹ 3.64 crore during the year towards its share in the LLP and holds 60.92% stake in CHP LLP.

- **Sarda Hydro Power Pvt. Ltd. (SHPPL)** has been allotted 24 MW Kotaiveera and 9MW Ganeshpur Small Hydro Power Project in Chhattisgarh. Land Acquisition and statutory approvals are in progress. Your Company holds 60% stake in SHPPL.
- **Shri Ram Electricity LLP (SRELLP)** 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 market scenario for power projects in the country, the LLP is reviewing its decision to implement the project. Your Company continues to hold 51% stake in SRELLP.
- **Raipur Fabritech Pvt. Ltd. (RFPL)** has been incorporated to undertake steel fabrication activities at the site of closed steel plant of your Company. The Company is also exploring possibility of developing a logistic park. Your Company holds 52.38% stake in RFPL.
- **Raipur Industrial Gases Pvt. Ltd. (RIGPL)** has been incorporated to undertake activities related to production of industrial gases. The Company is yet to start operations. Your Company holds 51% stake in RFPL.

Joint ventures

- **Raipur Infrastructure Company Ltd. (RICL)** operates a private railway siding in Mandhar, Raipur. During the year 2013–14, the Company has earned profit of ₹ 2.76 crore as against ₹ 1.37 crore in the previous year. In view of changed market scenario, the Company is reviewing its decision to develop railway siding in Odisha. Your Company holds one third share in the Joint Venture.
- **Madanpur South Coal Co. Ltd. (MSCCL)** was allotted a coal block in Madanpur area of District Korba of Chhattisgarh in consortium. However, the government of India has de-allocated the coal block due to delay in implementation. The implementation was delayed because the area was classified by the government as No-Go area and not due to any other reason on the part of the Company. The decision has been challenged in the High Court and the court has stayed operation of the de-allocation. Your Company holds a 20.63% stake in the joint venture.

Awards and appreciation

During the year, coal mines of your Company received the following awards at the Annual Safety Fortnight conduction by South Eastern Coal Fields Ltd.:

- Award in “Dust Suppression in OC working, CHP & Stock Yard” – 1st position
- Award in “Engineering Overall” – 2nd position
- Prize and certificate for Trade test, which is the first time achievement since the beginning of the mines.

Your Company won the above awards among the three regions i.e. Raigarh, Bilaspur and Jabalpur.

Environmental conservation

Your Company is committed to adopt best practices for protection of environment. Special thrust is given on utilizing the waste generated so that instead of damaging the environment, the same is used effectively /purposefully. The impact of each production activity on nature is closely monitored and corrective/preventive actions are taken to minimize adverse impact. Adequate budgetary support is provided for environmental protection activities.

During the year following initiatives were taken in this direction:

- Plant waste was utilized for making ECO bricks under the brand name SARDA.
- Replacement of old brick machine with cost effective & more productive brick machine.
- WHRB ash used for brick making instead of dumping outside land.
- Water Sprinklers were provided near ash silo, raw material yard and road side to control fugitive emission. Road side paving was done.
- Construction of new concrete road inside plant to avoid dust pollution.
- Recyclable material was recovered from plant waste like Slag, Char & Accretion and recycled in manufacturing process.
- Manganese bearing waste was used to make sinter as a substitute of low grade Mn Ore to conserve the natural resources.
- Usage of Glass Fiber bags in gas cleaning unit to reduce chimney gas emission and energy conservation.
- Multi Clean Floor Sweeper machine was provided.
- 2,08,774 units were generated through Solar Power as compared to 82,746 units in the previous year
- Extensive tree plantation has been done to enhance the green cover in and around the plant area. During the year, around 8678 trees have been planted.

In addition to the above, many energy saving projects are being taken on a regular basis.

Corporate social responsibility

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. A synopsis of the activities undertaken by your Company in the areas of education, healthcare, art, culture & sports, infrastructure and livelihood development is presented hereunder.

Education

Your Company believes that education cannot be viewed as an isolated input but it needs to be viewed as a tool to improve the lives of the community. Education plays an important role for taking up any development activity. Key activities undertaken by your company in the field of education are:



Mobilize teachers in Govt. School



Road safety awareness in school



Support to Siltara Shikshan Samiti

- Adoption of 90 Single teacher schools in deep remote areas in Chhattisgarh being run by Friends of Tribal Society. The Society is running 46,966 schools across the country for basic education to the deprived sections of the society and is also running community development programme.
- Interest free financial assistance of ₹ 10.35 crore to R. K. Sarda Vidya Mandir, a state-of-the-art CBSE school owned and run by Bharatiya Vidya Bhavan in Raipur. Your Company had also donated the land to the trust for the school. In a very short span the school has become most preferred school in Raipur.
- Contribution to the “Shiksha Deep Trust” as founder member for providing scholarship to the poor meritorious students of the state.
- School Bus facility for the students and staff in villages in the mines area
- Support to various schools/anganbadies, in the form of salaries of teachers/staff, school bags to students, sports material to schools, etc.
- Support to “Siltara Shikshan Samiti” for the improvement in education quality
- Providing Industrial training and exposure to engineering, CA, CS & management students
- Distribution of steel utensils for the mid day meal service in Govt. schools

Healthcare:

Your Company treats healthcare as one of its priorities. To create awareness amongst villagers on matters of health, hygiene and mother & child healthcare, your Company is working with various institutions/agencies to improve the health conditions in the villages. Major healthcare activities undertaken are as under:



Blood Donation Camp



Mother & Child Healthcare awareness camp



ENT Camp

- Running two mobile dispensaries with free medicines and providing services of two full time Doctors. During the year 44466 patients benefitted from the mobile dispensaries
- Tied up with various specialized medical institutes & hospitals for the treatment of underprivileged and critical patients for free treatment.
- Organized Blood Donation Camp with Red Cross & CII-Young Indians, collected 302 units of blood
- Organized Mother & Child Health Care awareness program at nearby villages
- Organized No Tobacco Day camp & conducted an awareness programme on oral cancer with CBCC -USA & Sanjeevani Cancer Hospital , Raipur.
- Organized various health awareness camps for the villagers

In addition your company regularly organises medical checkup camps – individually and in association with other organization in the surrounding areas.



Infrastructure

Your Company is committed to set up essential services required for sustainable development and as part thereof it has undertaken various infrastructure development activities in and around its plant. Your Company has carried out the work of deepening of ponds, construction of roads at Mandhar, Tanda and Gare villages, sanitation facility, drainage system in Siltara, installation of street lights, tree guards, etc. Your Company has also made drinking water available at Siltara and Mandhar through hand pumps and through pipelines from its plant to the nearby villages.



Drain construction in Siltara



RCC road construction in village



Potable water supply in villages

The fire brigade of your Company continues to play an important role in controlling fire hazards in the nearby villages, industries and also in the city of Raipur. During the year it attended 13 fire calls from outside.

Art, Culture & Sports

Your Company promotes sports, arts and cultural activities of communities close to its operations. Your Company has established system to have regular dialogue with the villagers to assess the requirements of village. Your Company is the sponsor of the Gondawana Cup International Tennis Tournament organized by the Chhattisgarh State Tennis Association under the Indian Tennis Federation in which players from 12 countries participated. Other activities in this direction included:

- Aided Mass Marriage Program at Raipur & Raigarh
- Established multipurpose stall for the devotees of Maa Bamleshwari at Musra village on the occasion of Navratri
- Sponsored Patrika Cup Award Cricket Tournament of Raipur
- Sponsored ITF Tennis Tournament



Sponsored ITF Future Cup Tennis tournament



Support of Cricket Kit to Mr. Gazi Sujauddin



Cultural Promotion in Siltara school

- Contribution/support for local fairs and inter village Jasgeet Pratiyogita
- Organized positive leadership development programme “Mouj Me Raho” by Swami Anubhavanand Ji
- Sponsored Chakradhar Samaroh for the promotion of local art, culture & dance

Livelihood

Your Company took initiative to keep the village environment clean and healthy. Your Company has encouraged women to participate in mainstream by promoting income generation activities for youth and women ensuring their economic self-reliance. Key activities in this area are summarized hereunder:



Plantation



Veterinary Camp



Support for IT education

- Support for IT education
- Plantation of 5000 plants in project area & villages
- Watershed development through village pond deepening & beautification work
- Organized Veterinary Camp
- Participated in Rojgar Mela to provide employment
- Organized Kisan Samaroh (farmer exhibition) for agriculture development

Consolidated accounts

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards. As permitted, your Company is not attaching Annual Reports of its subsidiaries and has included prescribed particulars in this Annual Report.

The annual accounts and related information of the subsidiary companies are open for inspection by any member/ investor at the Registered Office of your Company and the subsidiary concerned and your Company will make available these documents/details upon request by any member of the Company who may be interested in obtaining the same. The annual accounts and related information of the subsidiary companies are also available on your Company's website.

Fixed deposits

Your Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956/ Section 73 of the Companies Act, 2013, and the rules made there under, during the year under review.

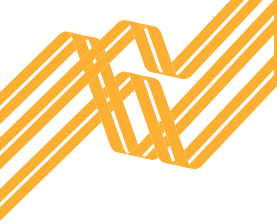
ESOP Scheme

Your Company treats its human capital as the most valued asset and as a gesture of its feeling, your Company has implemented SEML ESOP Scheme 2012 for the employees and directors of your Company and its subsidiaries. As on 31st March, 2014, 1,11,120 options have been vested. Out of this 75,879 options have been exercised by the employees during the year 2014-15.

The disclosures required to be made in the Directors' Report in respect of the aforesaid ESOP Scheme, in terms of the SEBI (ESOP Scheme) Guidelines, 1999 are contained in Annexure "A" forming part of the Directors' Report.

Directors

Mr. Rakesh Mehra and Mr. A.K. Basu are retiring by rotation. However, in view of the provisions of Section 149 of the newly enacted Companies Act, 2013, the Company is required to appoint Independent Directors for a period of 5 years. Accordingly, it is proposed to reappoint all existing independent directors for a period of 5 years.



The Board considered the independence of each of the independent Directors in terms of Section 149 and Schedule IV to the Companies Act, 2013 and Clause 49 of the listing agreement and was of the view that the proposed directors fulfill the criteria of independence as mentioned in the above provisions and can be appointed as Independent Directors. In the opinion of the Board all the proposed directors are the persons of integrity and possess relevant expertise and experience. Keeping in view the educational / professional qualifications, working experience, expertise in line with Company's business, positive attributes, already being on the Board of the Company and benefits that the Company will derive with their appointment, the Board recommends their appointment as Independent Directors of the Company to hold office for a term of five consecutive years commencing from April 1, 2014. The Company has received declaration in terms of Section 149(6) of the Companies Act, 2013.

Further, as required under the Companies Act, 2013 and the listing agreement, your Company is required to have a woman director on its board. Accordingly, the Board proposes the appointment of Mrs. Uma Sarda as director on the Board of the Company for consideration and approval of the members. The Company has received specific notice from a member of the Company under section 160 of the Companies Act, 2013, along with a requisite security deposit proposing the appointment of Mrs. Uma Sarda as Director.

As stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, brief profile of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and shareholding are provided in the Corporate Governance Report forming part of the Annual Report.

Directors' responsibility statement

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- iii) that 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;
- iv) that the directors have prepared the annual accounts on a going concern basis.

Cost Auditors

The Central Government had approved the appointment of M/s. S.G. Kankani & Co., Cost Accountants, as the Cost Auditor of the Company for audit of the cost accounting records of the steel and electricity business of your Company for the financial year 2012-13. The Cost Audit Report was filed by the Cost Auditors on 27th September, 2013.

M/s. S.G. Kankani & Co., Cost Accountants, have been re-appointed as the Cost Auditors for conducting Cost Audit for the financial year 2013-14. The Cost Audit Report will be filed within the stipulated period of 180 days of the close of the financial year.

Statutory Auditors

M/s M.M. Jain & Associates, Chartered Accountants, (Firm registration No. 112538W) Statutory Auditors of the Company, will retire at the conclusion of ensuing Annual General Meeting of the Company. They have been statutory auditors of the Company since 1980. In order to uphold the highest standards of corporate governance and spirit of the Companies Act, 2013, the Board of Directors on the suggestion/recommendation of Audit Committee has decided for a change in Statutory Auditors of your Company.

M/s M.M. Jain & Associates have maintained the highest level of governance and substantially contributed in the efforts of the Company towards strengthening the disclosures, internal controls, processes and procedures in line with expanding size of operations. The Board places on record its deep sense of appreciation for the services rendered and guidance given by them as statutory auditors of the Company.

In terms of Section 139(2) of the Companies Act, 2013, the Board of Directors of your Company, on the recommendation of the Audit Committee, proposes the appointment of M/s. O.P. Singhania & Co., Chartered Accountants (FRN: 002172C) as the statutory auditors of the Company for a period of five consecutive years from the conclusion of the 41st Annual General Meeting up to the conclusion of the 46th Annual General Meeting, subject to ratification at each Annual General Meeting. M/s. O.P. Singhania & Co., has confirmed their eligibility and has given consent for their appointment as Statutory Auditor.

Necessary resolution for appointment of M/s. O.P. Singhania & Co., as Statutory Auditors of your Company is being taken up through the Notice of 41st Annual General Meeting forming part of this Annual Report.

Auditors' report

The observations made in the Auditors' Report, read with the relevant notes thereon, are self-explanatory and do not call for any comments under Section 217 of the Companies Act, 1956.

Compliance under the Companies Act, 2013

The Companies Act, 2013 with Rules, notified with effect from April 01, 2014 with substantial changes in requirement of law and compliance has replaced the Companies Act, 1956. Your Company has taken steps to comply with the requirements of the above Act, as are applicable.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed and marked as Annexure 'B', forming a part of this report.

Particulars of employees

The particulars of employees, as required under Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975, are given in Annexure 'C' to this report.

Corporate governance

Pursuant to Clause 49 of the Listing Agreement with the stock exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

Acknowledgement

Your Directors wish to place on record their gratitude for the valuable guidance and support rendered by various Government departments, Financial Institutions, Banks and various stakeholders, such as, shareholders, 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.

Place : Raipur

Dated : August 14, 2014

On behalf of the Board of Directors,
(K.K. Sarda)
Chairman & Managing Director

Annexure 'A' to the Directors' Report

Disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme) and (Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are set below:

S. No.	Particulars	ESOP Scheme 2012
1	Total Number of Options under the plan	7,17,000
2	Options Granted during the year	No options have been granted during the year
3	Exercise Price & the Pricing formula	₹ 125/-
4	Options vested (during the year)	1,11,120
5	Options exercised (during the year)	NIL
6	The total number of shares arising as a result of exercise of options during the year.	NIL
7	Options lapsed (during the year)	NIL
8	Variation in terms of options	---
9	Money realized by exercise of options (during the year)	NIL
10	Total number of options in force at the end of the year	3,33,360
11	Employee wise details of options granted to:	
	i Senior Management Personnel during the year	No option has been granted during the year under review
	ii Employees holding 5% or more of the total number of options granted during the year.	---
	iii Employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	---
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (Accounting Standard (AS) 20 "Earning per Share").	₹ 21.04
13	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employees' compensation cost so computed and the employees compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Please refer point (f) of Note No.26.2 to standalone accounts
14	Weighted-average exercise prices and weighted – average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Please refer Note 1 below
15	A description of the method and significant assumptions used during the year to estimate the fair values of options including the following weighted average information:	
	i. risk free interest rate	8%
	ii. expected life	41 months
	iii. expected volatility	8%
	iv. expected dividend yield	30%
	v. the price of the underlying shares in market at the time of option grant	₹ 120.20

Note: 1

A. Weighted average Fair Value of Options granted during the year whose

- (a) Exercise price equals market price : Not applicable
 (b) Exercise price is greater than market price : Not applicable
 (c) Exercise price is less than market price : Not applicable since no options were granted during the year

B. Weighted average Exercise price of Options granted during the year whose

- (a) Exercise price equals market price : Not applicable
 (b) Exercise price is greater than market price : Not applicable
 (c) Exercise price is less than market price
 (as on the date of grant) : Not applicable since no options were granted during the year

Annexure 'B' to the Directors' Report

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of energy

a) Energy conservation measures taken	: PELLET & GRINDING PLANT i) Installation of VVF Drives, stoppage of higher capacity pumps and lights. SPONGE IRON PLANT ii) Replacement of higher rating motor by low rating motor, sequential timer for AC-1 & 3, replacement of metallic fan by PVC fan. POWER PLANT iii) Replacement of cooling tower fan blade with FRP, timer provision in air conditioner. FERRO ALLOYS PLANT iv) Stoppage of stoppage of primary water pump between two castings
b) Additional investment and proposals if any, being implemented for reduction of consumption of energy.	: <ul style="list-style-type: none"> • Stoppage of overflow pump in concentrate thickener during grinding operation. • Stoppage of Pellet yard lighting. • Replacement of existing GRP blade by FRP Blade (CT fan 1, 2, 3) in Power Plant. • Replacement of reciprocating compressor (4x240 CFM) by screw compressor (2x550 CFM) in SIP. • Installation of producer gas Coal Gassifier for utilization of gas in Grate to reduce/eliminate oil • Reduction/stoppage of Ammonia Dosing in Power Plant.
c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.	: Reduction in annual power consumption by about 21.2 lakh Kwh
d) Total energy consumption and energy consumption per unit of production in prescribed Form 'A'.	: As per "Form A" attached

B. Technology absorption

Research and Development

1. Specific areas in which R & D are carried out by the company	: Modified the Transformer in one furnace in Ferro Alloy Div. to increase power utilisation.
2. Benefits derived as a result of above R&D.	: Production increased in FAD
3. Future plan of action	: -----
4. Expenditure on R&D	: Expenditure on R & D is not specifically accounted for. Internal team undertakes the R & D activities.
5. Technology absorption, adaptation and innovation	:
a) Efforts in brief made towards technology absorption, adaptation and innovation	: -
b) Benefits derived as a result of above efforts.	: -
c) Information regarding technology imported during the last five years	: -

C. Foreign exchange earnings and outgo

1. Activities relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans.	:	We have achieved record exports of 31,534.500 Mt in F.Y. 2013-14. We have increased our exports to Japan where SARDA is a recognised manufacturer of Low Boron Silico Manganese and we are supplying both NSSC and also JFE their requirements of Low Boron SiMn. We are carrying out broad based marketing effort to be able to supply to other end customers in South America, Korea, Middle East and countries in Far East to enable us to have a broad customer base and prepare ourselves for increase in capacities of our subsidiary Sarda Metals & Alloys Ltd. which has commenced commercial operation of its ferro alloys in the current financial year (2014-15).
2. Total foreign exchange used and earned (₹ in crore)		
a) Foreign exchange used	:	151.35
b) Foreign exchange earned	:	213.66

On behalf of the Board of Directors,
(K.K. Sarda)
Chairman & Managing Director

Place : Raipur

Dated : August 14, 2014

Form 'A'

Form of disclosure of particulars with respect to conservation of energy.

Particulars

Steel

A. Power and fuel consumption

1. Electricity	2013-14	2012-13
a) Purchase		
Units (Kwh)	NIL	NIL
Total amount (₹ in lac)	NIL	NIL
(₹ /Kwh)	NIL	NIL
b) Own generation		
i) Through diesel generator		
Units (Kwh)	NIL	NIL
Units per litre of diesel	NIL	NIL
Cost/Unit (₹)	NIL	NIL
ii) Through steam/turbine generator		
Units (Kwh)	10,38,13,393	10,59,58,351
Units per litre of fuel-oil/gas	N.A.	N.A.
Cost/Unit (₹)	2.80	2.75
2. Coal for domestic use		
Quantity (M.T.)	NIL	NIL
Total cost (₹)	NIL	NIL
Average rate (₹)	NIL	NIL
3. Furnace oil		
Quantity (K. litres)	NIL	NIL
Total cost (₹ in lac)	NIL	NIL
Average rate (₹ /K. litre)	NIL	NIL
4. Other internal generation		
Units	NIL	NIL
Total cost (₹ in lac)	NIL	NIL
Rate/Unit	NIL	NIL

B. Consumption per unit of production

Electricity (units)	948	944
Coal	NIL	NIL
Furnace oil	NIL	NIL
Other (specify)	NIL	NIL
Own power	NIL	NIL

Note: Form 'A' is not applicable to sponge iron, power and ferro alloys industry

Annexure 'C' to the Directors' Report

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 as amended till date, and forming part of the Directors' Report for the year ended 31st March, 2014

Employed throughout the financial year under review and were in receipt of remuneration for the financial year in the aggregate of not less than ₹ 60,00,000/- per annum:

a) Name	:	Mr. Kamal Kishore Sarda
b) Designation	:	Chairman and Managing Director
c) Age	:	62
d) Qualification	:	B.E. (Mech.)
e) Experience (years)	:	40
f) Commencement of employment	:	16 th December, 1978
g) Nature of duties	:	Overall management and administration
h) Remuneration (gross)	:	₹ 2,75,12,210/-
i) Particulars of last employment, last post, employer (No. of years)	:	-

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. The employment is contractual in nature.
3. Other terms and conditions are as per Company's rules/scheme

Management Discussion & Analysis

INDUSTRY STRUCTURE & DEVELOPMENT

Global Economy

The world economy has experienced another year of subdued growth in 2013 with the world output witnessing a growth of only 3% as against 3.2% in 2012 as per World Economic Outlook published by the International Monetary Fund in April 2014. The 2013 performance reflected something of a role reversal among the players with fast-growing emerging markets losing pace while developed nations gained strength.

The central banks in the U.S., Japan and Europe showered money on their economies, held interest rates low and promised to continue to do so in a bid to stimulate a recovery that remains tepid almost five years after the worst recession since the Great Depression. In emerging markets such as Brazil and India, domestic demand softened and exports sagged as interest rates were boosted to stem inflation.

Indian Economy

The Indian economy has been going through challenging times that culminated in sub 5% GDP growth for two consecutive years, i.e. 2012-13 and 2013-14. The slowdown is broadly in sync with trends in other emerging economies, but relatively deeper. India's growth declined from an average of 8.3% per annum during 2004-05 to 2011-12 to an average of 4.6% in 2012-13 and 2013-14.

However, the external sector witnessed a remarkable turnaround after the first quarter of 2013-14, and the year ended with a Current Account Deficit (CAD) of 1.7% of GDP as against 4.7% in 2012-13. This has been achieved through various measures including stringent curbs on gold imports. The Rupee, after plummeting to ₹ 68.36 to a US dollar on 28 August 2013, triggered by the expected taper of quantitative easing in the United States, gradually strengthened and the year ended with the exchange rate averaging ₹ 61 per US dollar in March 2014, owing to measures taken by the government and the Reserve Bank of India (RBI). These developments on external account have generated some optimism that the Indian economy is better prepared to confront the challenges of global policy reversals, including tapering of quantitative easing in the US. Improvement is also observed on the fiscal front, with the fiscal deficit declining from 5.7% of GDP in 2011-12 to 4.9% in 2012-13 and 4.5% in 2013-14.

The improvements in the twin deficits would, no doubt, feed into a higher growth in 2014-15, but the pace of recovery may be gradual.

Iron and Steel

The global crude steel production continued the upward trend and in 2013 grew by about 4% y-o-y to 1607 mln mt. China produced 782 mln mt representing 49% of world steel production. In 2013, India remained the 4th largest steel producing country in the world, behind China, Japan and the US. Crude steel production grew by 4.6% to 81.2 mln mt. Due to weak domestic steel demand which grew by only 3.3% in 2013, India became a net steel exporter in 2013-14 after a gap of six years. Total steel exports from India during 2013-14 stood at 5.59 mln mt, as against imports of 5.44 mln mt as per the report issued by Joint Plant Committee (JPC), a unit of the steel ministry.

In 2013-14, sponge iron production in India continued to decline to 18.1 mln mt as compared to 18.7 mln mt in the previous year. This is the fourth consecutive year of decline in production since 2011. The Indian sponge iron industry continues to be plagued with poor availability of its raw materials viz. iron ore, natural gas and coal on the one hand and increased competition from its substitute i.e. scrap, whose import is increasing due to lower prices in the global market.

The drop in iron ore production is due to reduced or no production of iron ore from states like Goa, Karnataka and Odisha after the ban imposed by the Supreme Court.

The growth in the steel market is expected to be muted in the short term on account of poor growth in core consumer sectors such as infrastructure and construction. However, with the new stable government in place, the demand is expected to rebound in the latter half of 2014-15 with clearance of projects in infrastructure and other core sectors. Growth in the automobile and consumer durable sectors will also support demand growth in the long term.

Ferro Alloys

2013 has been a defining year for the manganese industry with marked expansions at the major existing mines and emergence of new mines in South Africa.

Outside China, most countries throughout 2013 experienced weak demand for Mn Ferro alloys due to disappointing steel output. High electricity rates, coupled with poor demand for Mn ferroalloys, caused the shutdown of some Mn alloy furnaces, primarily in Europe and North America. Production in Ukraine was hit due to war and energy crisis. The new Ferro alloys capacity coming-up in Malaysia has also got delayed. As per International Manganese Institute (IMnI) estimates, 18.9 mln mt of Mn alloys were produced in 2013, up 8% y-o-y. SiMn production accounted for 66% of total output (13.1 mln mt), HC FeMn for 25% (4.2 mln mt) and Ref FeMn for the remaining 9% (1.6 mln mt).

Mn ore production (Mn contained units) increased by around 6% to just over 17 mln mt. Production in wet mt grew at a slower rate of around 2% to 54 mln mt. The average grade was just under 31% Mn. The Mn Ore demand was led by China. Other regions in the world decreased their Mn ore consumption because of low Mn alloy demand. All in all, this led to eased supply of Mn ore and tightening of Ferro alloys supply improving value addition margins as compared to the previous year.

In India, majority of Manganese Ore produced is low in grade and high in iron content. Hence, these ores are only suitable for blending with high Mn:Fe ratio ores. Owing to scarce availability of high grade manganese ore, the domestic consumers have no option except to source through imports.

The long term prospects for the manganese industry still remain sound. Steel will continue to be required to support the urbanization of the growing world population. The growth of demand for manganese is expected to improve, albeit with hiccups, as manganese will remain an essential contributor to the steel value chain.

Power

The electricity sector in India had an installed capacity of 243 GW as of end March 2014. India became the world's third largest producer of electricity in the year 2013 with 4.8% global share in electricity generation surpassing Japan and Russia. Captive power plants have an additional 39.375 GW capacity.

Segment		Capacity (In MW)	Share in%
Thermal (coal, gas, oil)	Coal	145	
	Gas	22	
	Diesel	1	
	Total	168	69.14
Nuclear		5	2.06
Hydro		41	16.87
Other renewable		29	11.93
Total		243	100.00

The per capita electricity consumption has increased at a CAGR of 5% over the last five years and has reached 917kWh in 2012-13 from 717 kWh in 2007-08. Considering that this consumption is much lower than the global average consumption of 2,800 kWh, it is expected that India will continue to see a growth in demand as more electricity provides tremendous room to improve quality of life.

The investment climate is positive in the power sector. The government of India has identified the power sector as a key sector of focus to promote sustained industrial growth. Due to policy liberalization, the sector has witnessed higher investment flows than envisaged.

However, issues like unmet demand, frequent power cuts, power failures health of distribution utilities, transmission infrastructure bottle-neck continue to haunt the sector. These are mainly because low power generation as compared to demand, inefficient transmission and distribution networks, theft of power and high transmission and distribution losses. Further, low availability of coal, high capital cost, lack of infrastructure and low industrial growth remain key areas of concern for the power industry. In spite of increase in production of coal, the demand remains unsatisfied and the users have to resort to imports for meeting their requirements. Apart from quantity, quality of coal also remains an issue.

OPPORTUNITIES AND THREATS

Opportunities

With the demand of steel and power expected to pick up, the Company with its manufacturing facilities, developed infrastructure, sufficient land bank in possession, environmental clearances and mineral resources foresees a good opportunity for growth in the core area of its operation. Low per capita consumption of steel and power in India provides good potential in these sectors to meet the growing demand for infrastructure and growth.

The power plant at the Greenfield project at our Vizag facility is operating successfully and trial runs of the Ferro alloys plant at the Greenfield project are underway. With low gearing and a strong cash flow, the Company is in a position to take advantage of the opportunities emerging in the present economic scenario. The operations at the iron ore mine of your Company resumed after more than 5 years. This will also help in improving performance. The Company's mining plan for increase in the capacity of coal mining from 1.2 million mt to 5.9 million mt is under active consideration at appropriate level.

Threats

Subdued prices of finished goods coupled with high electricity prices continue to be a hurdle in the growth of the steel and Ferro alloys industry. Industrial slowdown contributes to reduction in demand of power. In absence of growth in industrial production, the prices of power may further come down. Various capacity addition projects resulting in large capacity additions in near term may further aggravate the situation putting pressure on margins. However, with its low cost production supported by captive power, captive raw material, strategic location, economic size, prominent position in the market and established global clientele base, your Company will be able to face the challenges.

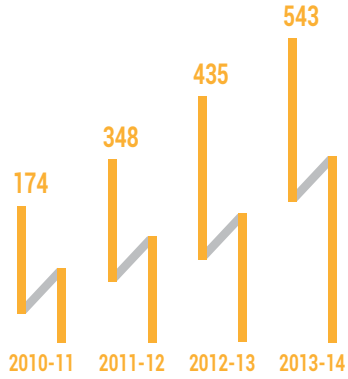
PRODUCT-WISE PERFORMANCE

The year 2013-14 witnessed improved performance particularly in the pellet plant, the Ferro alloys plant and at the coal mines. The product-wise performance is summarized hereunder:

Product	Production (MTs)		Sales (MTs)		Captive consumption (MTs)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Pellet	5,42,900	4,35,298	1,48,279	1,87,309	3,91,878	2,56,185
Sponge Iron	2,61,739	2,68,602	1,55,176	1,52,109	1,11,389	1,16,023
Steel Billet	1,09,509	1,12,300	26,492	21,839	83,742	90,218
Wire Rod	82,474	91,424	60,311	67,126	22,748	24,391
HB Wire	22,453	24,074	22,603	24,274	-	-
Ferro Alloys	69,406	62,894	74,538	64,512	1,150	1,018
Power (Mn Kwh)	562.99	564.12	62.66	97.34	500.34	466.79
Coal*	11,64,789	9,76,063	-	-	11,23,466	8,87,393

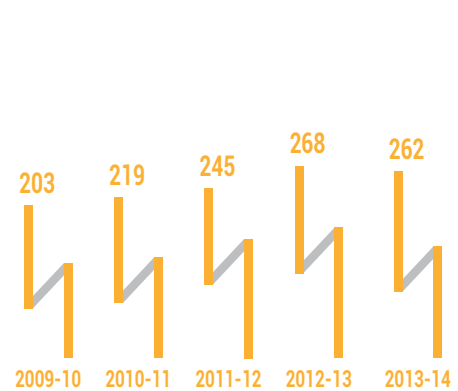
*for captive consumption only

in '000 MTs



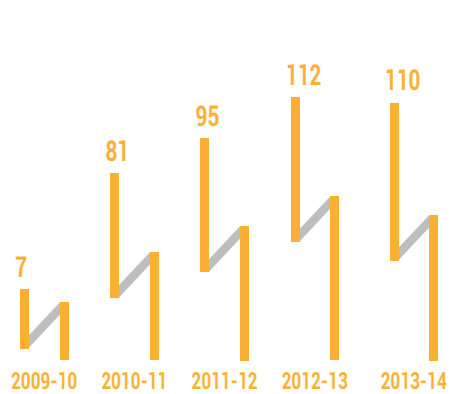
IRON ORE PELLETT PRODUCTION

in '000 MTs



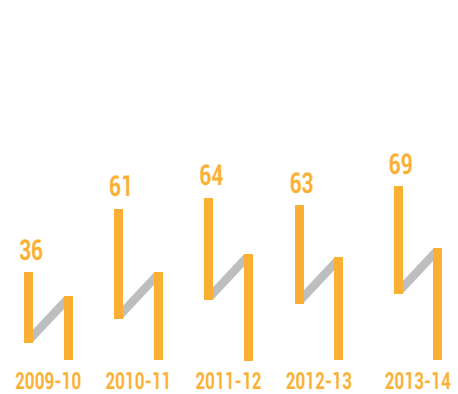
SPONGE IRON PRODUCTION

in '000 MTs



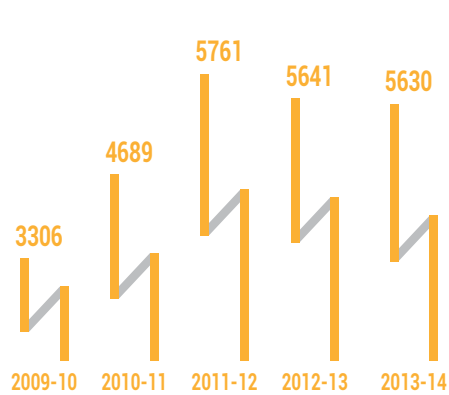
STEEL BILLET PRODUCTION

in '000 MTs



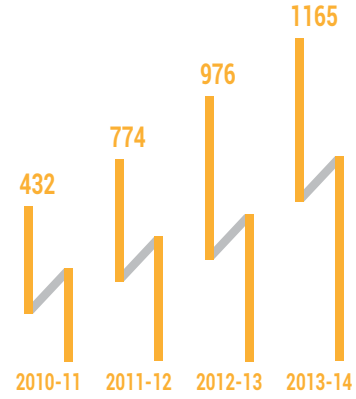
FERRO ALLOYS PRODUCTION

Units in lakhs Kwh



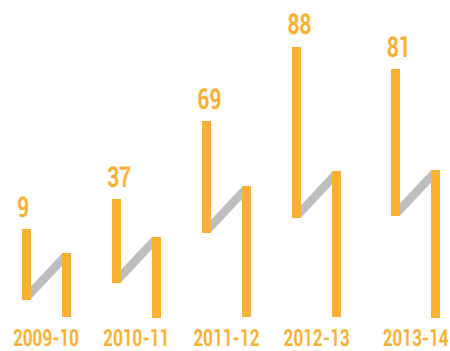
POWER GENERATION

in '000 MTs



COAL PRODUCTION

in '000 MTs



ECO BRICKS

OUTLOOK

Despite signs of improvement in the global financial conditions and improvement in short term risks, the world economy continues to expand at a subdued pace. After a marked downturn over the past two years, the global economic activity is expected to slowly gain momentum on the back of accommodative monetary policies. Global growth is projected to strengthen from 3% in 2013 to 3.6% in 2014 and 3.9% in 2015 as per World Economic published by IMF. Most world regions are likely to see a moderate pick-up in activity but growth will continue to be below potential and with low employment gains. India managed to backstop the deceleration they experienced in the past two years and veered upwards moderately, pointing towards increasing global growth. As per studies, inflation will remain tame worldwide, but the employment situation will continue to be challenging.

Growth prospects among large developing countries and economies in transition are mixed. While growth in international trade flows is expected to pick up moderately to 4.7% in 2014, prices of most primary commodities are projected to be flat, although any unexpected supply-side shocks, including geo-political tensions, could push some of these prices higher.

India is likely to grow by 5.6% in 2014-15 against a projected growth of less than 5% in the current fiscal. With a stable government at the centre, significant policy changes are anticipated in the near future. The government focus on infrastructure development, more foreign direct investment inflow and more transparency in governance is likely to significantly increase the business confidence in the country. The growth in FY15 is likely to be contributed majorly by the industrial sector. Merchandise exports are also expected to grow by 8-10% in the next fiscal year. However, faster increase in public and private investment and policy reforms to drive productivity can counter long term slowdown.

However, the Company believes that with growth picking up and spending on infrastructure development to be stepped up, the outlook of the sectors in which your Company operates shall remain stable / positive. The cost optimization drive taken up by the Company to mitigate the pressure on prices continues, which will bring in further savings.

Your Company has ready infrastructure and clearances for expansion. The iron ore mine has also restarted the benefit of which will be reflected in F.Y. 2014-15. Your company is well placed to embark on an expansion scheme to capitalize on the potential of an improving economic scenario. In view of these, the outlook for your Company is positive.

RISKS AND CONCERNS

The short term risks associated with the situation in the euro area, the fiscal adjustments in the United States of America and the economic slowdown in large developing countries have diminished, but not disappeared. At the same time, new medium term risks have emerged, including possible adverse effects of unconventional monetary measures in developed economies. These risks have the potential to once again derail the feeble recovery of world economy.

Your Company has identified and categorized risks in the areas of Operations, Finance, Marketing, Regulatory Compliances and Corporate matter. Internal Auditors express their opinion on the level of risk identified during the audit of particular area which is reported to the Audit Committee through Internal Audit Reports. The Management does not perceive any major technological, environmental and/or financial risks for your Company in the near future. Your Company has contingent liabilities as disclosed in note no. 37 of the Notes to Financial Statements for the year ended 31st March, 2014.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly, and also that the applicable statutes, the Code of Conduct and corporate policies are duly complied with.

Your Company has achieved ISO 9001:2008 certification and is on the path to achieve the ISO 14000 and OHSAS 18000 standard certifications. This initiative will help your Company to broaden its base on safety/health/environment. Behavior Based Safety (BBS) journey has also been started to eliminate unsafe behavior patterns.

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 Audit Committee also seeks the views/opinions of statutory auditors on the adequacy of the internal control systems in your Company. The Audit Committee has majority of independent directors to maintain the objectivity.

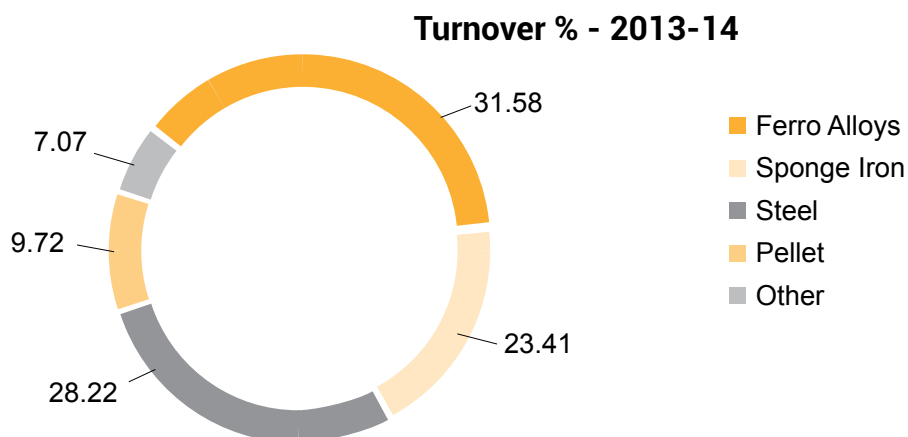
FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Turnover

During 2013-14 your Company achieved a turnover of ₹ 1,396 crore on standalone basis as against ₹ 1,524 crore in the previous year. The reduction in turnover was mainly due to depressed market conditions which led to reduction in sales realizations particularly in Steel sector. Besides, there was a considerable reduction in disposal sales of coal middlings and rejects. This was due to late receipt of approvals from the concerned government authorities. The breakup of standalone turnover of ₹ 1396 crore is as under:

Product	2013-14	percent turnover	2012-13	percent turnover
Ferro Alloys	440.78	31.58	388.28	25.48
Sponge Iron	326.73	23.41	347.82	22.82
Steel – Billets, Wire Rod & HB Wire	393.94	28.22	442.44	29.03
Pellet	135.66	9.72	188.41	12.36
Others (incl. power, coal & Mn ore)	98.75	7.07	157.10	10.31

(₹ in crore)



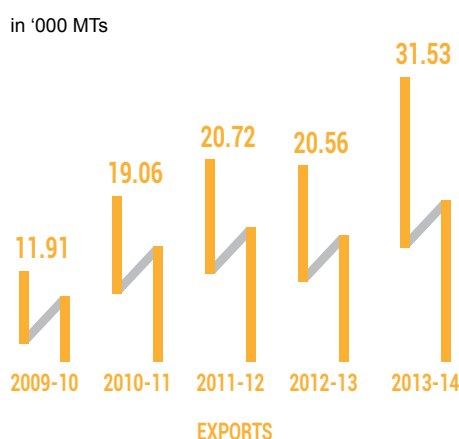
The consolidated turnover of your company rose to ₹ 1,720 crore from ₹ 1545 crore in the previous year. The breakup of the consolidated turnover is as under:

(₹ in crore)

Company	2013-14	2012-13	Product
SEML standalone	1,396	1,524	
Sarda Metals & Alloys Limited	315	14	Thermal Power
Parvatiya Power Limited	7	6	Hydro Power
Raipur Infrastructure Co. Ltd.	2	1	Railway Siding
Total	1,720	1,545	

Exports

During the year, your Company exported 31,534 mt of Ferro Alloys as against 20,566 mt in the previous year. Apart from superior quality of our product as compared to that of our competitors, low domestic demand was another major reason for increase in exports. Japan retained top spot as your Company's major overseas customer. Your Company has taken a number of initiatives/steps including merchant trade to increase its exports.



Finance Cost

Finance cost includes exchange differences to the extent considered as an adjustment to the borrowing costs. The outgo on account of interest went down during the year due to repayment of term loans. However, the increase in exchange difference adjustment cost set off the decrease in Interest cost and the Finance cost remained the same as previous year.

Profitability

During the year, the profit before tax was ₹ 134 crore as against ₹ 160 crore in the previous year. The profit reduced because of low realizations and reduction in the disposal of coal middlings and rejects. The net profit was ₹ 75 crore as against ₹ 125 crore in the previous year mainly on account of higher provision for deferred tax provision.

Long term borrowings

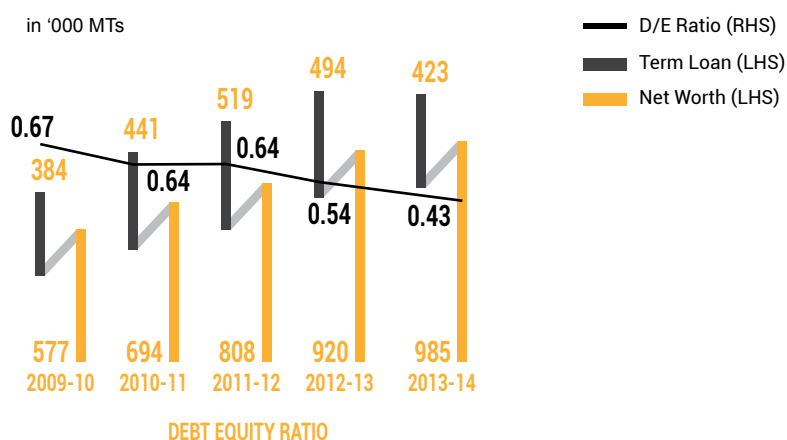
During the year, your Company repaid ECB loan of ₹ 103 crore. Your Company also repaid ₹ 58.45 crore of other term loans availed from the banks/ financial institutions. All the loans and the interest payment commitments were met on time.

During the year, your Company availed balance amount of ₹ 25 crore against term loan sanctioned by The Ratnakar Bank Ltd. and also a term loan of ₹ 50 crore from HDFC Bank Ltd. for meeting long term working capital requirements.

The long term loans stood at ₹ 423 crore as against ₹ 494 crore in the previous year, in spite of increase in liability of ECB due to forex fluctuation. The debt equity ratio has improved from 0.54 :1 to 0.43:1.

Consolidated borrowings stood at ₹ 1,100 crore as against ₹ 1,091 crore in the previous year mainly on account of fresh disbursement against term loan facilities availed by Sarda Metals & Alloys Ltd. and Madhya Bharat Power Corpn. Ltd. for projects as reduced by repayments made by your Company.

CARE has maintained highest credit rating of CARE A1+ (A one plus) for short term loans (highest) and CARE A+ (Single A Plus) for the long term loans.



Other long term liabilities include deposits from vendors and long term provisions include provisions for leave encashment, mine restoration and other statutory liabilities.

Short term borrowings

The short term borrowings increased from ₹ 167 crore in the previous year to ₹ 210 crore in the current year. This was due to higher utilisation of working capital facilities and fresh short term loan for business requirements.

On a consolidated level, the short-term borrowings have gone up from ₹ 336 crore in the previous year to ₹ 641 crore in the year under review mainly on account of increase in loan of Sarda Energy & Minerals Hong Kong Ltd. for short term investments.

Trade payables

Trade payables were more or less constant and stood at 104 crore same as in the previous year.

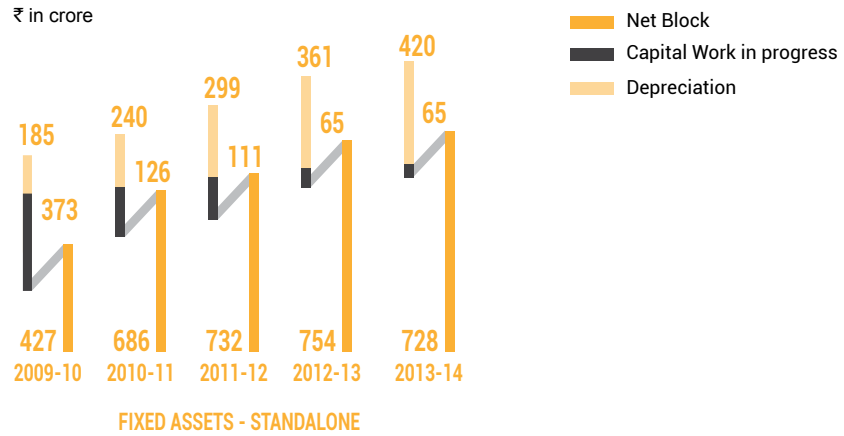
Other current liabilities

Other current liabilities increased from ₹ 157 crore in the previous year to ₹ 186 crore for the year under review mainly on account of increase in the amount of long term loans payable during next one year. The indirect tax payable increased due to increase in provision of excise duty on finished goods inventory which has increased as compared to previous year.

Fixed assets

During the year, your Company has incurred capital expenditure on modernization of existing facilities. The gross block has gone up from ₹ 1,180 crore in previous year to ₹ 1,213 crore in the year under review. The net block was at ₹ 793 crore in the current year as against ₹ 819 in the previous year.

Consolidated gross fixed assets went up from ₹ 2,066 crore last year to ₹ 2,226 crore for the year under review mainly on account of project investments made by SMAL and MBPCL of ₹ 10.42crore and ₹ 111.59 crore respectively.



Non-current investments

During the year, your Company has made further investments of ₹ 10 crore in its subsidiaries and controlled entities mainly in Sarda Global Venture Pte. Ltd. and Chhattisgarh Hydro Power LLP. Further, shares have been allotted to your Company against all pending share applications. The projects of subsidiaries – namely - SEL, CHP LLP and MBPCL are under various stages of execution. The benefits of the investments would flow to your Company in the coming years.

Long term loans & advances

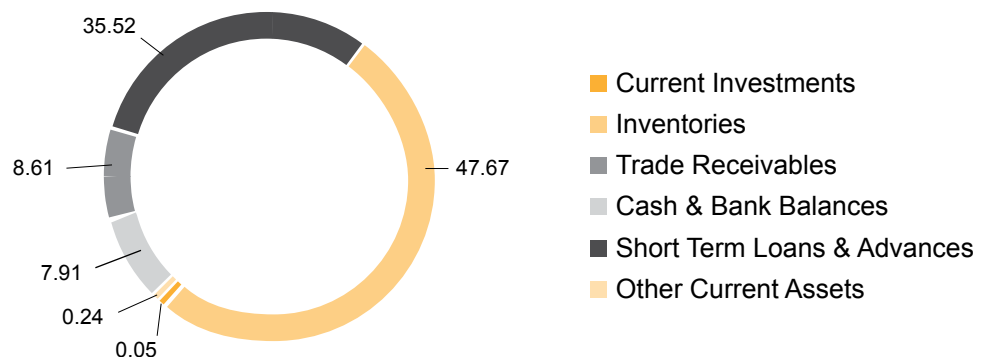
Long term loans and advances went down from ₹ 65 crore to ₹ 61 crore on account of utilization of Minimum Alternate Tax (MAT) credit against income tax liability for the year in excess of MAT.

Current assets

(₹ in crore)

Product	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Current investments	0.31	0.31	568.78	288.76
Inventories	275.51	219.99	284.46	247.51
Trade receivables	49.79	62.50	64.85	76.63
Cash & bank balances	45.72	7.24	102.77	70.43
Short term loans and advances	205.33	173.22	319.06	204.98
Other current assets	1.37	11.85	5.65	3.35

Current Assets - % - 2013-14



The inventories have increased due to the build-up of stock of coal middlings and rejects. It also includes build up of stocks of mineral ores. Receivables have come down with better management and also non accumulation of export receivables as in last year. The bank balances have swelled temporarily with funds raised against short term loans pending deployment in business assets. Short term loans and advances relate to business advances. The other current assets have come down due to receipt of amount against dividend receivable from Sarda Energy & Minerals Hong Kong Ltd.(SEMHKL)

At the consolidated level the current investments have increased on account of additional investment in bonds and fixed Deposits made by SEMHKL. Cash & Bank balance includes an amount of ₹ 37.15 crore placed in Fixed deposit by MBPCL against Term loan disbursement pending its utilization for the project.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCE/INDUSTRIAL RELATIONS

Growth of an organization depends on the quality of its human capital. Effective human resource (HR) planning and management is required at all stages to help ensure employee growth and satisfaction. Employee satisfaction is vital to the success of an organization because of its direct impact on productivity. The Human Resource (HR) practices at your Company are geared towards creating a performance driven organization. Various measures have been taken to attract and retain the best talents and minimize attrition. The selection process is based on pre-defined Competency Matrix which helps in self development and organizational growth.

You Company has recognized importance of providing continued advance training to its employees. Proper training helps in further enhancing the skills and experience of the employees, improving productivity and enabling the Company to achieve its business objectives. During the year, average mandays training achieved was 2.3 man-days per employee. During the year, 5 'S', Behavior Based Safety training, Integrated Management system, Skill Development & Corporate Culture for the shop floor employees were also introduced as part of training & development activities.

Integrated Management System (IMS) has been started with the objective of "Continual improvement in performance of all operations related in Quality, Environment, Occupational Health & Safety", which comprises all related components of a business into one system for easier management and operation.



Training session for SBU & Dept Heads



Role Play under QMS Training

A Behavior Based Safety Training (BBS), has been started with an objective to inculcate the aspect of Safety in human behavior amongst all employees of the organization, including contractors' work force, and to develop positive perception towards Safety. This program is named as "Sarda Bhai Bandhu Suraksha Abhiyan".

As of 31st March, 2014, the total number of employees stood at 1,516 as compared to 1,583 in the previous year.

FORWARD LOOKING STATEMENT

Statements in the Management Discussion and Analysis report describing your Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which your Company operates, changes in the government regulations, tax laws and other statutes 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 of 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 responsibilities:** We believe in caring for environment and surrounding communities.

Your Company would constantly endeavor to improve these aspects.

2. Board of directors

2.1. Composition

The Board of Directors comprises of nine directors, including six non-executive independent directors and one executive professional director. 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 are as under:

Names of the Directors	Category	No. of other Directorships held*	No. of other Board committees member/Chairman	No. of Board Meetings attended	Last AGM attended	No. of shares held in the Company
Mr. K.K. Sarda	Promoter Executive	6	-	4	No	1309149
Mr. Pankaj Sarda	Promoter/Wholetime	4	-	3	No	691107
Mr. G.D. Mundra	Wholetime	3	3	4	No	5820
Mr. Rakesh Mehra	Independent Non-Executive	2	3	3	No	137
Mr. A.K. Basu	Independent Non-Executive	3	2	4	Yes	Nil
Mr. P.R. Tripathi	Independent Non-Executive	5	1	4	No	Nil
Mr. G.S. Sahni	Independent Non-Executive	2	1	4	No	Nil
Mr. C.K. Lakshminarayanan	Independent Non-Executive	3	2	4	No	6000
Mr. Jitender Balakrishnan	Independent Non-Executive	12	9	4	No	Nil

* excluding pvt. ltd. companies, foreign companies, Limited Liability Partnerships and casual directorships as on 31.03.2014

As required by the Companies Act, 1956 and Clause 49 of the Listing Agreement, none of the directors hold directorship in more than 15 public limited companies, membership of board committees (Audit/Investors' Grievance Committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

Your Company has adopted Code of Conduct for board of directors and senior executives. Your Company has also implemented Code of Conduct for Prevention of Insider Trading. Both the codes are placed on the website of your Company. A declaration signed by the Chairman and Managing Director of your Company confirming the compliance of the Code by the board members and the senior executives 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 2013-14.

K.K. Sarda
Chairman and Managing Director"

2.2. Number of board meetings held

Four meetings of the Board of Directors were held during the year ended 31st March, 2014 as given hereunder:

Date of meeting	No. of Directors present
25th May, 2013	8
10th August, 2013	8
26th October, 2013	9
1st February, 2014	9

2.3. Particulars of directors seeking appointment / reappointment

Particulars of directors seeking appointment / reappointment at the ensuing Annual General Meeting to be held on 29th September, 2014 are given as under:

1	Name	Mr. G.D. Mundra	Mr. P.R. Tripathi	Mr. G.S. Sahni	Mr. A.K. Basu
2	i) Age	53 years	70 years	67 years	64 years
	ii) Qualification	Chartered Accountant	Mining Engineer	Post Graduate diploma in Public Administration, Cardiff University, UK	BME
	iii) Date of appointment	30.12.2000	30.10.2003	04.03.2008	31.01.2003
3	Experience	More than 30 years in the field of finance and accounting	He is Ex-CMD, NMDC. He has more than 50 years of experience in the mining and related activities.	A retired IAS officer of Madhya Pradesh Cadre belonging to 1971 batch is experienced in toning up administrative mechanism for operational efficiency, creation of effective delivery systems of public service having in-depth exposure to multi-sectoral areas of policy formulation, planning and administration	More than 40 years of experience in the field of finance.

4	Other directorships/ partnerships	Chhattisgarh Investments Ltd.	Hindustan Dorr Oliver Ltd.	MDL Energy Pvt. Ltd.	ICRA online Ltd.
		Orient Press Ltd.	IVRCL Ltd.	Sarda Metals & Alloys Ltd.	Pratibha Syntex Ltd.
		Prayag Thermoplast Pvt. Ltd.	HDO Technologies Ltd.	MDL Energy Services Pvt. Ltd.	Simplex Prefab Infrastructure (India) Pvt. Ltd.
		Good Minerals Development Pvt. Ltd.	Premier Explosives Ltd.	Vik-Sandwik Design India Pvt. Ltd.	
		Fair Energy & Minerals Ltd.	Minman Consultancy Services Pvt. Ltd.		
		Jaichandi Energy & Natural Resources Development Pvt. Ltd.			
		Minmet International Resources Pvt. Ltd.			
		Regular Trading Pvt. Ltd.			
		Revenue Trading Pvt. Ltd.			
		Clifford Multitrading Pvt. Ltd.			
5	Chairman/ member of committees	Sarda Energy & Minerals Ltd. (Member of Audit, Shareholders'/ Investors' Grievance Committee and Corporate Governance Committee)	Sarda Energy & Minerals Ltd. (Chairman of Appointment & Compensation Committee)	Sarda Energy & Minerals Ltd. (Member of Corporate Governance Committee)	Sarda Energy & Minerals Ltd. (Chairman of Audit Committee & Member of Shareholders'/ Investors' Grievance Committee)
6	Shareholding in the company	5820 Equity Shares	NIL Equity Shares	NIL Equity Shares	NIL Equity Shares
7	Relationship with directors	No relationship with Directors	No relationship with Directors	No relationship with Directors	No relationship with Directors

1	Name	Mr. C.K. Lakshminarayan	Mr. Jitender Balakrishnan	Mr. Rakesh Mehra	Mrs. Uma Sarda
2	i) Age	65 years	65 years	62 years	55 years
	ii) Qualification	B. Tech.	B.E (Mech) National Institute of Technology (NIT) Madras University & Post Graduate Diploma in Industrial Management, Bombay University	Cost Accountant	Bachelor of Arts in Home Science
	iii) Date of appointment	28.01.2009	30.07.2010	18.07.1986	
3	Experience	He worked as a Plant Engineer for 8 years with Madras Petrochem Ltd. Thereafter, he worked with Industrial Development Bank of India, firstly in Project finance and then in Investment Banking. Lastly, he worked as President and CEO of STCMS Electric Company Pvt. Ltd., which is operating a 250 MW IPP.	He had a long association with IDBI group wherein he has served on various posts upto the level of Dy. MD & Group Head Corporate Banking before retiring. He has wide experience of corporate finance in sectors like, Oil and Gas, Telecom, Airports, Roads, Ports, Steel, Cement, Fertilizers, Petrochemicals, Hotel, Pharmaceuticals, Paper, etc.	35 years experience in the field of finance.	She is attached with an NGO named Friends of Tribals Society which works for the primary education of the tribal children and health care of tribal people of Chhattisgarh. Apart from the above, she is associated with various social organizations in and around Raipur.
4	Other directorships/ partnerships	Shri Kailash Logistics Ltd.	Bharti Axa General Insurance Co. Ltd.	Econotech Services Pvt. Ltd.	Rishabh Mining & Transport Co. Pvt. Ltd.
		Madhya Bharat Power Corporation Ltd.	Bharti Axa life Insurance Co. Ltd.	Minwool Rock Fibres Ltd.	Prachi Agriculture & Properties Pvt. Ltd.
			Usha Martin Ltd.		Sarda Family Investments - Partner

			Bhoruka Power Corporation Ltd.	
			Aditya Birla Finance Ltd.	
			Ployplex Corporation Ltd.	
			IL & FS Investment Managers Ltd.	
			India Glycols Limited	
			Magus Estates and Hotels Pvt. Ltd.	
			Essar Services India Ltd.	
			Equinox Realty & Infrastructure Pvt. Ltd.	
			Bharti Infratel Ltd.	
			Essar Projects (India) Ltd.	
5	Chairman/ member of committees	Sarda Energy & Minerals Ltd. (Member - Audit & Chairman - Corporate Governance Committee)	Sarda Energy & Minerals Ltd. (Member - Investors' Grievance Committee & Appointment & Compensation Committee)	Sarda Energy & Minerals Ltd. (Member - Audit, Appointment and Compensation & Corporate Governance Committee)
			Bharti Axa Life Insurance Co. Ltd. (Chairman-Policy holders Protection Committee Member - With Profit Committee)	
			Usha Martin Ltd. (Chairman Audit Committee)	
			Aditya Birla Finance Ltd.(Chairman - Risk Committee)	

			Ployplex Corporation Ltd. (Member - Remuneration Committee)		
			IL & FS Investment Managers Ltd. (Member - Audit Committee)		
			Bharti Infratel Ltd. (Member-Audit Committee)		
			Magus Estates and Hotels Pvt. Ltd. (Member- Audit & Remuneration Committee)		
6	Shareholding in the company	6000 Equity Shares	NIL Equity Shares	137 Equity Shares	489425 Equity Shares
7	Relationship with directors	No relationship with Directors	No relationship with Directors	No relationship with Directors	Related to CMD and DMD

3. Audit committee

The Audit Committee of your Company comprises of four Directors. Mr. A.K. Basu is the Chairman of the Committee and Mr. Rakesh Mehra, Mr. C. K. Lakshminarayanan and Mr. G.D. Mundra are the members of the Committee. The terms of reference of the committee are as per the provisions of Section 292 (A) of the Companies Act, 1956, read with Clause 49 of the Listing Agreement. The Company Secretary acts as the secretary to the Audit Committee. The invitees to the Audit Committee include the Statutory Auditors, the Internal Auditors and the respective departmental heads.

Four meetings of the committee were held during the year 2013-14 on 25th May, 2013, 10th August, 2013, 26th October, 2013 and 1st February, 2014. The attendance particulars are as under:

Name of Chairman/member	Meetings	
	Held	Attended
1. Mr. A.K. Basu – Chairman	4	4
2. Mr. Rakesh Mehra – Member	4	3
3. Mr. G.D. Mundra – Member	4	4
4. Mr. C. K. Lakshminarayanan - Member	4	4

4. Appointment & compensation committee

The Appointment & Compensation Committee comprises of 3 directors with Mr. P.R. Tripathi as Chairman and Mr. J. Balakrishnan and Mr. Rakesh Mehra as the members.

The Appointment & Compensation Committee has the following activities in its scope:

- i) Approval of appointment of senior executives, one level below the Board.

- ii) Selection and appointment of persons covered by section 314 of the Companies Act, 1956.
- iii) Consideration and approval of the Employee Compensation Schemes including Employee Stock Options
- iv) Remuneration including commission, if any, to the Whole-time Directors.
- v) Any other matter related with any of the above.

During the year two meetings of the Committee were held on 25th May, 2013 and 10th August, 2013. The attendance particulars are as under:

Name of Chairman/member	Meetings	
	Held	Attended
1. Mr. P.R. Tripathi – Chairman	2	2
2. Mr. J. Balakrishnan – Member	2	2
3. Mr. Rakesh Mehra – Member	2	1

The Executive Directors have been paid remuneration as per terms of their appointment. The Non-Executive Directors of your Company 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 2013-14, which is within the ceiling specified under the Companies Act, 1956.

Details of remuneration to Executive Directors and Non-Executive Directors are as under:

(₹ in lac)

	2013-14	2012-13
i) Salary, allowances etc. to managing director & whole time director	116.94	143.94
ii) Perquisites	8.01	14.25
iii) Contribution to provident fund	10.87	12.30
iv) Commission to chairman & managing director	200.00	275.00
v) Commission to non executive directors	12.00	12.00
vi) Sitting fees	7.20	12.10
Total	355.03	469.59

Note:

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

5. Corporate governance committee

The -committee on Corporate Governance has the specific task of looking into matters related with Corporate Governance with Mr. C.K. Lakshminarayanan as Chairman & Mr. G.S. Sahni, Mr. Rakesh Mehra and Mr. G.D. Mundra as members. The scope of the committee's functioning includes:

- i. Compliance of the Corporate Governance requirements under the Listing Agreement and Companies Act.
- ii. Disclosure of information to the Board.
- iii. Frequency and number of the Audit Committee and Board meetings.
- iv. Finalisation of the Report on Management Discussions & Analysis and Corporate Governance.
- v. Benchmarking of Company's Corporate Governance practices with best practices and drawing a time frame for improvement.

The committee monitors the Corporate Governance practices implemented by your Company and gives its suggestions and instructions for improving the same.

6. Shareholders'/investors' grievance committee

The Shareholders'/Investors' Grievance Committee, consisting of Mr. A.K. Basu (Chairman), Mr. J.Balakrishnan and Mr. G.D. Mundra as members, has the specific task of looking into share transfers and resolving the shareholders'/investors' grievances. The Chairman is a Non-Executive and Independent Director.

Name and designation of the Compliance Officer : Mr. P. K. Jain, Company Secretary

The number of complaints received during the year : 12 complaints were received which were attended in time.

Apart from the above, requests for issue of duplicate shares, share transmissions, revalidation of warrants and change in bank account details, were also received and were attended promptly.

The number of complaints not redressed at the end of the year : All the complaints have been attended satisfactorily and no complaints were pending at the end of the year.

Number of pending share transfers : All the requests for transfer received during the year were duly attended.

Your Company has taken necessary steps to re-organise / re-constitute / regularise the Board/Committees as per the requirements of the Companies Act, 2013 and is also in the process of redefining the scope of activities of various committees.

7. General body meetings

The venue, date and time of the last three Annual General Meetings are as under:

<u>Date</u>	<u>Time</u>	<u>Location</u>
30 th September, 2011	2.30 p.m.	73-A, Central Avenue, Nagpur (M.H.)
29 th September, 2012	2.30 p.m.	Same as above
28 th September, 2013	2.30 p.m.	Same as above

The following special resolutions were passed in the last three Annual General Meetings:

- Resolution for increasing the remuneration of Dr. K.K Rathi- Section 314(1)(b) in the AGM held on 30th September, 2011
- Resolution for payment of sitting fees by subsidiaries of the company to Mr. G.S Sahni, director of the company- Section 314(1)(a) in the AGM held on 30th September, 2011
- Resolution for payment of sitting fees by subsidiaries of the company to Mr. C.K Lakshminarayanan, director of the company- Section 314(1)(a) in the AGM held on 30th September, 2011

No special resolution was passed through postal ballot in the AGM held on 28th September, 2013. No special resolution is proposed to be passed through postal ballot in the AGM to be held on 29th September, 2014.

8. Disclosure

Related-party transactions during the year have been disclosed in detail in note no.34 to the annual accounts, as required under Accounting Standard 18, issued by the Institute of Chartered Accountants of India. These transactions are not likely to have any conflict with your Company's interest.

Compliance of SEBI, stock exchange requirements: Your Company has complied with all the requirements of Companies Act, 1956, applicable provisions of Companies Act, 2013 and the Regulations of the Securities and Exchange Board

of India (SEBI). 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 sending the information to the Calcutta Stock Exchange.

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and has also adopted the non-mandatory clause of having appointment & compensation committee for deciding the remuneration of the executive directors.

9. Means of communication

Half-yearly report/quarterly results: Quarterly, half-yearly and annual results are submitted to the stock exchange in accordance with the Listing Agreement and published in English and vernacular newspapers. The financial results and other relevant information including operational data are placed simultaneously on your Company's website—www.seml.co.in. Neither official news releases nor any presentations have been made to the institutional investors or to the analysts during the year.

10. General shareholder information

Annual General Meeting	: Date: 29th September, 2014 Time: 11.00 a.m. Venue: Hotel Pride, Opp. Airport, Wardha Road, Nagpur (M.H.), 440025
Financial calendar for 2013-14 (tentative) :	
Financial results for the quarters ended	
30th June, 2014	: 2nd week of August, 2014
30th September, 2014	: 4th week of October, 2014
31st December, 2014	: 4th week of January, 2014
31st March, 2015	: 4th week of May, 2015 (audited)
Annual general meeting	: September, 2015
Book closure date	: 1st September 2014 to 6th September, 2014 (both days inclusive)
Dividend payment date	: Within 5 days from 29th September, 2014
Listing on stock exchanges	:
Equity shares	The shares of your Company are listed on the following exchanges: i. BSE Ltd., Mumbai (504614) ii. The National Stock Exchange of India Ltd., Mumbai (SARDAEN) iii. The Calcutta Stock Exchange Association Ltd.* ISIN no. NSDL & CDSL - INE385C01013
	*The Company's application for delisting of its shares from the Calcutta Stock Exchange Association Ltd is pending and the matter has been reported to SEBI.
Non-convertible debentures	: The 9.55% non-convertible debentures of your Company are listed on the BSE Limited, Mumbai.

Particulars	9.55% NCDs
Market Lot	1
Scrip Code	946886
Scrip ID on Bolt System	SEML26JUL10
ISIN Number	INE385C07028
Credit Rating	CARE A+
Your company has paid annual listing fees to the BSE Ltd. for equity shares and the NCD's and to The National Stock Exchange of India Ltd., Mumbai, for the equity shares for the financial year 2014-15.	

Trustees for NCDs (9.55%)	: Axis Trustee Services Ltd. Axis House, 2 nd Floor, Wadia International Centre Pandurang Budhkar Marg, Worli, Mumbai 400025
Registrar and share transfer agents (for physical and electronic) (for equity shares and NCD)	: Sharepro Services (India) Pvt. Ltd. 13 A-B, Sam Hita Warehousing Complex Warehouse No. 52 & 53, Plot No.13AB 2 nd Floor, Sakinaka Mumbai 400 072
Share transfer system	: Share transfers in physical form can be lodged with the R&T agents at the above address. Transfers are processed within the stipulated time, if the documents are complete in all respects. All share transfer requests are approved by the Shareholders' / Investors' Grievance Committee or the persons authorised by the Board.

Shareholding pattern as on 31st March, 2014

Sl. No.	Category	No. of shares	Percentage
1.	Promoters	2,56,20,057	71.46%
2.	Banks/mutual funds/financial institutions	25,99,939	7.25%
3.	Foreign institutional investors/companies	4,05,680	1.13%
4.	Bodies corporate	33,09,725	9.23%
5.	Others	39,14,599	10.93%
	Total	3,58,50,000	100.00%

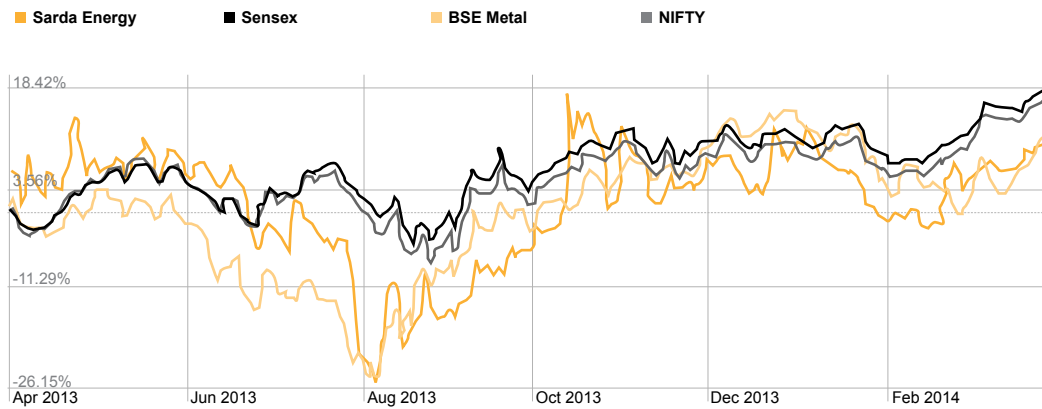
Distribution of shareholding as on 31st March, 2014

Shareholding of nominal value (₹)	Shareholders		Share amount	
	Number	% to total	₹	% to total
Up to 5,000	12,639	91.52	1,43,85,200	4.01
5,001 – 10,000	519	3.76	41,37,940	1.15
10,001 – 20,000	282	2.04	42,60,360	1.19
20,001 – 30,000	114	0.83	28,71,320	0.81
30,001 – 40,000	55	0.40	19,50,460	0.54
40,001 – 50,000	36	0.26	16,84,810	0.47
50,001 – 1,00,000	89	0.64	66,74,000	1.86
1,00,001 and above	76	0.55	32,25,35,910	89.97
Total	13,810	100.00	35,85,00,000	100.00

Market price data: High/low during the year 2013-14

Month	SEML on the BSE (in ₹)		SEML on the NSE (in ₹)	
	High	Low	High	Low
Apr 2013	120.40	93.10	121.00	93.15
May 2013	112.30	102.05	111.95	101.70
Jun 2013	108.75	92.00	111.90	91.65
Jul 2013	103.90	75.05	102.00	75.00
Aug 2013	92.00	72.00	92.00	71.05
Sep 2013	94.75	80.65	94.70	79.00
Oct 2013	120.25	92.00	123.40	91.20
Nov 2013	119.90	95.10	114.90	97.30
Dec 2013	113.50	100.00	113.60	99.10
Jan 2014	117.00	96.30	116.75	95.55
Feb 2014	109.00	94.50	108.00	94.50
Mar 2014	114.00	100.75	114.00	100.55

Comparison of SEML share price movements with various indices



Dematerialisation of securities

: Your Company has an arrangement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialisation of equity shares. As on 31st March, 2014, out of the total 3,58,50,000 equity shares held by about 13,810 (PY 14,481) shareholders, approximately 3,53,32,071 (PY 3,53,25,939) equity shares held by 9490 (PY 10003) shareholders representing 98.56% (PY 98.54%) percent of the total paid-up equity capital have been dematerialised.

Debentures are also held in dematerialised form.

Plant location

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

Address for correspondence

: Sarda Energy & Minerals Limited
Regd. Office:
73-A, Central Avenue, Nagpur (M.H.)
Ph: +91-771-2722407
Fax: +91-771-2722107
e-mail: cs@seml.co.in

Works:

Industrial Growth Centre, Siltara
Raipur [C.G.] 493 111
Ph: +91-771-2216100
Fax: +91-771-2216198
e-mail: cs@seml.co.in



CERTIFICATE

To the Members of
Sarda Energy & Minerals Limited

We have examined the compliance of conditions of Corporate Governance by Sarda Energy & Minerals Limited, for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementations thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

For, M. M. Jain & Associates
Chartered Accountants
(FRN:112538W)

(Suraj Khandelwal)
Partner

Place : Nagpur
Dated : August 13, 2014

Membership No. 158941

Independent Auditors' Report

To the Members of
Sarda Energy & Minerals Limited

Report on the financial statements

We have audited the accompanying financial statements of Sarda Energy & Minerals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account; and
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of corporate Affairs in respect of Section 133 of the Companies Act 2013.
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner

Place : Raipur
Dated : May 10, 2014

Membership No. 158941

Annexure referred to in Paragraph 1 under the heading of “Report on other legal and regulatory requirements” of our report of even date.

- i) On the basis of such checks as we considered appropriate and in terms of information & explanations given to us we state that: -
 - a) The Company has maintained proper records in electronic mode showing full particulars including quantitative details and situation of fixed assets.
 - b) All the major assets except certain low value items of furniture, fixtures and office equipments have been physically verified by the management at reasonable intervals. As informed, no material discrepancies were noticed on such verification.
 - c) The fixed assets disposed off are not substantial so as to affect the going concern status of the Company.
- ii)
 - a) As informed, inventories have been physically verified at reasonable intervals by the management.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records. However, the deficiencies noticed on physical verification have been properly dealt with in the books of account.
- iii)
 - a) The Company has granted unsecured loan to three companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 14,289.76 lac and the year-end balance of loans granted to such companies was ₹ 4,785.47 lac.
 - b) In our opinion, the rate of interest wherever charged and other terms and conditions of loans given by the Company are prima facie not prejudicial to the interest of the Company.
 - c) The principal amounts are repayable on demand, whereas the interest is payable annually at the discretion of the Company.
 - d) In respect of the said loans and interest thereon, there are no overdue amounts.
 - e) The Company has not taken any loans secured or unsecured from any of the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of sub clause (f) and (g) of Paragraph 4 Clause (iii) of the Companies (Auditor’s Report) Order, 2003, (as amended) are not applicable to the Company.
- iv) In our opinion and according to the information & explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v)
 - a) In our opinion and according to the information & explanations given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of contracts/arrangements covered in the register(s) maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lac in respect of each party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi) The Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of Paragraph 4 of the Order are not applicable to the Company.
- vii) The Company is having an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed cost records have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) a) In our opinion and according to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date of becoming payable.
- b) According to the information and explanations given to us, there are no dues of Wealth Tax which have not been deposited with the appropriate authorities on account of any dispute. The disputed Statutory dues of Income Tax, Excise Duty, Service Tax, Sales Tax and Cess that have not been deposited on account of dispute, the particulars of which, and the forum where the dispute is pending are given below:-

Name of the Statute	Nature of the Dues	Amount (₹ in lac)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	20.56	July 1987 to Oct 1988	High Court
Central Excise Act, 1944	Excise Duty Penalty	6.50 2.00	Jan 2005 to Mar 2007	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty Penalty	95.44 100.44	April 2007 to July 2009	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty Penalty Penalty	3.33 3.33 6.98	2004-05 & 2006-07 2006-07	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty Penalty	28.99 19.24	April 2007 to Mar 2011	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	7.62	Mar 1989 to Aug 1989	Commissioner (Appeals)
Income Tax Act, 1961	Income tax	2,080.80 201.13	A.Y. 2009-10 A.Y. 2010-11	CIT (Appeals) CIT (Appeals)
Central Sales Tax Act & Sales Tax Acts of Various states and Entry Tax Act, 1976	Value Added Tax, Central sales tax and Entry tax.	111.75	1992-93 to 2008-09	Appellate Authorities upto Commissioner's level
Finance Act 1994	Service Tax Penalty	15.55 15.55	2005-06	Customs Excise & Service Tax Appellate Tribunal

Finance Act 1994	Penalty on Service Tax	51.99	0.86	2007-08	Customs Excise & Service Tax
				Dec 2006 to Mar 2007	Appellate Tribunal
Chhatisgarh Upkar Adhinyam 1981	Energy Development Cess	3,363.80		May 2006 to Feb 2014	Supreme Court

- x) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institutions, banks and debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and on the basis of information and explanation given to us the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly the provisions of Paragraph 4 Clause (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 or trading in shares, securities, debentures, mutual funds and other investments. Accordingly the provision of Paragraph 4 Clause (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has given corporate guarantees for loans taken by others from banks/ financial institutions, the terms and conditions of which in our opinion are not prima facie prejudicial to the interest of the Company.
- xvi) On the basis of information and explanation given to us, the term loans have been applied for the purpose for which the loans were obtained except the funds deployed temporarily elsewhere.
- xvii) According to the information and explanations given to us and on an overall examination of Balance Sheet of the company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.
- xviii) The company has not made any preferential allotment of shares during the year to any of the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) According to the information given to us the required security or charge has been created in respect of debentures issued by the company.
- xx) The company has not raised any money by way of public issue during the year.
- xxi) In our opinion and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year.

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner

Place : Raipur
Dated : May 10, 2014

Membership No. 158941

Balance Sheet

as at 31st March 2014

Particulars	Note	31.03.2014 ₹ in lac	31.03.2013 ₹ in lac
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share capital	3	3,585.00	3,585.00
Reserves and surplus	4	94,907.95	88,440.53
		98,492.95	92,025.53
2. Non-current liabilities			
Long-term borrowings	5	25,673.11	35,283.87
Deferred tax liabilities (Net)	6	6,698.41	4,331.03
Other long term liabilities	7	340.87	231.28
Long-term provisions	8	2,769.32	1,147.28
		35,481.71	40,993.46
3. Current liabilities			
Short-term borrowings	9	20,975.91	16,740.42
Trade payables		10,398.93	10,388.02
Other current liabilities	10	18,608.70	15,691.43
Short-term provisions	11	479.94	363.33
		50,463.48	43,183.20
Total		1,84,438.14	1,76,202.19
II. ASSETS			
Non-current assets			
1. Fixed assets	12		
Tangible assets		68,609.09	71,046.75
Intangible assets		4,168.80	4,374.68
Capital work-in-progress		6,503.04	6,184.58
Intangible assets under development		36.35	283.60
		79,317.28	81,889.61
Non-current investments	13	41,206.79	40,219.50
Long-term loans and advances	14	6,082.85	6,512.84
Other non-current assets	15	28.05	68.39
		1,26,634.97	1,28,690.34
2. Current assets			
Current investments	16	30.61	31.22
Inventories	17	27,551.15	21,998.90
Trade receivables	18	4,979.43	6,250.42
Cash and bank balances	19	4,571.75	724.05
Short-term loans and advances	20	20,532.80	17,321.83
Other current assets	21	137.43	1,185.43
		57,803.17	47,511.85
Total		1,84,438.14	1,76,202.19

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

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 M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

K. K. Sarda
Chairman &
Managing Director

Pankaj Sarda
Dy. Managing Director

P. K. Jain
CFO & Company Secretary

Raipur
Dated : May 10, 2014

Raipur
Dated : May 10, 2014

Statement of Profit & Loss

for the year ended 31st March 2014

Particulars	Note	2013-14 ₹ in lac	2012-13 ₹ in lac
I. Revenue from operations (Gross)	22	1,39,585.79	1,52,405.35
Less: Excise duty		12,534.42	14,010.82
Revenue from operations (Net)		1,27,051.37	1,38,394.53
II. Other income	23	3,465.18	1,512.19
III. Total revenue (I + II)		1,30,516.55	1,39,906.72
IV. Expenses:			
Cost of materials consumed	24	61,676.63	74,580.25
Purchases of stock-in-trade		9,034.02	3,832.70
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(3,442.23)	1,607.36
Employee benefits expense	26	5,319.82	4,963.30
Finance costs	27	6,300.86	6,313.92
Depreciation and amortisation expense	28	6,321.69	6,407.92
Other expenses	29	31,878.63	26,201.62
Total expenses		1,17,089.42	1,23,907.07
V. Profit before Tax (III - IV)		13,427.13	15,999.65
VI. Tax expense:			
1. Current tax		3,521.49	4,084.86
2. Deferred tax		857.12	(665.11)
3. Deferred tax related to prior period		1,510.26	-
4. MAT credit entitlement		-	126.88
VII. Profit for the period (V - VI)		7,538.26	12,453.02
VIII. Earnings per equity share			
Basic & Diluted (before prior period Deferred Tax)		25.24	34.74
Basic & Diluted (After prior period Deferred Tax)		21.03	34.74

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

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 M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

K. K. Sarda
Chairman &
Managing Director

Pankaj Sarda
Dy. Managing Director

P. K. Jain
CFO & Company Secretary

Raipur
Dated : May 10, 2014

Raipur
Dated : May 10, 2014

Cash Flow Statement

for the year ended 31st March 2014

Particulars	2013-14 ₹ in lac	2012-13 ₹ in lac
A. Cash flow from operating activities :		
Net profit before tax as per statement of profit & loss	13,427.12	15,999.65
<u>Adjusted for :</u>		
Depreciation	6,321.69	6,407.92
Interest income	(1,657.52)	(1,160.53)
Finance costs	5,497.20	5,592.26
Unrealised exchange (gain)/loss	179.20	627.10
Employee stock option amortization	4.67	2.84
Dividend income	(1,688.25)	(2.57)
(Profit) / loss on sale of investments	(4.04)	(12.19)
(Profit) / loss on sale of fixed assets	72.64	(218.95)
	8,725.59	11,235.88
Operating profit before working capital changes	22,152.71	27,235.53
<u>Adjusted for :</u>		
Increase in trade & other payables	2,530.08	1,698.14
(Increase)/decrease in inventories	(5,552.25)	723.32
(Increase)/decrease in trade and other receivable	1,229.83	(1,951.70)
(Increase)/decrease in loans, advances & other current assets	(3,405.73)	3,750.59
	(5,198.07)	4,220.35
Cash generated from operations	16,954.64	31,455.88
Direct taxes (net)	(3,083.25)	(3,833.85)
Net cash from operating activities	13,871.39	27,622.03
B. Cash flow from investing activities :		
Investment in fixed assets including capital WIP	(3,010.15)	(4,009.16)
Sale of fixed assets	149.49	616.22
(Increase)/decrease in investments	(986.67)	(9,260.01)
Profit on sale of investments	4.04	12.19
Loan given to subsidiary and other parties	327.09	(3,178.16)
Interest received	1,657.52	1,160.53
Dividend received	2,773.84	1,460.49
Net cash from/used in investing activities	915.16	(13,197.90)
C. Cash flow from financing activities :		
Proceeds from long term borrowings	7,500.00	3,557.00
Repayment of long term borrowings	(15,372.34)	(6,841.34)
Short term borrowings (net)	3,583.07	(3,630.28)
Interest paid	(5,577.58)	(5,631.84)
Dividend & dividend tax paid	(1,072.26)	(1,249.17)
Net cash used in financing activities	(10,939.11)	(13,795.63)
Increase in cash and cash equivalents (A+B+C)	3,847.44	628.50
Cash and cash equivalent at the beginning of the year (as per note 19)	677.82	49.32
Cash and cash equivalent at the end of the year (as per note 19)	4,525.26	677.82
Increase in cash and cash equivalent	3,847.44	628.50

Cash Flow Statement

for the year ended 31st March 2014 (contd..)

Notes:		
(a) Cash and cash equivalent include the following :		
Cash in hand	32.07	27.61
Balances with banks	4,539.68	696.44
MTM on EEFC Account	2.98	-
Less : Unclaimed dividend	(49.47)	(46.23)
	4,525.26	677.82
(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 M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

K. K. Sarda
Chairman &
Managing Director

Pankaj Sarda
Dy. Managing Director

P. K. Jain
CFO & Company Secretary

Raipur
Dated : May 10, 2014

Raipur
Dated : May 10, 2014



Notes to Financial Statements

for the year ended 31st March 2014

Significant accounting policies:

1. NATURE OF OPERATION

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

2. BASIS OF PREPARATION

a) Accounting convention

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 as per Revised Schedule VI notified under the Companies Act, 1956.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Current and Non-current classification

An asset or a liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realized / settled, or is intended for sale or consumption, in the Company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realized / due to be settled within twelve months after the reporting date;
- iv. the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

2.1 Summary of significant accounting policies

a) Fixed assets

Tangible

Tangible assets are stated at cost, net of recoverable taxes less accumulated depreciation / amortization and impairment losses if any. Cost comprises purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

All costs, including administrative, financing and general overhead expenses, as are specifically attributable to construction of a project or to the acquisition of a fixed asset or bringing it to its working condition, is included as part of the cost of construction of project or as a part of the cost of fixed asset, till commencement of commercial production. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalized as aforementioned.

Subsequent expenditure related to an item of tangible assets is added to its book value only, if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The Ministry of Corporate Affairs (MCA) has issued Companies (Accounting Standards) Amendment Rules 2011 dated 29th December 2011 for amendment in the Accounting Standard 11 “The Effects of Changes in Foreign Exchange Rates”, to allow companies deferral/ capitalization of exchange differences arising on long-term foreign currency monetary items. The Company has opted to avail the option provided in the said Rules. Consequently, the exchange differences arising on long term foreign currency monetary items, related to acquisition of a fixed asset, are capitalized and depreciated / amortized over the remaining useful life of the respective assets.

Intangible

Intangible assets are carried at its cost, less accumulated amortization and impairment losses, if any. All costs, including financing costs relating to development of intangible assets which takes substantial period of time to get ready for its intended use are also included to the extent they are incurred, till commencement of commercial production.

Expenditure on exploration, prospecting and evaluation of minerals / other projects is recognized as intangible assets under development. The application of the Company’s accounting policy for exploration and evaluation expenditure requires judgment in determining whether future economic benefits are likely from future exploitation. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in Statement of profit and loss in the period when the new information becomes available.

Capital work in progress

Projects / fixed assets under installation including other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable cost. Advances for Capital work in progress are shown under Non Current Assets.

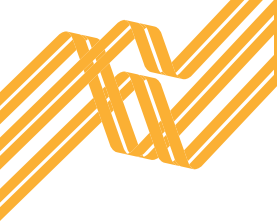
Expenditure in relation to survey and investigation of the projects is carried as Capital Work in Progress. Such expenditure is either capitalized as cost of project on completion of the construction of the project or the same is expensed in the year in which it is decided to abandon such project.

b) Lease

The Company has entered into various operating lease agreements for premises (residential, office and godown). These lease agreements are cancellable in nature and range between 11 months to 3 years and are usually renewable by mutual consent on mutually agreed terms. The aggregate rentals on accrual basis under such agreement have been charged to Statement of Profit and Loss under the head rent, rates and taxes in Other Expenses.

c) Impairment of fixed assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists based on internal or external factors, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.



Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

d) Depreciation / Amortization

Depreciation on Building and Plant & Machinery in respect of Steel Division are provided on Straight Line Method and on all other assets on Written Down Value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

Mining Rights and expenditure incurred on development of mines are amortized over useful life of the mines or lease period whichever is shorter.

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.

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

e) Investments

Trade Investments are investments made to enhance the Company's business interests. Investments are classified either as current or long-term based on Management's intention at the time of purchase.

Other 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.

Current investments are carried at the lower of cost and fair value determined by category of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

f) Valuation of inventories

- i) Stores and Spares are carried at cost (net of CENVAT & VAT credits availed) on moving average basis.
- ii) Raw Materials are carried at cost (net of CENVAT & VAT credits availed) on moving average basis and net realizable value whichever is lower. However, raw materials held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- iii) Finished and semi finished products produced or purchased by the Company are carried at lower of cost and net realizable value. Cost includes direct material and labour 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.

g) Advance stripping costs

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.

h) Mines restoration expenses

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

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

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

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

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

i) Borrowing cost

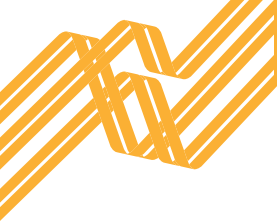
Borrowing cost includes interest, commitment charges on bank borrowings, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalization is determined in accordance with Accounting Standard 16 "Borrowing Costs". Other borrowing costs are recognized as an expense in the period in which they are incurred.

In accordance with Accounting Standard 16, exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs are recognized as borrowing costs, and are capitalized as part of the cost of fixed assets if they are directly attributable to their acquisition or charged to Statement of Profit and Loss.

j) Employee benefits

- i) Retirement benefits in the form of Provident fund contribution to the Statutory Provident Fund and superannuation fund are defined contribution schemes and the payments are charged to the Statement of Profit and Loss of the year when the payments to the respective funds are due.

- 
- ii) Retirement benefits in the form of Gratuity is a defined benefit obligation and is covered under group gratuity scheme. The Company contributes the ascertained gratuity liability to the approved Gratuity Trust which is charged to revenue on accrual basis. Gratuity Liability at each balance sheet date is ascertained on Actuarial Valuation basis using projected unit credit method. Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.
 - iii) The liability for encashable leaves / compensated absences outstanding as on reporting date is provided based on the salary prevailing on reporting date.
 - iv) Employee stock option scheme(ESOS)

Stock options granted to the employees under the stock options schemes are accounted at intrinsic value as per the accounting treatment prescribed by the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('Guidelines') and guidance note on Employee share based payments issued by the Institute of Chartered Accountants of India. Accordingly, the excess of market price, of underlying equity shares as on the date of the grant (market value), over the exercise price of the options is recognised as deferred stock compensation expense and is charged to statement of profit and loss on a straight line basis over the vesting period of the options. The amortized portion of the cost is shown under shareholders' funds.

k) 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.

Sale of goods

Revenue is recognized, when all the significant risks and rewards of ownership of the goods is passed to the buyer, which is generally on dispatch of goods to customers except in case of consignment sales. Sales include excise duty and exclude VAT and are net of discounts and incentives to the customers. Excise duty to the extent included in the gross turnover is deducted to arrive at the net turnover.

Dividends

Revenue is recognized when the company's right to receive the payment is established by the reporting date.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the statement of profit and loss.

Incentives

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

l) Foreign currency transaction and balances

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.

Conversion**a) Monetary items**

Year end balances of foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date.

b) Non monetary items

Non monetary items such as investments are carried at historical cost using the exchange rate on the date of transaction.

Exchange differences

Exchange differences arising on long term foreign currency monetary items, related to acquisition of a fixed asset are deferred/capitalized and depreciated over the remaining useful life of respective assets as per the Companies (Accounting Standards) Amendment Rules 2011 dated 29th December 2011 for amendment to Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", issued by the Ministry of Corporate Affairs (MCA)

In order to exercise the option, an asset or liability is treated as a long term foreign currency monetary item, if the asset or liability is expressed in a currency and has a term of twelve months or more at the date of the origination of the asset or liability.

All other exchange differences including mark to market losses/gains are dealt with in the Statement of Profit and Loss as income or as expenses in the period in which they arise except to the extent that they are regarded as an adjustment to the interest costs and capitalized to fixed assets or charged to Statement of Profit and Loss as per Accounting Standard 16 "Borrowing Costs".

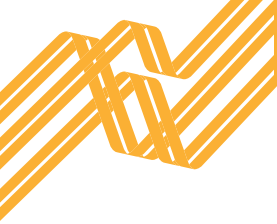
Foreign exchange forward contracts are marked to market at closing rate as on the reporting date. The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

m) Taxes on income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. At each balance sheet date the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.



Minimum Alternative 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. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same 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 company will pay normal Income Tax during the specified period.

n) Segment reporting

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.

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.

Inter-segment transfers

The company generally accounts for intersegment transfers at an agreed transaction value.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

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

o) Earnings per share

The company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 "Earnings per Share". Basic EPS is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all potential equity shares, except where the results are anti-dilutive.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

p) Provisions

A provision is recognized if, as a result of a past event, the company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Clause 8.5 of the AS-4 "Contingencies and events occurring after the Balance Sheet date" states that proposed dividend is sometimes reflected in the financial statements because of statutory requirement. As per requirement of revised Schedule VI, now the company is not providing but disclosing proposed dividend separately.

q) 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.

r) Contingent liabilities

Possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation is reported as contingent liability. In rare cases, when a liability cannot be measured reliably, it is classified as contingent liability. The company does not recognize a contingent liability but discloses its existence in the financial statements.

s) 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 expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

For the purpose of Cash Flow Statement, cash and cash equivalents comprise cash at bank and in hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Share capital

	31.03.2014		31.03.2013	
	No.	₹ in lac	No.	₹ in lac
Authorised				
Equity shares of ₹ 10/- each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	3,58,50,000	3,585.00	3,58,50,000	3,585.00
	3,58,50,000	3,585.00	3,58,50,000	3,585.00

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

	31.03.2014		31.03.2013	
	No.	₹ in lac	No.	₹ in lac
Shares outstanding at the beginning of the year	3,58,50,000	3,585.00	3,58,50,000	3,585.00
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,58,50,000	3,585.00	3,58,50,000	3,585.00

b Terms/rights attached to equity shares

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

The Board of Directors of the Company, subject to the approval of the members in the ensuing general meeting, has proposed a dividend of ₹ 3/- per share (P.Y. ₹ 3/-) for the financial year ended 31st March, 2014.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	31.03.2014		31.03.2013	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Equity shares of ₹ 10/- each fully paid				
Chhatisgarh Investments Limited	1,22,65,657	34.21	1,04,90,657	29.26
Sarda Agriculture and Properties Private Limited	26,35,150	7.35	26,35,150	7.35
Orange Mauritius Investments Limited	3,90,680	1.09	21,65,680	6.04
Infrastructure Development Finance Company Limited	18,42,105	5.14	18,42,105	5.14
Asia Minerals Limited	18,04,891	5.03	18,04,891	5.03

4 Reserves and Surplus

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Capital reserve		
Balance as per last financial statements	404.78	404.78
Securities premium account		
Balance as per last financial statements	19,167.93	19,167.93
Add : Securities premium credited on Share issue	-	-
Closing balance	19,167.93	19,167.93
Debenture redemption reserve		
Balance as per last financial statements	1,875.00	1,250.00
Add: Transfer from surplus balance in profit & loss	625.00	625.00
Less: Transfer to General Reserve	-	-
Closing balance	2,500.00	1,875.00
Employee stock option outstanding		
Balance as per last financial statements	14.00	-
Add: Compensation for options granted	-	14.00
Less: Options exercised / forfeited during the year	-	-
	(A)	14.00
Deferred stock compensation cost		
Balance as per last financial statements	11.16	-
Add: Options granted during the year	-	14.00
Less: Amortization during the year	(4.67)	(2.84)
Less: Options forfeited during the year	-	-
	(B)	11.16
Closing balance (A) - (B)	7.51	2.84

General reserve		
Balance as per last financial statements	12,557.75	11,057.75
Add: Transfer from debenture redemption reserve	-	-
Add: Transfer from surplus balance in statement of profit & loss	1,500.00	1,500.00
Closing Balance	14,057.75	12,557.75
Surplus in the statement of profit and loss		-
Balance as per last financial statements	54,432.23	45,354.19
Add : profit for the year	7,538.25	12,453.02
<u>Less: Appropriations</u>		
Equity dividend	(1,075.50)	(1,075.50)
Tax on equity dividend	-	(174.48)
Transfer to debenture redemption reserve	(625.00)	(625.00)
Transfer to general reserve	(1,500.00)	(1,500.00)
Closing balance	58,769.98	54,432.23
Total	94,907.95	88,440.53

5 Long term borrowings

	Non-Current portion		Current Maturities	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	₹ in lac	₹ in lac	₹ in lac	₹ in lac
Bonds/debentures (secured)				
1,250 (1,250) 9.55 % Redeemable non-convertible debentures of ₹ 10/- lac each	12,500.00	12,500.00	-	-
Term loans (secured)				
<u>From banks</u>				
Indian rupee loan	7,500.00	2,921.30	2,022.05	583.33
Foreign currency loan	-	9,524.55	9,948.21	9,964.55
<u>From other parties</u>				
Indian rupee loan from financial institutions	5,208.33	9,375.00	4,166.67	3,125.00
Hire purchase loans	-	22.05	-	19.88
	25,208.33	34,342.90	16,136.93	13,692.76
Deferred payment liabilities				
Deferred sales tax loan (unsecured)	464.78	940.97	476.19	378.28
	464.78	940.97	476.19	378.28
Total	25,673.11	35,283.87	16,613.12	14,071.04

Terms of repayment

- The Non-Convertible Debentures are redeemable in three equal annual installments commencing from July 2015. The Company has an option to redeem these debentures earlier; however, no redemption will take place before the end of 3rd year from the date of allotment.
- External Commercial Borrowings availed in foreign currencies are payable in 5 Annual Installments (First three Installments are 1/6th of the loan amount and remaining 2 installments are 1/4th of the loan Amount). Four installments have already been paid.
- Rupee term loan from a financial institution is payable in 12 equal quarterly installments commencing from September 2013. Three installments have already been paid.
- Rupee term loan of ₹ 4,500 lac from Bank is payable in 11 quarterly installments starting from September 2013 quarter. During the financial year 2013-14, 3 installments comprising 10% of the loan amount repaid, in the year 2014-15, 4 installments involving 20% and in the year 2015-16, 4 installments involving 70% of the loan amount will be repaid.

- e) Rupee term loan of ₹ 5,000 lac from bank is payable in 10 equal half yearly installments starting from August 2014.
- f) Hire purchase loan of ₹ 22.05 lac from bank is payable in 34 equal installments of ₹ 1.94 lac starting from June 2012.
- g) Deferred sales tax loan is interest free and payable at the end of fifth year from the end of the financial year of accrual.

Security

The non-convertible debentures are secured by a registered mortgage of an immovable property of the company situated at Ahmedabad.

Term loans from bank, financial institution, external commercial borrowing and debentures are secured by first pari-passu charge by way of hypothecation of entire movable assets of the company situated at Industrial Growth Centre, Siltara, Raipur subject to prior charge on current assets in favour of working capital bankers and by way of joint equitable mortgage of immovable properties of the company situated at Industrial Growth Centre, Siltara.

Besides this, the term loan from bank and non convertible debentures are also secured by unconditional and irrevocable personal guarantees of Mr K. K. Sarda & Mr Manish Sarda.

Hire purchase loan from bank is secured by hypothecation of related vehicles.

6 Deferred tax liabilities (Net)

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Deferred tax liability / (assets) at the beginning of the year	4,331.03	4,996.14
Deferred tax liability / (assets) during the year on account of timing difference	2,367.38	(665.11)
Deferred tax liability / (assets) at the end of the year	6,698.41	4,331.03

7 Other long term liabilities

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Others		
Security deposit received		
Deposits from vendors	253.28	170.22
Deposit from employees	54.88	44.87
Other payables	32.71	16.19
Total	340.87	231.28

8 Long term provisions

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Provision for employee benefits		
Leave encashment	164.70	149.24
Other provisions		
Statutory liabilities	762.16	732.95
Mines restoration expenses	202.88	98.97
OB reserve	1,639.58	166.12
Total	2,769.32	1,147.28

9 Short term borrowings

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Loans repayable on demand (secured)		
From banks		
Working capital loans	8,259.41	6,824.15
Working capital buyers credit loans	6,830.92	7,556.79
	15,090.33	14,380.94
Loans repayable on demand (unsecured)		
From banks		
Short term loans	4,500.00	2,000.00
Other loans and advances		
Advances from customers	472.70	359.48
Loans from related parties	912.88	-
	5,885.58	2,359.48
Total	20,975.91	16,740.42

Terms of repayment

Short term loan of ₹ 4,500 lac is payable in March 2015.

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. These facilities are also secured by irrevocable personal guarantees of Mr. K.K.Sarda and Mr. Manish Sarda.

10 Other current liabilities

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Current maturities of long-term debt (refer note no. 5)	16,613.12	14,071.04
Interest accrued but not due on borrowings	333.82	414.20
Unpaid dividends	49.48	46.23
Other payables		
Indirect taxes payable	240.84	16.05
TDS payable	159.34	175.04
Salary & reimbursements	985.38	822.01
Expenses payable	226.72	147.26
INR payable to bank in forex	-	(0.40)
Total	18,608.70	15,691.43

11 Short term provisions

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Provision for employee benefits		
Gratuity	2.68	-
Others		
Provision for expenses	477.26	363.33
Total	479.94	363.33

12 Fixed assets

Tangible fixed assets

Particulars	Gross Block			Depreciation			Net Block			
	As on 01.04.2013	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2014	Up to 01.04.2013	Depreciation for the year	Transfer / Adjustment	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
Freehold land	3,504.34	7.76	-	3,512.10	-	-	-	-	3,512.10	3,504.34
Leasehold land	918.47	-	-	918.47	33.00	9.41	-	42.41	876.06	885.47
Building	18,609.94	639.95	24.55	19,225.34	3,123.96	570.05	7.40	3,686.61	15,538.73	15,485.99
Plant & machinery	81,232.75	3,011.65	141.88	84,102.52	30,989.37	5,306.24	40.20	36,255.41	47,847.11	50,243.38
Furniture, fixture & equipment	1,153.76	69.74	366.24	857.26	687.65	97.49	316.47	468.67	388.59	466.11
Vehicles	968.35	168.75	147.17	989.93	506.88	130.20	93.65	543.43	446.50	461.46
Total	1,06,387.61	3,897.85	679.84	1,09,605.62	35,340.86	6,113.39	457.72	40,996.53	68,609.09	71,046.75
Previous year	97,932.42	8,877.22	422.02	1,06,387.62	29,325.74	6,168.58	153.45	35,340.87	71,046.75	68,606.68
Capital Work in Progress (Including capital stock)				6,503.04					6,503.04	6,184.58

Note:

- Plant and Machinery includes borrowing cost of ₹ 131.78 lac (P.Y. ₹ 120.30 lac) capitalised in accordance with AS 16.
- Building includes borrowing cost Nil (P.Y. ₹ 25.68 lac) capitalised in accordance with AS 16.

Intangible fixed assets

Particulars	Gross Block			Depreciation			Net Block			
	As on 01.04.2013	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2014	Up to 01.04.2013	Depreciation for the year	Transfer / Adjustment	As on 31.03.2014	As on 31.03.2013	
Software	281.06	2.43	-	283.49	208.68	17.64	-	226.32	57.17	72.38
Mining rights & development	4,885.82	-	-	4,885.82	583.52	190.67	-	774.19	4,111.63	4,302.30
Total	5,166.88	2.43	-	5,169.31	792.20	208.31	-	1,000.51	4,168.80	4,374.68
Previous year	5,114.11	52.76	-	5,166.87	552.85	239.34	-	792.19	4,374.68	4,561.26
Intangible assets under development				36.35					36.35	283.60

13 Non current investments

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Trade investments		
Investment in equity instruments at cost (unquoted)		
Fully paid up with face value of ₹ 10/- each unless otherwise specified		
<u>In subsidiaries</u>		
10,00,000 (P.Y. 10,00,000) Equity shares of Sarda Energy & Minerals Hongkong Limited of HK\$ 1.00 Each	55.83	55.83
10,10,000 (P.Y. 10,000) Equity shares of Sarda Global Venture Pte Limited of US\$ 1.00 Each	625.25	4.30
9,29,807 (P.Y. 50,000) Equity shares of Sarda Energy Limited	9,682.88	5.00
2,10,16,000 (P.Y. 2,00,45,000) Equity shares of Sarda Metals & Alloys Limited	20,971.00	20,000.00
2,79,14,000 (P.Y. 2,79,14,000) Equity shares of Madhya Bharat Power Corporation Limited	6,471.50	6,471.50
7,83,182 (P.Y. 7,83,182) Equity shares of Parvatiya Power Limited	783.52	783.52
1,59,120 (P.Y. 1,59,120) Equity shares of Sarda Hydropower Private Limited	15.91	15.91
11,000 (P.Y. 11,000) Equity shares of Raipur Fabritech Private Limited	1.10	1.10
5,100 (P.Y. 5,100) Equity shares of Raipur Industrial Gases Private Limited	0.51	0.51
<u>In joint ventures</u>		
1,30,800 (P.Y. 1,30,800) Equity shares of Raipur Infrastructure Company Limited	210.70	210.70
2,23,903 (P.Y. 2,17,562) Equity shares of Madanpur South Coal Company Limited	321.61	308.93
<u>In associates</u>		
5,000 (P.Y. 5,000) Equity shares of Natural Resources Energy Private Limited	0.50	0.50
<u>In other companies</u>		
4,85,000 (P.Y. 4,85,000) Equity shares of Chhattisgarh Ispat Bhumi Limited	48.50	48.50
<u>Investments in LLP</u>		
Shri Ram Electricity LLP	349.55	346.63
Chhattisgarh Hydro Power LLP	1,668.43	1,304.50
Other non-current investments		
<u>Share application money</u>		
Madanpur South Coal Company Limited	-	12.69
Sarda Metals & Alloys Limited	-	971.00
Sarda Energy Limited	-	9,677.88
<u>Investment in Government or Trust securities</u>		
Investment in NSC	-	0.50
Total	41,206.79	40,219.50

14 Long term loans and advances

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Capital advances		
Unsecured, considered good	2,333.68	2,393.50
Security deposits		
Unsecured, considered good	690.05	670.65
Other loans and advances		
Unsecured, considered good		
MAT credit entitlement	741.69	1,591.69
Advance income tax (net of provision)	1,406.76	944.05
Prepaid expenses	10.57	12.85
Other advances	900.10	900.10
Total	6,082.85	6,512.84

15 Other non current assets

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Others		
Unsecured, considered good		
Unamortized expenses	28.05	68.39
Total	28.05	68.39

16 Current investments

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Investment in equity instruments (quoted)		
(valued at lower of cost and market value)		
<u>In other companies</u>		
32,813 (P.Y. 32,813) Equity shares of Abhishek Corporation Limited	32.81	32.81
3,688 (P.Y. 3,688) Equity shares of Indian Metals & Ferro Alloys Limited	1.84	1.84
12,400 (P.Y. 12,400) Equity shares of Mangalam Cement Limited	24.47	24.47
Provision for dimunition in the value of Investments	(33.51)	(32.90)
Investments in mutual funds		
49,990 units (P.Y. 49,990 units) of KBC Mutual Fund	5.00	5.00
Total	30.61	31.22
Aggregate amount of quoted investments	64.13	64.13
Aggregate market value of quoted investments	30.61	31.22

17 Inventories

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
(valued at lower of cost and net realisable value)		
Raw materials and components	9,281.03	7,481.01
Finished / semi finished goods	14,353.34	12,186.64
Stock-in-trade	1,309.21	33.67
Stores and spares	2,607.57	2,292.36
Material in transit	-	5.22
Total	27,551.15	21,998.90

18 Trade receivables

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	35.81	31.93
Unsecured, considered doubtful	126.33	276.50
Less: provision for doubtful debts	126.33	276.50
	35.81	31.93
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	4,943.62	6,218.49
	4,943.62	6,218.49
Total	4,979.43	6,250.42

19 Cash and bank balances

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Balances with banks		
In current accounts	1,986.19	650.21
On unpaid dividend	49.48	46.23
FDR with Bank	2,504.01	-
Cash in hand	32.07	27.61
Total	4,571.75	724.05

20 Short term loans and advances

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Loans and advances to related parties		
Unsecured, considered good	5,606.63	5,260.43
Total	5,606.63	5,260.43
Others		
Unsecured, considered good		
Earnest money deposit	72.72	42.67
Advances to employees	98.01	92.18

Advances to vendors	3,626.34	3,891.22
Claims & recoverables	968.83	674.12
Loans & advances to others	8,238.16	5,338.72
Advance royalty paid	22.98	91.10
Prepaid expenses	147.22	124.83
Balances with tax authorities	1,751.91	1,806.56
Doubtful advances to vendors	89.53	89.53
Less: provision for doubtful advances	89.53	89.53
	-	-
	14,926.17	12,061.40
Total	20,532.80	17,321.83

21 Other current assets

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
SEML employees gratuity scheme	-	38.58
INR receivable from bank in forex a/c	97.09	8.29
Dividend receivable	-	1,085.58
LC negotiation charges receivable	-	0.34
Unamortized expenses	40.34	52.64
Total	137.43	1,185.43

22 Revenue from operations

	2013-14	2012-13
	₹ in lac	₹ in lac
Sale of products		
Sponge iron	32,672.77	34,782.35
Ferro alloys	44,077.69	38,828.73
Steel billets	8,570.08	7,394.86
Wire rod / HB wire	30,823.51	36,848.82
Pellet	13,566.29	18,841.14
Power	1,519.72	2,867.34
Others	6,903.87	11,753.55
Other operating revenues	1,451.86	1,088.56
Revenue from operation (Gross)	1,39,585.79	1,52,405.35

23 Other income

	2013-14	2012-13
	₹ in lac	₹ in lac
Interest income	1,657.52	1,160.53
Dividend income		
From subsidiaries	1,687.33	-
From others	0.93	2.57
Net gain on sale of investments	4.04	12.19
Other non-operating income (net of expenses directly attributable to such income)	115.36	336.90
Total	3,465.18	1,512.19

24 Cost of raw material consumed

	2013-14	2012-13
	₹ in lac	₹ in lac
Iron ore	25,892.16	36,865.18
Mn ore	18,544.77	14,147.69
Coal	12,040.78	16,578.50
Scrap	3,532.67	5,616.17
Other material	1,666.25	1,372.71
Total	61,676.63	74,580.25

24.1 Raw material consumption

	2013-14		2012-13	
	₹ in lac	%	₹ in lac	%
Raw material -indigenous consumption	48,007.89	77.84%	57,594.59	77.22%
Raw material -imported consumption	13,668.74	22.16%	16,985.66	22.78%
Total	61,676.63	100.00%	74,580.25	100.00%

25 Changes in inventories of finished goods, semi-finished goods and stock-in-trade

	2013-14	2012-13
	₹ in lac	₹ in lac
Inventories at the end of the year		
Finished goods / semi-finished goods	14,353.34	12,186.65
Trading goods	1,309.21	33.67
	15,662.55	12,220.32
Inventories at the beginning of the year		
Finished goods / semi-finished goods	12,186.65	13,675.50
Trading goods	33.67	152.18
	12,220.32	13,827.68
Increase/(decrease) in inventories	3,442.23	(1,607.36)

26 Employee benefit expense

	2013-14	2012-13
	₹ in lac	₹ in lac
Salaries, incentives & managerial remuneration	4,830.18	4,566.68
Contributions to -		
Provident fund	250.82	221.48
Superannuation scheme	7.71	9.64
Gratuity fund	115.93	66.84
Staff welfare expenses	115.18	98.66
Total	5,319.82	4,963.30

26.1 As per Accounting standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

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.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's Balance Sheet as at 31st March 2014.

	2013-14	2012-13
	₹ in lac	₹ in lac
Assumptions		
Discount rate (beginning of the year)	8.00%	8.00%
Discount rate (end of the year)	8.25%	8.00%
Rate of increase in compensation levels	9.50%	10.00%
Rate of return on plan assets	9.00%	8.90%
Expected average remaining working lives of employees (years)	21.44	22.28
Table showing changes in present value of obligations		
Present value of obligation as at the beginning of the year	448.26	371.33
Acquisition adjustment	0.00	0.00
Interest cost	47.18	29.48
Current service cost	88.95	57.41
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Benefits paid	(8.30)	(5.53)
Actuarial (gain) / loss on obligations	24.07	(4.43)
Present value of obligation as at the end of the year	600.16	448.26
Table showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	486.84	369.67
Acquisition adjustments		
Expected return of plan assets	48.79	32.92
Contributions	74.67	89.12
Benefits paid	(8.30)	(5.53)
Actuarial gain / (loss) on plan assets	(4.52)	0.66
Fair value of plan assets at the end of the year	597.48	486.84
Tables showing fair value of plan assets		
Fair value of plan asset at the beginning of year	486.84	369.67
Acquisition adjustments		
Actual return on plan assets	44.27	33.58
Contributions	74.67	89.12
Benefits paid	(8.30)	(5.53)
Fair value of plan assets at the end of year	597.48	486.84
Funded status	(2.68)	38.58
Excess of actual over estimated return on plan assets	(4.52)	0.66
Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year – obligation	24.07	(4.43)
Actuarial (gain) / loss for the year – plan assets	4.52	(0.66)
Total (gain) / loss for the year	28.59	(5.09)
Actuarial (gain) / loss recognized in the year	28.59	(5.09)
Unrecognized actuarial (gains) / losses at the end of year	-	-
The amounts to be recognized in balance sheet and statement of profit & loss		
Present value of obligation as at the end of the year	600.16	448.26
Fair value of plan assets as at the end of the year	597.48	486.84
Funded status	(2.68)	38.58

Net asset / (liability) recognized in balance sheet	(2.68)	38.58
Expense recognized in the statement of profit & loss		
Current service cost	88.95	57.41
Interest cost	47.18	29.48
Expected return of plan assets	(48.79)	(32.92)
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Net actuarial (gain) / loss recognized in the year	28.59	(5.09)
Expenses recognized in the statement of profit & loss	115.93	48.88

Note:- Gratuity paid & debited to Statement of profit & loss NIL (PY ₹ 17.96 lac) has not been considered above since it is borne by the Company besides funding to LIC and SBI Life Insurance Company Limited.

26.2 SEML ESOP Scheme 2012

- a. The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, which has been approved by the Board of Directors and the shareholders. Appointment & Compensation Committee of the Company comprising of independent non-executive members of the Board of Directors administers the ESOPs. All options under the ESOPs are exercisable for equity shares. The Company plans to grant upto 7,17,000 options to eligible employees and directors of the Company and subsidiaries of the Company.
- b. The options granted under the SEML ESOP Scheme 2012 shall vest as under:
 - i) 1/3rd at the end of one year from the date of grant.
 - ii) 1/3rd at the end of two years from the date of grant.
 - iii) 1/3rd at the end of three years from the date of grant.
- c. The employees have a period of 2 years to exercise the options from the date of vesting, after which unexercised options will lapse.
- d. Options in respect of the shares vested at each vesting date can be exercised in maximum four tranches subject to the exercise period of 2 years from the date of vesting. Each option is exercisable for one equity share of ₹ 10 each fully paid up on payment of exercise price of share determined with respect to the date of grant.
- e. The movement in the scheme is set out as under:

Particulars	SEML ESOP Scheme 2012 – Year Ended			
	31 st March 2014		31 st March 2013	
	Options	Weighted Average exercise price	Options	Weighted Average exercise price
	Number	Amount (in ₹)	Number	Amount (in ₹)
Outstanding at the beginning of year	3,33,360	125.00	Nil	Nil
Granted during the year	Nil	Nil	3,33,360	125.00
Exercised during the year	Nil	Nil	Nil	Nil
Forfeited during the year	Nil	Nil	Nil	Nil
Expired during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	3,33,360	125.00	3,33,360	125.00
Exercisable at the end of the year (options which have vested)	1,11,120	125.00	Nil	Nil
Number of equity shares of ₹ 10/- each fully paid up to be issued on exercise of option	3,33,360	125.00	3,33,360	125.00
Exercise price at the date of exercise	N.A.	N.A.	N.A.	N.A.
Weighted average remaining contractual life (months) (including exercise period)	29	---	41	---

f. Proforma accounting for stock option grants

The company has applied the intrinsic value-based method of accounting for determining compensation cost for its ESOP Plan. Had the compensation cost been determined using fair value approach, the Company's net income and basic/diluted earnings per share as reported would have changed to the proforma amounts as indicated:

(₹ in lac)

S.No.	Particulars	Year Ended	Year Ended
		31 st March 2014	31 st March 2013
		Amount	Amount
1	Net profit as reported	7,538.26	12,453.02
2	Add : stock based employee compensation expense debited to Statement of profit and loss	4.67	2.84
3	Less : stock based employee compensation expense based on fair value	1.59	0.97
4	Difference between (2) & (3)	3.08	1.87
5	Adjusted proforma profit	7,541.34	12,454.89
6	Difference between (1) & (5)	3.08	1.87
7	Basic earnings per share as reported	21.03	34.74
8	Proforma earnings per share	21.04	34.74
9	Diluted earnings per share as reported	21.03	34.74
10	Proforma diluted earnings per share	21.04	34.74

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

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

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

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

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

27 Finance costs

	2013-14	2012-13
	₹ in lac	₹ in lac
Interest expense	4,467.80	5,078.66
Other borrowing costs	415.57	255.78
Amortization of ancilliary borrowing costs	52.63	55.09
Exchange differences to the extent considered as an adjustment to borrowing costs	1,364.86	924.38
Total	6,300.86	6,313.92

28 Depreciation and amortisation

	2013-14	2012-13
	₹ in lac	₹ in lac
Depreciation of tangible assets	6,113.38	6,168.58
Amortisation of intangible assets	208.31	239.34
Total	6,321.69	6,407.92

29 Other expenses

	2013-14	2012-13
	₹ in lac	₹ in lac
Stores & spares consumption	8,922.28	7,459.87
Power	1,226.56	1,135.39
Manufacturing expenses		
Plant process & services	1,183.57	1,024.52
Material handling expenses	2,937.88	2,619.03
Other manufacturing expenses	4,513.19	4,015.65
Increase / (decrease) of excise duty on inventory	299.64	(227.34)
Mining expenses	4,274.82	3,312.79
Repairs & maintenance		
Building	163.97	139.45
Plant & machinery	853.79	764.02
Others	265.43	250.60
Rent	105.02	104.93
Rates & taxes	2,535.17	2,254.75
Insurance charges	96.02	75.81
Miscellaneous expenses		
Travelling & conveyance expenses	463.44	434.75
Legal & professional expenses	565.72	373.00
Administrative and other expenses	914.05	569.29
Loss on scrapping of asset	-	-
Selling expenses		
Carriage outward	1,458.17	854.19
Selling commission & brokerage	353.51	312.94
Other selling expenses	20.72	82.83
Exchange differences (net)	710.23	625.28
Payment to auditors	14.83	14.90
Provision for diminution in value of current investment	0.62	4.97
Total	31,878.63	26,201.62

29.1 Stores & spares consumption

	2013-14		2012-13	
	₹ in lac	%	₹ in lac	%
Stores & spares - indigenous consumption	8,285.85	92.87%	6,665.11	89.35%
Stores & spares - imported consumption	636.43	7.13%	794.76	10.65%
Total	8,922.28	100.00%	7,459.87	100.00%

29.2 Payments to the auditor

	2013-14	2012-13
	₹ in lac	₹ in lac
As Auditor:		
Audit fee	12.00	12.00
Tax audit fee	2.00	2.00
Reimbursement of expenses	0.83	0.90
Total	14.83	14.90

30 Earnings per share (EPS)

	2013-14	2012-13
Net Profit after tax (before prior period deferred tax) as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in lac)	9,048.51	12,453.02
Net Profit after tax (after prior period deferred tax) as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in lac)	7,538.26	12,453.02
Nominal Value of Equity Shares (₹)	10	10
Weighted average number of Equity Shares used as denominator for calculating EPS	3,58,50,000	3,58,50,000
Basic & Diluted (Before prior period Deferred Tax) (₹)	25.24	34.74
Basic & Diluted (After prior period Deferred Tax) (₹)	21.03	34.74

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 lac)

Particulars	2013-2014				2012-2013			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
Revenue								
Sales & other income	77,118.02	47,717.75	1,677.80	1,26,513.57	93,809.56	41,013.85	3,006.50	1,37,829.91
Inter segment sales		523.65	12,410.86	12,934.51	-	475.94	11,307.54	11,783.48
Others unallocated				537.80				564.63
Total revenue	77,118.02	48,241.40	14,088.66	1,39,985.88	93,809.56	41,489.79	14,314.04	1,50,178.02
Result								
Segment result	13,405.61	7,674.22	900.19	21,980.02	16,505.10	7,686.58	1,386.64	25,578.32
Unallocated expenses net off unallocated income				(1,541.81)				(2,639.64)
Operating Profit				20,438.21				22,938.68
Interest & forex fluctuation loss (net)				(7,011.09)				(6,939.03)
Profit before tax & extraordinary item				13,427.12				15,999.65
Add: Extra Ordinary Item				-				-
<u>Provision for taxation</u>								
For current year				(3,521.49)				(4,084.86)
For deferred taxation				(857.12)				665.11

Deferred tax related to prior period				(1,510.26)				-
MAT credit entitlement				-				(126.87)
Profit after taxation				7,538.26				12,453.02
Other information								
Segment assets	79,727.01	17,987.64	10,435.77	1,08,150.42	80,040.73	14,862.09	12,179.08	1,07,081.90
Unallocated assets				31,963.15				25,362.52
Total assets				1,40,113.57				1,32,444.42
Segment liabilities	4,484.57	8,451.65	1,425.95	14,362.17	4,668.37	6,506.22	1,859.19	13,033.78
Unallocated liabilities				2,674.23				661.79
Total liabilities				17,036.40				13,695.57
Capital expenditure	2,544.78	340.18	157.93	3,042.89	2,220.87	504.89	(1,070.56)	1,655.20
Depreciation / amortization	4,064.55	502.30	1,074.72	5,641.57	3,856.03	548.26	1,233.51	5,637.80
Unallocated capital exp. & depreciation				378.15				2,988.44

32. Capitalization of expenditure

During the year, Company has capitalized the following expenses to the cost of fixed asset/ capital work-in-progress (CWIP) because these were attributable to the installation of fixed assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

(₹ in lac)

Particulars	2013-14	2012-13
Salaries	203.98	275.70
Finance cost	131.78	145.98
Other expenses (exchange fluctuation)	1,021.16	39.48
Total	1,356.92	461.16

33. Interest in joint ventures

Name of the Company	Proportion of ownership interest as at 31 st March	
	2014	2013
i) Raipur Infrastructure Company Limited	33.33%	33.33%
ii) Madanpur South Coal Company Limited	20.63%	20.63%

The above joint venture companies are incorporated in India. The Company's share of assets and liabilities as on 31st March, 2014 and income and expenses for the year ended on that date are given below which are based on audited figures of the joint venture companies.

(₹ in lac)

Particulars	As at 31 st March	
	2014	2013
Assets		
Non current assets	642.26	610.62
Current assets	301.11	204.46
Total	943.37	815.08

Liabilities		
Non current liabilities	7.76	7.43
Current liabilities	37.27	1.16
Total	45.03	8.59
Income	184.98	112.47
Expenses	52.58	44.70
Contingent liabilities	900.00	900.00
Capital commitments	12.34	7.29

34. Related party disclosure

a) Names of related parties and description of relationship

S.No.	Description of Relationship	Names of Related Parties
1	Subsidiaries	Sarda Energy & Minerals Hongkong Limited, Hongkong Sarda Global Ventures Pte Limited, Singapore Sarda Metals & Alloys Limited Sarda Energy Limited Parvatiya Power Limited Madhya Bharat Power Corporation Limited Sarda Hydro Power Private Limited Raipur Fabritech Private Limited Raipur Industrial Gases Private Limited
2	Controlled entities	Chhattisgarh Hydro Power LLP Shri Ram Electricity LLP
3	Associate companies	Chhattisgarh Investments Limited
4	Related enterprises where significant influence exists	R.R. Sarda & Company Sarda Power and Steels Limited
5	Key management personnel	Mr. Kamal Kishore Sarda Mr. Pankaj Sarda Mr. Ghanshyam Das Mundra
6	Relative of key management personnel	Mrs. Uma Sarda Mrs. Veena Sarda
7	Joint ventures	Raipur Infrastructure Company Limited Madanpur South Coal Company Limited

b) Material transactions with related parties

(₹ in lac)

Particulars	Subsidiaries & Controlled Entities	Related Enterprises where significant influence exists	Associates	Key Management Personnel	Relatives of Key Management Personnel	Joint Ventures
Loans/advances given	26,960.80 (11,518.80)		17,360.14 (15,565.53)			
Loans/advances received back	29,774.06 (3,096.57)		20,340.70 (19,526.22)			
Material transferred/sold	918.00 (1,901.26)	68.03 (---)	0.03 (0.70)			
Materials purchased	1,771.39 (103.86)					

Interest received	11.12	57.77	1,172.10	0.24
	(106.95)	(---)	(879.18)	---
Interest paid	51.92			
	(---)			
Dividend income	1,687.33			
	(---)			
Remuneration			329.96	
			(421.46)	
Rent paid		-	50.57	11.04
		(9.60)	(62.80)	(11.04)
Services offered			-	3.00
			(3.56)	(3.00)
Corporate guarantee given	17.50			(---)
	(6,412.00)			(900.00)
Investments made	1,958.79			12.68
	(18,951.54)			(8.67)
Investments disposed			-	
			(0.40)	

Outstanding as at 31.03.2014

Receivable	2,776.09	693.83	2,086.80	19.13	49.91
	(6,346.01)	(---)	(4,047.99)	(12.08)	(---)
Corporate guarantee outstanding	6,829.09				900.00
	(6,811.59)				(900.00)
Investments	40,625.47		0.50		532.32
	(28,988.80)		(0.50)		(519.64)
Share application money pending allotments	-				-
	(10,648.88)				(12.69)
Payables	912.88			338.99	
	(---)			(195.73)	

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

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

(₹ in lac)

Particulars	2013-14	2012-13
Loans/Advances given		
Sarda Energy and Minerals Hongkong Limited	2,737.09	1,630.00
Sarda Metals and Alloys Limited	24,223.71	9,758.45
Chhatisgarh Investments Limited	17,360.14	15,565.53
Loans/Advances received back		
Sarda Energy and Minerals Hongkong Limited	---	542.60
Sarda Metals and Alloys Limited	27,366.00	2,414.72
Chhatisgarh Investments Limited	20,340.70	19,526.22
Materials transferred/sold		
Sarda Metals and Alloys Limited	918.00	1,901.26
Sarda Power & Steels Limited	68.03	---
Chhatisgarh Investments Limited	0.03	0.70
Materials received/purchased		
Sarda Metals and Alloys Limited	1,771.39	103.86

Interest received		
Sarda Energy and Minerals Hongkong Limited	10.66	7.78
Sarda Metals and Alloys Limited	---	72.55
Chhatisgarh Investments Limited	1,172.10	879.18
Sarda Power And Steels Limited	57.77	---
Parvatiya Power Limited	---	26.62
Raipur Infrastructure Company Private Limited	0.24	---
Interest Paid		
Sarda Metals and Alloys Limited	51.92	---
Dividend income		
Sarda Energy and Minerals Hongkong Limited	1,687.33	---
Remuneration paid		
Shri Kamal Kishore Sarda	268.20	343.35
Rent paid		
Shri Kamal Kishore Sarda	1.80	1.80
R.R.Sarda & Co.	---	9.60
Chhatisgarh Investments Limited	50.57	62.80
Smt.Uma Sarda	8.64	8.64
Smt. Veena Sarda	2.40	2.40
Services offered		
Raipur Infrastructure Company Limited	3.00	3.00
Corporate guarantee given		
Madanpur South Coal Company Limited	---	900.00
Sarda Metals and Alloys Limited	17.50	6,412.00
Investment made		
Sarda Metals and Alloys Limited	971.00	8,434.37
Sarda Energy Limited	---	9,677.88
Madhya Bharat Power Corporation Limited	---	70.00
Chhattisgarh Hydro Power LLP	363.92	763.64
Sarda Global Ventures Pte Limited	620.95	---
Madanpur South Coal Company Limited	12.68	8.67
Investment disposed		
Chhattisgarh Bricks Private limited (Associate upto 14.12.2012)	---	0.40

OUTSTANDINGS

(₹ in lac)

Particulars	Year Ended 31 st March 2014	Year Ended 31 st March 2013
Investments		
Sarda Metals and Alloys Limited	20,971.00	20,000.00
Madhya Bharat Power Corporation Limited	6,471.50	6,471.50
Sarda Energy Limited	9,682.88	5.00
Raipur Infrastructure Company Limited	210.70	210.70
Madanpur South Coal Company Limited	321.61	308.94

Receivables		
Sarda Metals and Alloys Limited	---	2,790.38
Sarda Energy and Minerals Hongkong Limited	2,693.21	---
Dividend Receivable (Sarda Energy & Minerals Hongkong Ltd.)	---	1,085.58
Chhatisgarh Investment Limited	2,086.80	4,047.99
Sarda Power And Steels Limited	693.83	---
Raipur Infrastructure Company Limited	49.91	---
Share application money pending allotment		
Madanpur South Coal Company Limited	---	12.69
Sarda Metals and Alloys Limited	---	971.00
Sarda Energy Limited	---	9,677.88
Corporate guarantee given		
Madanpur South Coal Company Limited	900.00	900.00
Sarda Metals and Alloys Limited	6,829.50	6,412.00
Payables		
Sarda Metals and Alloys Limited	912.88	---
Remuneration	338.99	195.73

35. Capital and other commitments

- a) Estimated amount of contracts remaining to be executed on Capital Account, net of advance given ₹ 502.48 lac (P.Y. ₹ 298.18 lac).
- b) Company has commitments of ₹ 2,832 (P.Y. NIL) for further investment in subsidiary Chhattisgarh Hydro Power LLP and ₹ 5,443 lac (P.Y. ₹ 5,440 lac) in Madhya Bharat Power Corporation Limited.

36. Proposed dividend

Board of Directors have recommended dividend of ₹ 3/- (P.Y. ₹ 3/-) per share for equity share of ₹ 10/- each totaling ₹ 1,075.50 lac (P.Y. ₹ 1,075.50 lac) for the year ended March 31, 2014. Tax on proposed dividend will be ₹ 182.78 lac (P.Y. ₹ 182.78 lac).

37. Contingent liabilities

(₹ in lac)

Particulars	Year Ended 31 st	Year Ended 31 st
	March 2014	March 2013
Guarantees given by Company's bankers	1,968.95	1,428.45
Share of guarantees given by the jointly controlled entity	900.00	900.00
Guarantees given to DGFT on behalf of wholly owned subsidiary for meeting export obligation	98.88	98.88
Guarantees given to Assistant Commissioner of Customs on behalf of wholly owned subsidiary	318.21	300.71
Penal Interest for non creation of securities for rupee term loan from IDFC	NIL	391.86
Bills discounted with the Company's bankers under Letters of Credit	5,851.50	3,778.28
Corporate Guarantee given to Axis Bank Ltd. for disbursement of term loan to Sarda Metals & Alloys Ltd., wholly owned subsidiary of the Company (SMAL)	6,412.00	6,412.00
Claims against the Company not acknowledged as debt & disputed in appeals	219.63	163.49
Excise duty & service tax demand	379.27	388.92

VAT, CST & Entry Tax	111.75	138.55
Income tax	2,281.93	3,498.27
Energy development cess	3,363.80	2,913.60

- i) Guarantee (equal to Company's share in Joint Venture) given by the Company to IDBI Bank Limited against guarantee issued by the Bank in favor of Government of India on behalf of Madanpur South Coal Company Limited (The Joint Venture Company for Coal Mining) ₹ 900.00 lac (P.Y. ₹ 900.00 lac).
- ii) Guarantee given to Director General of Foreign Trade ₹ 98.88 lac (P.Y. ₹ 98.88 lac) and Assistant Commissioner of Customs ₹ 318.21 lac (P.Y. ₹ 300.71 lac) 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.
- iii) Excise Duty & Service Tax
- a) Excise duty demand of ₹ 20.56 lac (P.Y. ₹ 20.56 lac) raised on account of Cenvat credit availed, which the Company has disputed in High Court.
- b) Excise Duty demand of ₹ 176.10 lac (P.Y. ₹ 166.24 lac) raised on account of Cenvat credit availed which the Company has disputed and has filed appeal before the Central Excise & Service Tax Appellate Tribunal (CESTAT).
- c) Excise Duty demand of ₹ 130.27 lac (P.Y. ₹ 111.17 lac) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the CESTAT.
- d) ₹ 6.97 lac (P.Y. ₹ 6.97 lac) on account of duty on VAT collected by the Company against which the Company has filed an appeal before the CESTAT.
- e) ₹ 6.66 lac (P.Y. ₹ 6.66 lac) on account of duty on sale of waste and scrap by the Company. The case has been decided in favour of the Company by Commissioner Central Excise (Appeals) (CCE(A)). The Central Excise Department has filed appeal before the CESTAT against decision of the CCE(A).
- f) Excise Duty demand of NIL (P.Y. ₹ 38.60 lac) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- g) Excise Duty demand of ₹ 7.62 lac (P.Y. ₹ 7.62 lac) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- h) Service Tax demand of ₹ 31.09 lac (P.Y. ₹ 31.09 lac) raised on account of Service Tax on foreign services availed, which the Department has disputed and has filed appeal before CESTAT.
- iv) Value Added Tax/Central Sales Tax/Entry Tax
- Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 111.75 lac (P.Y. ₹ 138.55 lac) are pending in appeal against assessment of various years.
- v) Income Tax
- Nil (P.Y. ₹ 1,216.34 lac) for the Assessment Year 2008-09 and ₹ 2,080.80 lac (P.Y. ₹ 2,080.80 lac) for the Assessment year 2009-10 and ₹ 201.13 lac (P.Y. ₹ 201.13) for the Assessment Year 2010-11 on account of partial disallowance of deduction claimed under Section 80IA of the Income Tax Act, 1961, disputing the transfer pricing of Power captively consumed by other divisions. For Assessment year 2009-10 and 2010-11, the Company has filed appeals before CIT (Appeals) and the matters are still pending. For the A.Y. 2008-09 pending matter before ITAT, Nagpur is now resolved and decided in favor of the Company by the Income Tax Appellate Tribunal E-Bench Nagpur order dated 03.02.2014. This issue has also been decided in favor of the Company by the Income Tax Appellate Tribunal for earlier Assessment years.
- vi) Energy Development Cess of ₹ 3,363.80 lac (P.Y. ₹ 2,913.60 lac) net of amount deposited ₹ 294.34 lac (P.Y. ₹ 294.34 lac) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to February 2014. 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.

38. Derivative instruments and unhedged foreign currency exposure

a) Derivatives outstanding as at the reporting date

Particulars	Purpose	31.03.2014		31.03.2013	
		USD in lac	INR in lac	USD in lac	INR in lac
Forward contract to sell USD	To hedge loan given to wholly owned subsidiary company and receivables	65.00	3,892.20	40.00	2,171.20
Forward contract to purchase USD	To hedge foreign currency term loan	---	---	21.81	1,200.00

b) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Currency	31.03.2014		31.03.2013	
		Foreign Currency in lac	INR in lac	Foreign Currency in lac	INR in lac
ECB loan	USD	140.00	8,383.20	280.00	15,198.40
ECB loan	JPY	2,675.00	1,565.01	5,350.00	3,090.70
Trade payable	USD	259.63	15,546.84	273.74	14,858.56
Trade receivable	USD	32.94	1,972.37	46.41	2,519.36
Dividend receivable	USD	--	--	20.00	1,085.60
Other receivable	USD	1.65	77.42	1.65	77.42

39. Disclosure as per clause 32 of the listing agreement

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

Name of the entities	Relationship	Amount outstanding as at 31.03.2014	Maximum amount outstanding during the year	Investment by the loanee in the shares of the Company
Loans where there is no repayment schedule: -		₹ in lac	₹ in lac	No. of shares
Sarda Energy & Minerals Hongkong Limited	Subsidiary	2,693.21	2,712.31	---
Sarda Hydro Power Private Limited	Subsidiary	5.46	5.46	---
Chhatisgarh Investments Limited	Associate	2,086.80	11,571.99	1,22,65,657
Sarda Power & Steel Limited	Associate	693.83	693.83	---
Raipur Infrastructure Co. Limited	Others	49.94	49.94	---
Moshvaraya Infrastructure Private Limited	Others	864.81	900.00	7,100
Kamal Trading Company	Others	0.10	0.10	---
Vidya Sagar & Sons	Others	349.92	349.92	---
Goldenlife Financial Services Private Limited	Others	1,154.25	1,523.50	---
Ramdeo Bidi Works	Others	105.81	105.81	---
Mumbai Fabrics Private Limited	Others	285.38	285.38	---
Tawari Cotton Company	Others	---	18.34	---
Orient Press Limited	Others	---	200.00	---
Ramkrishna Sofftek Private Limited	Others	---	25.00	---
Durga Carrier Private Limited	Others	---	50.00	---
Shukla Builders	Others	---	50.00	---
Shabro Metals And Technologies Limited	Others	---	300.00	---
Simplex Prefab Infrastructure India Private Limited	Others	25.52	25.52	---
Shree Pariyojna Nirman Limited	Others	195.00	325.00	---

Chemical and Ferro Alloys Private Limited	Others	5,022.19	5,022.19	---
Indigo Denim Private Limited	Others	100.21	100.21	---

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

Bhawans' R K Sarda Vidya Mandir	Others	1,035.08	1,035.08	---
Sarda Global Ventures Pte Limited	Subsidiary	77.42	82.33	

Note: As per Company's policy loans given to employees are not considered in above.

40. Dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2014 as micro, small or medium enterprises. Consequently the amount paid/ payable to these parties during the year is NIL.

41. Foreign currency income & expenditure

Income in Foreign Exchange (Accrual Basis)

(₹ in lac)

Particulars	2013-14	2012-13
FOB value of exports	19,667.94	14,946.27
Interest received	10.66	7.78
Dividend	1,687.33	---

Expenditure in foreign currency (accrual basis)

(₹ in lac)

Particulars	2013-14	2012-13
Value of imports calculated on CIF basis		
Raw materials	13,456.12	19,407.88
Components, stores & spare parts	616.81	683.76
Capital goods	194.30	223.29
Expenditure		
Travelling expenses	8.00	6.39
Commission	3.29	1.91
Others	178.62	27.78
Interest	623.59	1,139.78
Net dividend remitted		
Year of remittance	2013-14	2012-13
Period to which it relates	01.04.2012 to 31.03.2013	01.04.2011 to 31.03.2012
Number of non-resident shareholders	One	One
Number of equity shares held on which dividend was due	18,04,891	18,04,891
Amount remitted	54.15	54.15

42. Previous year figures have been recasted / regrouped / restated wherever necessary to make them comparable.

SIGNATURE TO NOTES "1" TO "42"

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

K. K. Sarda
Chairman &
Managing Director

Pankaj Sarda
Dy. Managing Director

P. K. Jain
CFO & Company Secretary

Raipur
Dated : May 10, 2014

Raipur
Dated : May 10, 2014

Statement pursuant to section 212 of the Companies Act, 1956 in respect of the Subsidiary Companies / LLPs

S. No.	Particulars/Name of the subsidiary company	SEMHKL Hongkong	SGV Singapore	SMAL India	SEL India	CHP LLP India	MBPCL India	PPL India	SHPLL India	SRE LLP India	RFPL India	RIGPL India
1	Financial year of the subsidiary company/LLP ended on	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014	31 st March, 2014
2	Date from which it became subsidiary company/LLP	17 th Sept, 2007	12 th June, 2008	15 th June, 2009	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	1 st March, 2011	21 st Sept, 2010	25 th Aug, 2011	13 th Dec, 2011
3	Number of equity shares held by holding company in the subsidiary company											
	Quantity	10,00,000	10,10,000	2,10,16,000	9,29,807	NA	2,79,14,000	7,83,182	1,59,120	NA	11,000	5,100
	Face value (per share)	HK\$ 1	US\$ 1	₹ 10/-	₹ 10/-	NA	₹ 10/-	₹ 10/-	₹ 10/-	NA	₹ 10/-	₹ 10/-
	Fully paid up / partly paid up	fully paid-up	fully paid-up	fully paid up	fully paid up	NA	fully paid up	fully paid up	fully paid up	NA	fully paid up	fully paid up
4	Extent of holding of Sarda Energy & Minerals Limited	100.00%	100.00%	100.00%	100.00%	60.92%	58.73%	51.00%	60.00%	51.00%	52.38%	51.00%
5	<u>Net aggregate amount of profit (losses) of the subsidiary/LLP so far as they concern members of Sarda Energy & Minerals Ltd.</u>											
a.	For the current financial year of the subsidiary /LLP											
i)	Dealt with in the accounts of the holding company	HK\$ 3,05,76,335	US\$ (17,966)	₹ 6,89,44,256/-	₹ 6,38,289/-	Nil	₹ (2,67,470)/-	₹ 2,20,19,114/-	Nil	Nil	Nil	Nil
ii)	Not dealt with in accounts of the holding company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b.	For the previous financial years since it became subsidiary/LLP											
i)	Dealt with in the accounts of the holding company	HK\$ 18,24,66,008	US\$ (3,72,221)	₹ 3,82,61,608/-	Nil	Nil	₹ (10,42,716)/-	₹ 5,41,41,582/-	Nil	Nil	Nil	Nil
ii)	Not dealt with in accounts of the holding company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	N.A.	N.A.
6	As the financial year of the subsidiary companies/LLP coincides with the financial year of the holding company, section 212(5) of the Companies Act, 1956 is not applicable.											

Note:

- SEMHKL - Sarda Energy & Minerals Hongkong Ltd.
- SGV - Sarda Global Venture Pte. Ltd.
- SMAL - Sarda Metals & Alloys Ltd.
- SEL - Sarda Energy Ltd.
- CHP LLP - Chhattisgarh Hydro Power LLP
- MBPCL - Madhya Bharat Power Corporation Ltd.
- PPL - Parvatiya Power Ltd.
- SHPLL Sarda Hydro Power Pvt.Ltd.
- SRE LLP - Shri Ram Electricity LLP
- RFPL- Raipur Fabritech Pvt. Ltd.
- RIGPL- Raipur Industrial Gases Pvt. Ltd.

Summary of Financial Information of Subsidiary Companies As on 31.03.2014

(₹ in lac)

S. No.	Particulars/Name of the subsidiary company	SEMHKL		SGV		SMAL		SEL		CHP LLP		MBPCL		PPL		SHPPL		SRE LLP		RFPL		RIGPL	
		Hongkong	Singapore	India	Singapore	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India
1	Capital	77.02	604.79	2,101.60	2,101.60	92.98	2,738.72	4,753.00	153.36	26.52	349.55	1.00											
2	Reserves	14,537.80	(233.64)	19,941.45	9,583.51	6,079.64	2,241.23																
3	Total assets	60,589.50	1,996.10	69,473.20	9,689.99	37,778.37	2,790.45	26,945.73	2,815.33	32.09	349.63	1.08											
4	Total liabilities	45,974.68	1,624.95	47,430.15	13.50	51.73	51.73	26,945.73	420.54	5.57	0.08	0.08											
5	Investments	56,437.38	-	-	-	374.31	-	240.00	-	-	-	-											
6	Turnover	2,804.67	0.65	33,657.74	9.29	-	-	666.50	-	-	-	-											
7	Profit before tax	2,376.20	(9.75)	939.88	(6.38)	(2.67)	-	272.83	-	-	-	-											
8	Provision for tax	-	-	250.44	-	-	-	52.64	-	-	-	-											
9	Profit after tax	2,376.20	(9.75)	689.44	(6.38)	(2.67)	-	220.19	-	-	-	-											
10	Proposed dividend	1,792.41	-	-	-	-	-	-	-	-	-	-											

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 31.03.2014, i.e. 1HK\$ = INR 7.7023 [SEMHKL] and 1US\$ = INR 59,8800 [SGV]

Note:

1. SEMHKL - Sarda Energy & Minerals Hongkong Ltd.
2. SGV - Sarda Global Venture Pte. Ltd.
3. SMAL - Sarda Metals & Alloys Ltd.
4. SEL - Sarda Energy Ltd.
5. CHP LLP - Chhattisgarh Hydro Power LLP
6. MBPCL - Madhya Bharat Power Corporation Ltd.
7. PPL - Parvatiya Power Ltd.
8. SHPPL - Sarda Hydro Power Pvt.Ltd.
9. SRE LLP - Shri Ram Electricity LLP
10. RFPL - Raipur Fabritech Pvt. Ltd.
11. RIGPL - Raipur Industrial Gases Pvt. Ltd.

Consolidated Annual Accounts



Independent Auditors' Report

To the Board of Directors of
Sarda Energy & Minerals Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of SARDA ENERGY & MINERALS LIMITED (the "Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries, associates and joint ventures as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and;
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other matters

Financial statements of Madhya Bharat Power Corporation Limited (subsidiary) reflect total assets of ₹ 37,778.38 lac as at March 31, 2014, total revenue of NIL for the year then ended, have been audited by us.

We did not audit the financial statements of certain subsidiaries, which reflect total assets of ₹ 1,47,739.60 lac as at March 31, 2014, total revenues of ₹ 371.39 lac for the year then ended as considered in the consolidated accounts. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.

We did not audit the financial statements of Joint Ventures which reflect the Company's share of assets amounting to ₹ 943.37 lac as at March 31, 2014, the Company's share of revenue amounting to ₹ 184.98 lac for the year then ended as considered in the consolidated accounts and financial statements of an associate in which the share of profit/loss is NIL. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.

Our opinion is not qualified in respect of other matters.

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner

Place : Raipur
Dated : May 10, 2014

Membership No. 158941

Consolidated Balance Sheet

as at 31st March 2014

Particulars	Note	31.03.2014 ₹ in lac	31.03.2013 ₹ in lac
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share capital	3	3,585.00	3,585.00
Reserves and surplus	4	1,11,230.45	1,01,729.52
		1,14,815.45	1,05,314.52
2. Minority interest		6,726.56	6,386.31
3. Non-current liabilities			
Long term borrowings	5	88,356.26	91,245.19
Deferred tax liabilities	6	7,157.25	4,531.80
Other long term liabilities	7	2,140.88	3,469.81
Long term provisions	8	2,859.13	1,202.92
		1,00,513.52	1,00,449.72
5. Current liabilities			
Short term borrowings	9	64,113.32	33,569.20
Trade payables		12,584.02	11,389.15
Other current liabilities	10	25,189.23	20,767.46
Short term provisions	11	805.44	705.05
		1,02,692.01	66,430.86
		3,24,747.54	2,78,581.41
II. ASSETS			
1. Non-current assets			
Fixed assets	12		
Tangible assets		1,33,746.33	1,38,160.74
Intangible assets		4,544.14	4,613.12
Capital work-in-progress		37,506.87	25,982.76
Intangible assets under development		36.35	283.60
		1,75,833.69	1,69,040.22
Non-current investments	13	289.00	49.50
Deferred tax assets		0.25	0.27
Long term loans and advances	14	14,033.98	20,042.29
Other non-current assets	15	34.18	284.36
		1,90,191.10	1,89,416.64
2. Current assets			
Current investments	16	56,877.83	28,875.79
Inventories	17	28,446.27	24,750.77
Trade receivables	18	6,484.70	7,662.62
Cash and bank balances	19	10,276.65	7,042.64
Short term loans and advances	20	31,906.43	20,497.95
Other current assets	21	564.56	335.00
		1,34,556.44	89,164.77
		3,24,747.54	2,78,581.41

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

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 M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

K. K. Sarda
Chairman &
Managing Director

Pankaj Sarda
Dy. Managing Director

P. K. Jain
CFO & Company Secretary

Raipur
Dated : May 10, 2014

Raipur
Dated : May 10, 2014

Consolidated Statement of Profit & Loss

for the year ended 31st March 2014

Particulars	Note	2013-14 ₹ in lac	2012-13 ₹ in lac
I Revenue from operations (gross)	22	1,71,994.25	1,54,537.13
Less: Excise duty		12,856.58	14,014.65
Revenue from operations (net)		1,59,137.67	1,40,522.48
II Other income	23	4,624.09	4,869.99
III Total revenue (I + II)		1,63,761.76	1,45,392.47
IV Expenses:			
Cost of materials consumed	24	76,859.62	76,571.89
Purchases of stock-in-trade		11,389.90	1,881.34
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(3,444.57)	1,591.15
Employee benefits expense	26	6,353.97	5,169.72
Finance costs	27	12,252.35	6,887.71
Depreciation and amortization expense	28	9,555.16	6,906.43
Other expenses	29	35,353.00	27,408.24
		1,48,319.43	1,26,416.48
Less: Trial run expenses (net of revenue) capitalised		-	1,079.41
Total expenses		1,48,319.43	1,25,337.07
V Profit before tax (III - IV)		15,442.33	20,055.40
VI Tax expense:			
1. Current tax		3,799.81	4,273.65
2. Deferred tax		1,115.18	(470.58)
3. Deferred tax related to prior period		1,510.26	-
4. MAT credit entitlement		(192.78)	14.36
VII Profit for the period (V - VI)		9,209.86	16,237.97
VIII Add/(Less): Share of profit / (loss) of Associates		-	-
IX Less: Minority interest		106.79	86.06
X Net Profit after minority interest and share of profit / (loss) of associates		9,103.07	16,151.91
XI Earnings per equity share			
Basic & Diluted (before prior period deferred tax)		29.60	45.05
Basic & Diluted (after prior period deferred tax)		25.39	45.05

SIGNIFICANT ACCOUNTING POLICIES

1 & 2

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 M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

K. K. Sarda
Chairman &
Managing Director

Pankaj Sarda
Dy. Managing Director

P. K. Jain
CFO & Company Secretary

Raipur
Dated : May 10, 2014

Raipur
Dated : May 10, 2014

Consolidated Cash Flow Statement

for the year ended 31st March 2014

Particulars	2013-14 ₹ in lac	2012-13 ₹ in lac
A. Cash flow from operating activities :		
Net profit before tax as per statement of profit & loss	15,442.33	20,055.40
<u>Adjusted for :</u>		
Depreciation	9,555.16	6,906.43
Interest income	(3,561.65)	(2,201.32)
Finance costs	11,448.69	6,166.06
Unrealised exchange (gain)/loss	160.10	616.02
Employee stock option amortization	4.67	2.84
Dividend income	(58.05)	(5.10)
(Profit) / loss on sale of investments	(843.47)	(1,754.94)
Profit on sale of fixed assets	73.03	(218.95)
Effect of exchange differences on translation of subsidiaries	1,468.69	57.64
Adjustment for previous year in P&L		180.00
Profit pertaining to associates/minority interest & pre acquisition profits (net)	(106.79)	(86.06)
	18,140.38	9,662.62
Operating profit before working capital changes	33,582.71	29,718.02
<u>Adjusted for :</u>		
Increase in trade & other payables	4,210.90	3,599.57
Increase in inventories	(3,695.50)	(2,013.59)
(Increase)/decrease in trade and other receivables	1,136.76	(3,320.55)
(Increase)/decrease in loans, advances & other current assets	(7,895.22)	889.68
	(6,243.06)	(844.89)
Cash generated from operations	27,339.65	28,873.13
Direct taxes (net)	(3,248.20)	(4,211.29)
Net cash from operating activities	24,091.45	24,661.84
B. Cash flow from investing activities :		
Investment in fixed assets including capital WIP	(8,082.43)	(33,440.93)
Sale of fixed assets	(1,618.12)	616.22
Increase in investments	(28,241.54)	(15,630.05)
Profit on sale of investments	843.47	1,754.94
Creditors for capital goods	(1,886.42)	(4,046.99)
Loan given to subsidiaries and other parties	(3,445.98)	367.94
Interest received	3,561.65	2,201.32
Dividend received	58.05	5.10
Increase in minority interest	340.25	587.58
Capital reserve on acquisition of subsidiaries	0.01	200.53
Net cash used in investing activities	(38,471.06)	(47,384.34)
C. Cash flow from financing activities :		
Increase in securities premium account	-	32.10
Proceeds from long term borrowings	19,381.96	27,839.20
Repayment of long term borrowings	(19,295.65)	(7,124.25)
Short term borrowings (net)	29,891.71	8,258.97
Interest paid	(11,292.42)	(5,970.69)
Dividend & dividend tax paid	(1,072.26)	(1,249.17)
Net cash from financing activities	17,613.34	21,786.16
Increase/(decrease) in cash and cash equivalent (A+B+C)	3,233.73	(936.34)
Cash and cash equivalent at the beginning of the year (as per note 19)	6,996.42	7,932.76
Cash and cash equivalent at the end of the year (as per note 19)	10,230.15	6,996.42
Increase/(decrease) in cash and cash equivalent	3,233.73	(936.34)

Consolidated Cash Flow Statement

for the year ended 31st March 2014 (contd..)

Notes:		
(a) Cash and cash equivalent include the following :		
Cash in hand	40.20	44.24
Balances with banks	10,236.45	6,998.41
MTM on EEFC Account	2.98	0.00
Less : Unclaimed dividend	(49.48)	(46.23)
	10,230.15	6,996.42
(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 M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

K. K. Sarda
Chairman &
Managing Director

Pankaj Sarda
Dy. Managing Director

P. K. Jain
CFO & Company Secretary

Raipur
Dated : May 10, 2014

Raipur
Dated : May 10, 2014

Notes to Consolidated Financial Statements

for the year ended 31st March 2014

Significant accounting policies:

1) Basis of consolidation

The Consolidated Financial Statements comprise individual financial statements of Sarda Energy & Minerals Limited, its subsidiaries, jointly controlled entities and associates as on March 31, 2014. The Consolidated Financial Statements have been prepared on the following basis:

- i. The Financial Statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006. 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 Reserves and Surplus.
- ii. The Financial Statements of jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions resulting in unrealized profits or losses as per Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies (Accounting Standard) Rules, 2006 using the proportionate consolidation method.
- iii. The Group's investments in associates are accounted under the equity method and its share of pre-acquisition profits / losses is reflected as Capital Reserve / Goodwill in the carrying value of investments in accordance with Accounting Standard 23 on 'Accounting for Investments in Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006.
- iv. The Financial Statements of the subsidiaries, the jointly controlled entities and the associates used in the consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2014.
- v. The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the Consolidated Financial Statements as Goodwill/Capital Reserve as the case may be. Goodwill arising on consolidation is not amortized, but periodically tested for impairment in accordance with the requirements of Accounting Standard 28 - "Impairment of Assets".
- vi. Minority interest in the net assets of the subsidiaries consists of the amount of equity attributable to minorities at the date on which investments are made in subsidiaries. Net Profit for the year of the subsidiaries attributable to minorities is identified and adjusted against the Profit of the Group in order to arrive at the net profit attributable to the shareholders of the Group.

2) Other significant accounting policies:

These are set out under "Significant Accounting Policies" as given in the Company's standalone financial statements.

3) Share capital

	31.03.2014		31.03.2013	
	No.	₹ in lac	No.	₹ in lac
Authorised				
Equity shares of ₹ 10/- each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	3,58,50,000	3,585.00	3,58,50,000	3,585.00
	3,58,50,000	3,585.00	3,58,50,000	3,585.00

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

	31.03.2014		31.03.2013	
	No.	₹ in lac	No.	₹ in lac
Shares outstanding at the beginning of the year	3,58,50,000	3,585.00	3,58,50,000	3,585.00
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,58,50,000	3,585.00	3,58,50,000	3,585.00

b Terms/rights attached to equity shares

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

The Board of Directors of the Company, subject to the approval of the members in the ensuing general meeting, has proposed a dividend of ₹ 3/- per share (P.Y. ₹ 3/-) for the financial year ended 31st March, 2014.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c Details of shareholders holding more than 5% shares in the company

Name of Shareholder	31.03.2014		31.03.2013	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Equity shares of ₹ 10/- each fully paid				
Chhatisgarh Investments Limited	1,22,65,657	34.21	1,04,90,657	29.26
Sarda Agriculture and Properties Private Limited	26,35,150	7.35	26,35,150	7.35
Orange Mauritius Investments Limited	3,90,680	1.09	21,65,680	6.04
Infrastructure Development Finance Company Limited	18,42,105	5.14	18,42,105	5.14
Asia Minerals Limited	18,04,891	5.03	18,04,891	5.03

4) Reserves and surplus

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Capital reserve		
Balance as per last financial statements	592.20	391.68
Add/(less): Adjustment during the year	-	200.52
Closing balance	592.20	592.20
Securities premium account		
Balance as per last financial statements	19,167.93	19,135.83
Add : Adjustment during the year	-	32.10
Closing balance	19,167.93	19,167.93
Debenture redemption reserve		
Balance as per last financial statements	1,875.00	1,250.00
Add : Transfer from surplus balance in statement of profit & loss	625.00	625.00
Closing balance	2,500.00	1,875.00
Employee Stock Option Outstanding		
Balance as per last financial statements	14.00	-
Add: Compensation for options granted during the year	-	14.00
Less: Option exercised/forfeited during the year	-	-
	(A)	14.00

Employee stock option outstanding		
Balance as per last financial statements	11.16	-
Add: Options granted during the year	-	14.00
Less: Amortization during the year	(4.67)	(2.84)
Less: Option forfeited during the year	-	-
	(B)	6.49
Closing Balance (A) - (B)	7.51	2.84
General reserve		
Balance as per last financial statements	12,557.75	11,057.75
Add: Transfer from surplus balance in statement of profit & loss	1,500.00	1,500.00
Closing balance	14,057.75	12,557.75
Foreign currency translation reserve	2,156.08	687.39
Surplus in the statement of profit and loss		
Balance as per last financial statements	66,846.41	53,889.48
Add : Adjustment during year		180.00
Add : Profit for the year	9,103.08	16,151.91
<u>Less: Appropriations</u>		
Equity dividend	(1,075.50)	(1,075.50)
Tax on proposed equity dividend	-	(174.48)
Transfer to debenture redemption reserve	(625.00)	(625.00)
Transfer to general reserve	(1,500.00)	(1,500.00)
Closing balance	72,748.99	66,846.41
	Total	1,11,230.45
		1,01,729.52

5) Long term borrowings

	Non-Current Portion		Current Maturities	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	₹ in lac	₹ in lac	₹ in lac	₹ in lac
Bonds/debentures (secured)				
1,250 (1,250) 9.55 % Redeemable non-convertible debentures of ₹ 10/- lac each	12,500.00	12,500.00	-	-
Term loans (secured)				
<u>From banks</u>				
Indian rupee loan	29,144.57	24,840.99	4,755.89	3,091.11
Foreign currency loan	-	9,524.55	9,948.21	9,964.55
<u>From other parties</u>				
Indian rupee loan from financial institutions	46,245.67	43,437.44	6,477.78	4,425.34
Hire purchase loans	-	-	-	19.88
	87,890.24	90,302.98	21,181.88	17,500.88
Deferred payment liabilities				
Deferred sales tax loan (unsecured)	464.78	940.97	476.19	378.28
Loans & advances (unsecured)				
From other parties	1.24	1.24	-	-
From related parties	-	-	-	-
Total	88,356.26	91,245.19	21,658.07	17,879.16

Terms of repayment

SEML-

- The Non-convertible Debentures are redeemable in three equal annual installments commencing from July 2015. The Company has an option to redeem these debentures earlier; however, no redemption will take place before the end of 3rd year from the date of allotment.
- External Commercial Borrowings availed in foreign currencies are payable in 5 Annual Installments (First three Installments are 1/6th of the loan amount and remaining 2 installments are 1/4th of the loan Amount). Four installments have already been paid.

- c) Rupee term loan from a financial institution is payable in 12 equal quarterly installments commencing from September 2013. Three installments have already been paid.
- d) Rupee term loan of ₹ 4,500 lac from bank is payable in 11 quarterly installments starting from September 2013 quarter. During the financial year 2013-14, 3 installments comprising 10% of the loan amount repaid, in the year 2014-15, 4 installments involving 20% and in the year 2015-16, 4 installments involving 70% of the loan amount will be repaid.
- e) Rupee term loan of ₹ 5,000 lac from bank is payable in 10 equal half yearly installments starting from August 2014.
- f) Hire purchase loan of ₹ 22.05 lac from bank is payable in 34 equal installments of ₹ 1.94 lac starting from June 2012.
- g) Deferred sales tax loan is interest free and payable at the end of fifth year from the end of the financial year of accrual.

SMAL-

1. Indian rupee term loan from bank of ₹ 17,041.40 lac is payable in 36 equated quarterly installments commencing from June 2013 and ending on March 2022.
2. Indian rupee term loan from bank of ₹ 6,329.86 lac is payable in 36 quarterly installments commencing from June 2013 and ending on March 2022.
3. Indian rupee term loan from financial institution ₹ 17,944.44 lac is payable in 36 equated quarterly installments commencing from December 2013 and ending on September 2022.

PPL-

During the year the company has paid full amount of loan taken from Union Bank of India but the satisfaction of the charge yet to be filed.

The term loan from IDFC Ltd. is payable in 32 quarterly instalments starting from May, 2008.

MBPCL-

The term loan is repayable in 42 equal quarterly installments on 15th of every April, July, October, and January, commencing on the first standard due date after 48 months from the date of first disbursement to the project or the first repayment date falling 6 months after commencement of COD, whichever is earlier.

Security**SEML-**

The Non-convertible Debentures are also secured by a registered mortgage of an immovable property of the Company situated at Ahmedabad.

Term Loans from Bank, Financial Institution, External Commercial Borrowing and Debentures are secured by first pari-passu charge by way of hypothecation of entire movable assets of the Company situated at Industrial Growth Centre, Siltara, Raipur subject to prior charge on current assets in favour of Working Capital Bankers and by way of joint equitable mortgage of immovable properties of the Company situated at Industrial Growth Centre, Siltara.

Besides this, the Term Loan from Bank and Non Convertible Debentures are also secured by unconditional and irrevocable personal guarantees of Mr. K. K. Sarda & Mr Manish Sarda.

SMAL-

1. Pari-passu first 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 pari-pasu second charge on the current assets of the Company in favour of Axis Trustee Services Limited appointed as Security Trustee by the Lenders. Buyers' Credit are secured against letter of undertaking issued by banks.
2. Pledge of 51% of Shares held in the Company by the Holding Company, Sarda Energy & Minerals Limited in favour of Axis Trustee Services Limited appointed as Security Trustee by the Lenders.

3. Corporate Guarantee of the Holding Company, Sarda Energy & Minerals Limited.
4. The Term Loan from Bank is secured by unconditional and irrevocable personal guarantees of Mr. K. K. Sarda.

PPL-

The loan is secured by hypothecation of Company's movable assets (present & future) and equitable mortgage on the immovable assets of the Company both ranking pari-passu and also secured by pledge of equity shares of the Company held by all the shareholders of the Company. These term loans are further secured by personal guarantee of a director of the Company.

MBPCL-

Term loans are secured by hypothecation of Movable Project Assets, including movable plant and machinery, machinery spares etc. both present and future. Moreover, 51% of the Promoter's equity interest representing 51% of the project equity capital is pledged in favour of the security agent at all times, until the settlement date.

6) Deferred tax liabilities

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Deferred tax liabilities at the beginning of the year	4,531.80	5,002.38
Deferred tax liabilities during the year on account of timing difference	2,625.45	(470.58)
Deferred tax liabilities at the end of the year	7,157.25	4,531.80

7) Other long term liabilities

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Creditors for capital goods	846.07	2,732.49
Others		
Security deposit received		
Deposits from vendors	1,177.55	668.90
Deposit from employees	84.55	52.22
Other payables	32.71	16.20
Total	2,140.88	3,469.81

8) Long term provisions

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Provision for employee benefits		
Leave encashment / Gratuity	254.52	204.88
Other provisions		
Statutory liabilities	762.15	732.95
Mines restoration expenses	202.88	98.97
OB reserve	1,639.58	166.12
Total	2,859.13	1,202.92

9) Short term borrowings

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Loans repayable on demand (secured)		
<u>From banks</u>		
Short term loans	41,777.43	16,799.10
Working capital loans	8,259.41	6,824.15
Working capital buyers credit loans	7,632.22	7,556.79
Total	57,669.06	31,180.04

Loans repayable on demand (unsecured)		
<u>From banks</u>		
Short term loans	4,500.00	2,000.00
Other loans and advances		
Advances from customers	472.70	359.48
Loans from other party	1,471.56	-
From related parties	-	29.68
	6,444.26	2,389.16
Total	64,113.32	33,569.20

Security

SEML-

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. These facilities are also secured by irrevocable personal guarantees of Mr. K.K.Sarda and Mr. Manish Sarda.

SEMHKL-

All secured bank loans are repayable within one year and secured by the investments held for trading by the company. In the opinion of directors, the company should be able to obtain refinancing of the respective loans.

10) Other current liabilities

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Current maturities of long-term debt (refer note no. 5)	21,658.07	17,879.16
Interest accrued but not due on borrowings	1,046.58	890.31
Unpaid dividends	49.48	46.23
Other payables		
Indirect taxes payable	294.72	106.42
TDS payable	189.89	209.63
Salary & reimbursements	1,133.54	972.83
Deposits from vendors	32.59	35.32
Expenses payable	784.36	627.96
INR payable to bank in forex	-	(0.40)
Total	25,189.23	20,767.46

11) Short term provisions

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Provision for employee benefits		
Leave encashment / Gratuity	15.35	23.99
Others		
Provision for expenses	790.09	681.06
Total	805.44	705.05

12) Fixed assets

Tangible fixed assets

(₹ in lac)

Particulars	Gross Block		Depreciation		Net Block				
	As on 01.04.2013	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2014	Up to 01.04.2013	Depreciation for the year	Transfer / Adjustment	As on 31.03.2014	As on 31.03.2013
Freehold land	6,507.60	11.44	13.90	6,505.14	-	-	-	6,505.14	6,507.60
Leasehold land	1,566.16	5.01	-	1,571.17	45.34	10.68	-	1,515.15	1,520.82
Building	28,609.72	938.46	24.55	29,523.63	3,152.08	877.86	7.40	25,501.09	25,457.64
Plant & machinery	1,35,780.05	3,894.60	142.12	1,39,532.53	32,329.18	8,191.41	40.21	99,052.15	1,03,450.87
Furniture, fixture & equipments	1,423.86	82.02	368.04	1,137.84	742.45	118.72	318.44	595.11	681.41
Vehicles	1,087.42	253.15	154.87	1,185.70	545.02	161.13	98.14	577.69	542.40
Total	1,74,974.81	5,184.68	703.48	1,79,456.01	36,814.07	9,359.80	464.19	1,33,746.33	1,38,160.74
Depreciation taken to preoperative expenses						20.44			
Net depreciation during the year						9,339.36			
Previous year	1,05,697.05	69,722.66	444.90	1,74,974.81	30,281.21	6,686.31	153.45	36,814.07	75,415.86
Capital work in progress (including capital stock)				37,506.87				37,506.87	25,982.76

Intangible fixed assets

(₹ in lac)

Particulars	Gross Block		Depreciation		Net Block				
	As on 01.04.2013	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2014	Up to 01.04.2013	Depreciation for the year	Transfer / Adjustment	As on 31.03.2014	As on 31.03.2013
Goodwill arising on consolidation	234.73	-	-	234.73	-	-	-	234.73	234.73
Computer software	281.23	2.43	-	283.66	208.81	17.65	-	57.20	72.42
Minig rights & development	4,885.82	-	-	4,885.82	583.52	190.67	-	774.19	4,302.30
Rights to use land	3.67	144.40	-	148.07	-	7.49	-	140.58	3.67
Total	5,405.45	146.83	-	5,552.28	792.33	215.81	-	1,008.14	4,613.12
Previous year	5,117.95	287.50	-	5,405.45	552.97	239.36	-	792.33	4,564.99
Intangible assets under development				36.35				36.35	283.60

13) Non current investments

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Trade investments		
Investment in equity instruments at cost (unquoted)		
Fully paid up with face value of ₹ 10/- each unless otherwise specified		
<u>In associates</u>		
5,000 (P.Y. 5,000) Equity shares of Natural Resources Energy Private Limited	0.50	0.50
<u>In other companies</u>		
4,85,000 (P.Y. 4,85,000) Equity shares of Chhattisgarh Ispat Bhumi Limited	48.50	48.50
2,40,000 (P.Y. - Nil) Equity Shares of Sarda Dairy & Food Products Private Limited	240.00	-
Non trade investment		
Investment in government or trust securities		
Investment in NSC	-	0.50
Total	289.00	49.50

14) Long term loans and advances

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Capital advances		
Unsecured, considered good	10,039.72	15,739.69
Security deposits		
Unsecured, considered good	788.22	756.17
Other loans and advances		
Unsecured, considered good		
MAT credit entitlement	741.69	1,591.69
Advance income tax (net of provision)	1,484.68	993.50
Prepaid expenses	78.27	59.88
Other advances	901.40	901.36
Total	14,033.98	20,042.29

15) Other non current assets

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Others		
Unsecured, considered good		
Unamortized expenses	34.18	74.31
Margin money deposit	-	210.05
Total	34.18	284.36

16) Current investments

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Investment in equity instruments (quoted)		
(valued at lower of cost or market value)		
<u>In other companies</u>		
32,813 (P.Y. 32,813) Equity shares of Abhishek Corporation Limited	32.81	32.81
3,688 (P.Y. 3,688) Equity shares of Indian Metals & Ferro Alloys Limited	1.84	1.84
12,400 (P.Y. 12,400) Equity shares of Mangalam Cement Limited	24.47	24.47
Less: provision for dimunition in the value of investments	33.51	32.90
	25.61	26.22
Investment in debentures / bonds (quoted)	17,035.42	13,819.85
Less : provision for dimunition in the value of investments	927.33	927.33
Total	16,108.09	12,892.52
Investments in mutual funds		
Nil Units (P.Y. 27.314 Units) of Birla Sun Life Mutual Fund	-	0.05
27,400.917 Units (P.Y. Nil) of IDBI Liquid Fund-Direct Plan Growth	374.31	-
8,725.447 Units (P.Y. 8,737.157 Units) of UTI Mutual Fund	35.56	40.00
49,990 Units (P.Y. 49,990 Units) of KBC Mutual Fund	5.00	5.00
	414.87	45.05
Investments in bank fixed deposit (Pledged)	40,329.26	15,912.00
Total	56,877.83	28,875.79
Aggregate amount of quoted investment	17,094.54	13,878.97
Aggregate market value of quoted investments	16,133.70	12,918.75

17) Inventories

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
(Valued at lower of cost and net realisable value)		
Raw materials and components	9,797.79	9,898.78
Finished / Semi finished goods	14,371.89	12,202.86
Stock-in-trade	1,309.21	33.67
Stores and spares	2,967.38	2,614.64
Material in transit	-	0.82
Total	28,446.27	24,750.77

18) Trade receivables

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	52.46	1,374.50
Unsecured, considered doubtful	154.36	276.50
Less: Provision for doubtful debts	154.36	276.50
	52.46	1,374.50

Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	6,432.24	6,288.12
	6,432.24	6,288.12
Total	6,484.70	7,662.62

19) Cash and bank balances

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Balances with banks		
In current accounts	3,432.81	6,729.79
FDR with bank	6,754.16	222.38
On unpaid dividend	49.48	46.23
Cash on hand	40.20	44.24
Total	10,276.65	7,042.64

20) Short term loans and advances

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
<u>Loans and advances to related parties (Refer note no.35)</u>		
Unsecured, considered good	9,114.07	335.51
	9,114.07	335.51
<u>Others</u>		
Unsecured, considered good		
Earnest money deposit	72.72	42.67
Advances to employees	112.59	99.66
Advances to vendors	4,335.27	5,126.03
Claims & recoverables	970.89	676.18
Loans & advances to others	11,602.35	8,156.36
Advance royalty paid	22.98	91.10
Prepaid expenses	249.79	260.91
Balances with tax authorities	5,425.77	5,709.53
Doubtful advances to vendors	89.53	89.53
Less: Provision for doubtful advances	89.53	89.53
	22,792.36	20,162.44
Total	31,906.43	20,497.95

21) Other current assets

	31.03.2014	31.03.2013
	₹ in lac	₹ in lac
Employees gratuity scheme	-	38.58
INR receivable from bank in forex	524.21	242.48
LC negotiation charges receivable	-	0.34
Unamortized expenses	40.35	53.60
Total	564.56	335.00

22) Revenue from operations (Gross)

	2013-14	2012-13
	₹ in lac	₹ in lac
Sale of products		
Sponge iron	32,672.34	34,782.35
Ferro alloys	42,032.29	36,952.91
Steel billets	8,570.08	7,394.87
Wire rod / HB wire	30,823.82	36,848.82
Pellet	13,567.02	18,841.14
Power	33,267.53	6,758.86
Others	9,437.65	11,143.79
Other operating revenues	1,623.52	1,814.39
Total	1,71,994.25	1,54,537.13

23) Other income

	2013-14	2012-13
	₹ in lac	₹ in lac
Interest income	3,561.65	2,201.32
Dividend income		
From others	58.05	5.10
Net gain on sale of investments	843.47	1,754.94
Other non-operating income (net of expenses directly attributable to such income)	160.92	908.63
Total	4,624.09	4,869.99

24) Cost of raw material consumed

	2013-14	2012-13
	₹ in lac	₹ in lac
Iron ore	25,892.16	36,865.18
Manganese ore	17,185.42	14,147.52
Coal	28,583.13	16,578.50
Scrap	3,532.67	5,616.17
Other material	1,666.24	3,364.52
Total	76,859.62	76,571.89

24.1) Raw material consumption

	2013-14		2012-13	
	₹ in lac	%	₹ in lac	%
Raw material -indigenous consumption	63,190.88	82.22%	58,296.68	76.13%
Raw material -imported consumption	13,668.74	17.78%	18,275.21	23.87%
Total	76,859.62	100.00%	76,571.89	100.00%

25) Changes in inventories of finished goods, semi-finished goods and stock-in-trade

	2013-14	2012-13
	₹ in lac	₹ in lac
Inventories at the end of the year		
Finished goods / semi-finished goods	14,371.89	12,202.86
Trading goods	1,309.21	33.67
	15,681.10	12,236.53
Inventories at the beginning of the year		
Finished goods / semi-finished goods	12,202.86	13,675.50
Trading goods	33.67	152.18
	12,236.53	13,827.68
Increase/(decrease) in inventories	3,444.57	(1,591.15)

26) Employee benefit expense

	2013-14	2012-13
	₹ in lac	₹ in lac
Salaries, incentives & managerial remuneration	5,761.72	4,755.08
Contributions to -		
Provident fund	289.39	228.11
Superannuation scheme	7.71	9.64
Gratuity fund	131.48	66.84
Staff welfare expenses	163.67	110.05
Total	6,353.97	5,169.72

27) Finance costs

	2013-14	2012-13
	₹ in lac	₹ in lac
Interest expense	10,293.97	5,645.09
Other borrowing costs	540.89	263.15
Amortization of ancilliary borrowing costs	52.63	55.09
Exchange differences to the extent considered as an adjustment to borrowing costs	1,364.86	924.38
Total	12,252.35	6,887.71

28) Depreciation and amortization

	2013-14	2012-13
	₹ in lac	₹ in lac
Depreciation of tangible assets	9,339.36	6,667.07
Amortization of intangible assets	215.80	239.36
Total	9,555.16	6,906.43

29) Other expenses

	2013-14	2012-13
	₹ in lac	₹ in lac
Stores & spares consumption	9,031.39	7,564.05
Power & fuel	1,465.08	1,549.91
Manufacturing expenses		
Plant process & services	1,506.71	1,026.18
Material handling expenses	2,991.19	2,621.43
Other manufacturing expenses	4,515.93	3,992.27
Increase/ (decrease) of excise duty on inventory	299.64	(227.34)
Mining expenses	4,274.82	3,312.79
Repairs & maintenance		
Building	165.52	139.45
Plant & machinery	1,009.17	837.07
Others	362.68	275.28
Rent	225.68	134.47
Rates & taxes	3,005.63	2,329.63
Insurance charges	181.51	87.76
Miscellaneous expenses		
Travelling & conveyance expenses	590.00	448.19
Legal & professional expenses	683.29	400.51
Administrative and other expenses	1,236.03	664.40
Selling expenses		
Carriage outward	1,458.85	854.42
Selling commission & brokerage	353.51	336.32
Other selling expenses	952.41	236.23
Exchange differences (net)	1,008.75	790.57
Payment to auditors	34.59	29.68
Provision for diminution in value of current investment	0.62	4.97
Total	35,353.00	27,408.24

29.1) Stores & spares consumption

	2013-14		2012-13	
	₹ in lac	%	₹ in lac	%
Stores & spares -Indigenous consumption	8,394.96	92.95%	6,769.13	89.49%
Stores & spares -Imported consumption	636.43	7.05%	794.92	10.51%
Total	9,031.39	100.00%	7,564.05	100.00%

30) Earnings per share (EPS)

	2013-14	2012-13
Net Profit after tax (before prior period deferred tax) as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in lac)	10,613.33	16,151.91
Net Profit after tax (after prior period deferred tax) as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in lac)	9,103.07	16,151.91
Nominal Value of Equity Shares (₹)	10	10
Weighted average number of Equity Shares used as denominator for calculating EPS	3,58,50,000	3,58,50,000
Basic & Diluted (Before prior period Deferred Tax) (₹)	29.60	45.05
Basic & Diluted (After prior period Deferred Tax) (₹)	25.39	45.05

31) Segment reporting

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statement of the Company.

As part of secondary reporting, the Company has no geographical segment by location.

A) Business segment primary

(₹ in lac)

Particulars	2013-2014				2012-2013			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
Revenue								
Sales & other income	77,118.02	47,582.71	33,465.24	1,58,165.97	93,809.56	41,042.65	5,022.21	1,39,874.42
Inter segment sales	-	523.65	12,410.86	12,934.51	-	475.94	11,343.20	11,819.14
Others unallocated				971.70				648.05
Total revenue	77,118.02	48,106.36	45,876.10	1,72,072.18	93,809.56	41,518.59	16,365.41	1,52,341.61
Result								
Segment result	13,405.61	6,381.20	10,440.02	30,226.83	16,505.10	7,580.81	3,704.60	27,790.51
Unallocated expenses net off unallocated income				(1,523.40)				(56.83)
Operating profit				28,703.43				27,733.68
Interest & forex fluctuation loss (net)				(13,261.09)				(7,678.28)
Profit before tax & extraordinary item				15,442.34				20,055.40
Add: Extra ordinary item				-				-
<u>Provision for taxation</u>								
For current year				(3,799.81)				(4,273.65)
For deferred taxation				(2,625.44)				470.58
MAT credit entitlement				192.78				(14.36)
Share of loss of associates	-	-	-	-	-	-	-	-
Others unallocated								
Minority interest	-	-	-	-	-	-	-	-
Others unallocated				(106.79)				(86.06)
Profit after taxation				9,103.08				16,151.91
Other information								
Segment assets	79,727.01	39,401.36	96,116.11	2,15,244.48	80,031.10	39,388.98	88,991.03	2,08,411.11
Unallocated assets				49,095.74				37,414.37
Total assets				2,64,340.22				2,45,825.48
Segment liabilities	4,484.57	8,860.14	5,880.13	19,224.84	4,668.37	8,505.44	1,810.84	14,984.65
Unallocated liabilities				10,287.44				10,490.74
Total liabilities				29,512.28				25,475.39
Capital expenditure	2,544.78	527.76	12,300.21	15,372.75	2,220.87	9,585.20	18,163.31	29,969.38
Depreciation / amortization	4,064.55	1,461.29	3,241.61	8,767.45	3,856.03	629.72	1,587.70	6,073.45
Unallocated capital exp. & depreciation				769.12				5,416.60

32) The financial statements of the following subsidiaries have been considered in consolidation:-

Name of Subsidiaries	Country of Origin	Proportion of ownership interest as at 31 st March (%)	
		2014	2013
Sarda Energy & Minerals Hongkong Limited	Hong Kong	100.00	100.00
Sarda Global Ventures Pte Limited	Singapore	100.00	100.00
Sarda Metals and Alloys Limited	India	100.00	100.00
Sarda Energy Limited	India	100.00	100.00
Chhattisgrah Hydro Power LLP	India	60.92	60.92
Parvatiya Power Limited	India	51.00	51.00
Madhya Bharat Power Corporation Limited	India	58.73	58.73
Shri Ram Electricity LLP	India	51.00	51.00
Sarda Hydro Power Private Limited	India	60.00	60.00
Raipur Fabritech Private Limited	India	52.38	52.38
Raipur Industrial Gases Private Limited	India	51.00	51.00

33) Interest in joint ventures

The financial statements of the following joint ventures have been considered in consolidation:-

Name of the Company	Proportion of ownership interest as at 31 st March (%)	
	2014	2013
Raipur Infrastructure Company Limited	33.33	33.33
Madanpur South Coal Company Limited	20.63	20.63

The above joint venture companies are incorporated in India. The group's share of the assets and liabilities as on 31st March, 2014 and income and expenses for the year ended on that date are given below which are based on audited figures of the joint venture companies.

(₹ in lac)

Particulars	As at 31 st March	
	2014	2013
Assets		
Non current assets	642.26	610.62
Current assets	301.11	204.46
Total	943.37	815.08
Liabilities		
Non current liabilities	7.76	7.43
Current liabilities	37.27	1.16
Total	45.03	8.59
Income	184.98	112.47
Expenses	52.58	44.70
Contingent liabilities	900.00	900.00
Capital commitments	12.34	7.29

34) Investments in associates

The Company has investments in the following associates which are accounted for on the equity method in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006.

Name of Associates	Proportion of ownership interest as at 31 st March (%)	
	2014	2013
Natural Resources Energy Private Limited	50	50

35) Related party disclosure

a) Names of related parties and description of relationship

S.No.	Description of Relationship	Names of Related Parties
1	Related enterprises where significant influence exists	Sarda Agriculture & Properties Private Limited R.R. Sarda & Company Sarda Power and Steels Limited
2	Key management personnel	Binod Goswami Ghanshyam Das Mundra Gopal Krishna Chhanghani Kamal Kishore Sarda Manish Sarda Neeraj Sarda Pankaj Sarda Sheen Agrawal Uma Sarda
3	Relative of key management personnel	Shakuntala Devi Sarda Sonal Sarda Veena Sarda
4	Associates	Chhattisgarh Investments Limited

b) Material transactions with related parties

(₹ in lac)

Particulars	Related Enterprises where significant influence exists		Key Management Personnel	Relatives of Key Management Personnel
	Associates			
Remuneration			438.37 (487.03)	7.34 (6.61)
Rent paid	53.57 (65.80)	(---) (9.60)	1.80 (1.80)	11.04 (11.04)
Loans granted	24,121.94 (16,046.73)			
Loans received back	20,907.34 (19,918.06)			
Loans taken	(---) (487.50)	(---) (959.52)		
Loans repaid	(---) (487.50)	(---) (959.52)		
Interest paid		(---) (19.95)		
Interest received	1,197.63 (906.30)	57.77 (---)		

Sale of goods	0.03 (0.70)	68.03 (---)
Investment made		240.00 (---)
Outstanding as on 31st March		
Receivables		19.13 (12.08)
Loans receivables	8,640.45 (4,383.50)	693.83 (---)
Payables		338.99 (195.73)

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

36) Capital and other commitments

Estimated amount of contracts remaining to be executed on Capital Account, net of advances given ₹ 29,685.69 lac (PY ₹ 30,690.74 lac).

37) Proposed dividend

Board of Directors have recommended dividend of ₹ 3/- (P.Y. ₹ 3/-) per share for equity share of ₹ 10/- each totaling ₹ 1,075.50 lac (P.Y. ₹ 1,075.50 lac) for the period ended March 31, 2014. Tax on proposed dividend will be ₹ 182.78 lac (P.Y. ₹ 182.78 lac).

38) Contingent liabilities

(₹ in lac)

Particulars	31.03.2014	31.03.2013
Guarantees given by group's bankers	2,212.70	1,493.99
Share of guarantees given by the jointly controlled entity	900.00	900.00
Guarantees given to DGFT on behalf of wholly owned subsidiary for meeting export obligation	98.88	98.88
Guarantees given to Asst Commissioner of Custom on behalf of wholly owned subsidiary	318.21	300.71
Penal Interest for non creation of securities for rupee term loan from IDFC	NIL	391.86
Corporate guarantee given to Axis Bank Ltd. for disbursement of term loan to Sarda Metals & Alloys Ltd., wholly owned subsidiary of the company	6,412.00	6,412.00
Bills discounted with the group's bankers under letters of credit	5,851.50	3,778.28
Claim against the group not acknowledged as debt & disputed in appeal	9,418.68	7,678.31
Excise duty & Service tax demand	379.27	388.92
VAT, CST & Entry tax	111.75	138.55
Income tax	2,281.93	3,498.27
Energy development cess	3,363.80	2,193.60
Electricity duty on sale of power through Exchange	85.23	NIL

- Guarantee (equal to Company's share in Joint Venture) given by the Company to IDBI Bank Limited against guarantee issued by the Bank in favor of Government of India on behalf of Madanpur South Coal Company Limited (The Joint Venture Company for Coal Mining) ₹ 900.00 lac (P.Y. ₹ 900.00 lac).
- Guarantee given to Director General of Foreign Trade ₹ 98.88 lac (P.Y. ₹ 98.88 lac) and Assistant Commissioner of Customs ₹ 318.21 lac (P.Y. ₹ 300.71 lac) on behalf of Sarda Metal & Alloys Limited, wholly owned subsidiary of the Company for fulfillment of Export Obligation against import of capital goods under Export Promotion Capital Goods Scheme.

- iii) Claim against the group not acknowledged as debt consists idle time claimed by main Civil Contractor M/s. SEW Infrastructures Limited of Madhya Bharat Power Corporation Ltd. amounting to ₹ 9,199.04 lac as on the Balance Sheet date. However the company is contesting the demand by counter claim on the contractor towards financial losses caused due to shortfall in targeted progress and others reasons.
- iv) Excise duty & Service tax
- a) Excise duty demand of ₹ 20.56 lac (P.Y. ₹ 20.56 lac) raised on account of Cenvat credit availed, which the Company has disputed in High Court.
 - b) Excise Duty demand of ₹ 176.10 lac (P.Y. ₹ 166.25 lac) raised on account of Cenvat credit availed which the Company has disputed and has filed appeal before the Central Excise & Service Tax Appellate Tribunal (CESTAT).
 - c) Excise Duty demand of ₹ 130.27 lac (P.Y. ₹ 111.17 lac) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the CESTAT.
 - d) ₹ 6.97 lac (P.Y. ₹ 6.97 lac) on account of duty on VAT Collected by the Company against which the Company has filed an appeal before the CESTAT.
 - e) ₹ 6.66 lac (P.Y. ₹ 6.66 lac) on account of duty on sale of waste and scrap by the Company. The case has been decided in favor of the Company by Commissioner Central Excise (Appeals) (CCE(A)). The Central Excise Department has filed appeal before the CESTAT against decision of the CCE(A).
 - f) Excise Duty demand of ₹ NIL lac (P.Y. ₹ 38.60 lac) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
 - g) Excise Duty demand of ₹ 7.62 lac (P.Y. ₹ 7.62 lac) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
 - h) Service Tax demand of ₹ 31.09 lac (P.Y. ₹ 31.09 lac) raised on account of Service Tax on foreign services availed, which the Department has disputed and has filed appeal before CESTAT.
- v) Value added tax/Central sales tax/Entry tax
- Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 111.75 lac (P.Y. ₹ 138.55 lac) are pending in appeal against assessment of various years.
- vi) Income tax
- Nil (P.Y. ₹ 1,216.34 lac) for the Assessment Year 2008-09 and ₹ 2,080.80 lac (P.Y. ₹ 2,080.80 lac) for the Assessment year 2009-10 and ₹ 201.13 lac (P.Y. ₹ 201.13) for the Assessment Year 2010-11 on account of partial disallowance of deduction claimed under Section 80IA of the Income Tax Act, 1961, disputing the transfer pricing of Power captively consumed by other divisions. For Assessment year 2009-10 and 2010-11, the Company has filed appeals before CIT (Appeals) and the matters are still pending. For the A.Y. 2008-09 pending matter before ITAT, Nagpur is now resolved and decided in favor of the Company by the Income Tax Appellate Tribunal E-Bench Nagpur order dated 03.02.2014. This issue has also been decided in favour of the Company by the Income Tax Appellate Tribunal for earlier Assessment years.
- vii) Energy Development Cess of ₹ 3,363.80 lac (P.Y. ₹ 2,913.60 lac) net of amount deposited ₹ 294.34 lac (P.Y. ₹ 294.34 lac) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to February 2014. 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.

39) Provision for contingencies - NIL

40) Derivative instruments and unhedged foreign currency exposure

a) Derivatives outstanding as at the reporting date of the group are as under:

Particulars	Purpose	31.03.2014		31.03.2013	
		USD in lac	INR in lac	USD in lac	INR in lac
Forward contract to purchase USD	To hedge foreign currency term loan	NIL	NIL	21.81	1,200.00

b) Particulars of unhedged foreign currency exposure as at the reporting date

(in lac)

Particulars	Currency	31.03.2014		31.03.2013	
		Foreign Currency in lac	INR in lac	Foreign Currency in lac	INR in lac
ECB & other bank loans	USD	835.39	50,022.99	596.73	32,390.24
ECB	JPY	2,675.00	1,565.01	5,350.00	3,090.70
Unsecured loan	USD	24.47	1,465.39	NIL	NIL
Trade & other payable	EURO	3.60	296.15	17.81	1,237.75
Trade & other payable	USD	285.15	17,074.90	292.66	15,885.38
Investment held for trading	USD	272.66	16,327.03	246.20	13,363.51
Other investment	USD	671.28	40,196.38	300.00	16,284.00
Trade & other receivables	USD	94.88	5,681.33	104.99	5,698.71
Cash & cash equivalent	USD	16.83	1,007.98	10.09	547.89

41) Previous year figures have been recasted / regrouped / restated wherever necessary to make them comparable.

SIGNATURE TO NOTES "1" TO "41"

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD

For M. M. Jain & Associates
Chartered Accountants
FRN 112538W

Suraj Khandelwal
Partner
Membership No. 158941

K. K. Sarda
Chairman &
Managing Director

Pankaj Sarda
Dy. Managing Director

P. K. Jain
CFO & Company Secretary

Raipur
Dated : May 10, 2014

Raipur
Dated : May 10, 2014



SARDA ENERGY & MINERALS LTD.

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