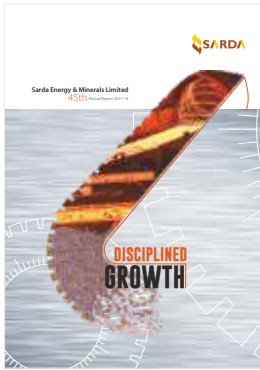




Sarda Energy & Minerals Limited
45th Annual Report 2017-18

A large, 3D cutaway illustration of a turbine or engine component, showing internal parts like the rotor and stator. The cutaway is angled upwards from the bottom left towards the top right. The interior surfaces are rendered in a glowing orange and yellow, suggesting heat or energy. The background is a light blue-grey gradient with faint white grid lines and gear-like patterns.

**DISCIPLINED
GROWTH**



Forward looking statement

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



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

Read on



- Landmark performance - **1**
- Message from the CMD - **2**
- Board of Directors Profile - **4**
- Performance Snapshot - **6**
- Strategic growth plan - **9**



- Corporate Information - **10**
- Directors' Report - **11**
- Annexure to the Directors' Report - **19**
- Management Discussion and Analysis - **53**
- Corporate Governance Report - **63**

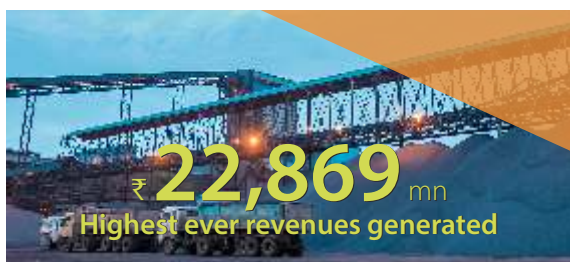
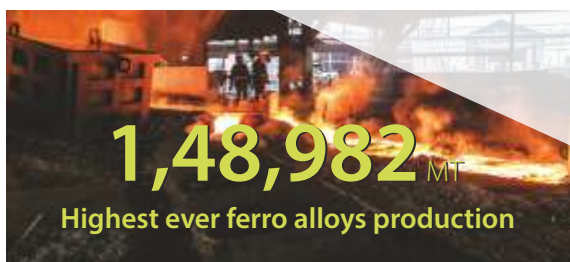


- Standalone Financials - **74**
- Consolidated Financials - **125**

Our goal is to deliver superior returns to our stakeholders through a well-thought and disciplined growth strategy.

Over the years, Sarda Energy & Mineral Limited (SEML) has demonstrated a clear articulation of business expansions and potential market opportunities leading to superior returns. Being the first-movers in pelletisation in Chhattisgarh, having a vertically integrated steel facility with raw material sourcing and adopting efficient means of operations with best-in-class technologies, the Company has delivered superior performance with a sustainable foresight.

A landmark performance by the Group!





Message from the CMD

Dear Shareholders,

It gives me a great pleasure to report that our performance in 2017-18 has been the best ever, both operationally as well as financially. The results achieved during the year clearly reflect our philosophy of disciplined planning and execution of the growth-accretive strategies. We are neither over-aggressive nor dormant. We have always taken step-by-step approach towards maintaining a strong financial health of the Company, allowing us to sail through even in the toughest of times. As the business environment improved, the positive impact was visible in our performance. We have focussed on backward integration and have gradually ramped up Iron Ore production capacity. Today, our different business divisions complement each other, thereby increasing overall efficiency and profitability. The results are clearly visible.

On consolidated level, we achieved record production of pellet, steel billets, wire rods, ferro alloys and hydropower. We have achieved record turnover of ₹ 2,200 Crore, EBITDA of ₹ 470 Crore and

profit of ₹ 200 Crore, each growing 41%, 66% and 62%, respectively as compared to previous year. Our earnings per share has increased from ₹ 36 to ₹ 56 recording a 56% increase in the EPS. The Company also declared highest ever dividend of ₹5 per share, rewarding all our shareholders for the faith and confidence showed by them in the Company and its management

The Indian Government continued to drive reforms across sectors to improve transparency and boost investments in the country. One such revolutionary reform was the implementation of Goods and Services Tax (GST). The new tax mechanism resulted in some transitory pain for a few months. Despite this temporary lull, India emerged as a fast growing major economy with 6.7% growth in GDP. There was a strong revival in the country's investment and consumption. Besides, there has also been encouraging development in the steel industry. This has been a great positive up-cycle with India overtaking Japan to become the world's second largest steel



producer. Thanks to Government's increasing impetus on improving country's infrastructure and promoting initiatives like 'Housing for all' and smart cities development. This will enhance the demand for steel products and benefit us.

On the backdrop of a favourable positive steel cycle for next five to seven years, as anticipated by us, we have initiated expansion programs of our steel-production capacity at Raipur and ferro alloys production capacity at Visakhapatnam. Besides, we are also enhancing our pellet production capacity by 2 lakh metric tonne without incurring any additional capex, environment clearances for which are awaited.

On the hydropower front, we commissioned our 24-megawatt hydropower plant at Gullu, in Chhattisgarh. Our strategic foray into hydropower is a conscious attempt to generate green energy and add perennial stream of cash flow to sustain the down turn and de-risk ourselves from the cyclical effect of the steel industry. There has been very low capacity addition in the hydropower generation as against a sequential rise in demand over the past few years. This would allow us to fetch higher realisations per unit going ahead. As a result, we are quite bullish about our upcoming hydro project in Sikkim. It will significantly add to our revenues and strengthen our bottom line, once it comes in stream in the financial year 2019-20.

At SEML, we have consistently focussed towards driving efficiencies. Over the past five to six years, we have continuously demonstrated several cost-

reducing initiatives across our operations. Besides, an equal attention has been given to the safety and environment, waste recycling and improving recoveries, leading to improved margins.

As a responsible corporate, we have always given an equal attention to the communities residing at our plant's vicinity. We have adopted 90 single-teacher schools in the tribal areas of Chhattisgarh for providing basic education. We have actively sponsored medical facilities and provided assistance in the primary healthcare across villages. We also operate a well-equipped ambulance with doctors and have set up basic first-aid facilities in the villages surrounding our iron ore mine. We have extended financial assistance for educational purposes including infrastructure facilities, salaries to teachers, bus facilities for children, etc.

As a closing note, I would simply like to state that we have been strategically expanding our ongoing operations and scouting for future growth through the underlying industrial opportunities. I would like to acknowledge the efforts of our employees and the leadership team for successfully implementing company's execution strategies. I also thank the respected Board Members for their able guidance. And, lastly, I would like to thank our stakeholders for believing our story and being a part of our growth journey.

Yours sincerely,
Kamal Kishore Sarda

Board of Directors



Kamal Kishore Sarda
Chairman & Managing Director

Mechanical Engineer with nearly 42 years of experience in Iron and Steel Industry. He is responsible for steering SEML on the path of growth.



Pankaj Sarda

Jt. Managing Director
Master of Science in Industrial Administration from Purdue University, USA, with nearly 15 years of industrial experience.



Padam Kumar Jain

Wholetime Director and Chief Financial Officer
CA, CS with a rich experience of 32 years in the field of accounting, finance, taxation, costing and corporate laws.



Uma Sarda
Director

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



Asit Kumar Basu

Independent Director

BME graduate with 40 years of experience in the field of finance. Ex Chief General Manager of IDBI Bank.



C K Lakshminarayanan

Independent Director

An Engineer with experience spanning across various institutions like ST CMS Electric, IDBI etc.



Gajinder Singh Sahni

Independent Director

Post Graduate from Cardiff University. Retired IAS officer from Madhya Pradesh Cadre and former MD, MSIDC & MP, Cabinet Secretariat, Govt of India.



Jitender Balakrishnan

Independent Director

PGDM in Industrial Management. Ex DY.MD, IDBI Bank, having rich experience in the field of Oil & Gas, Refineries, Power, Steel, etc.



Prabhakar Ram Tripathi

Independent Director

A mining Engineer by qualification, he is former CMD of NMDC with a rich experience of 45 years in the field of mining and related activities.



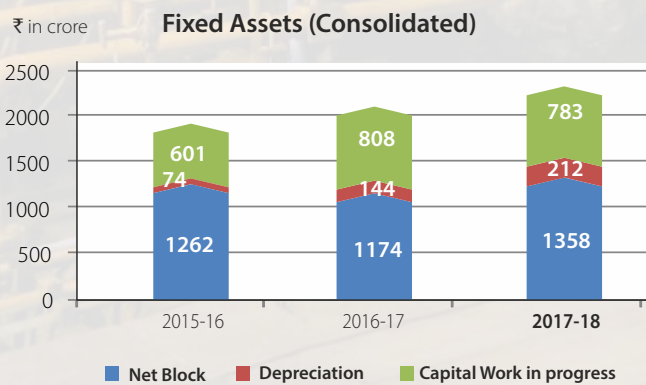
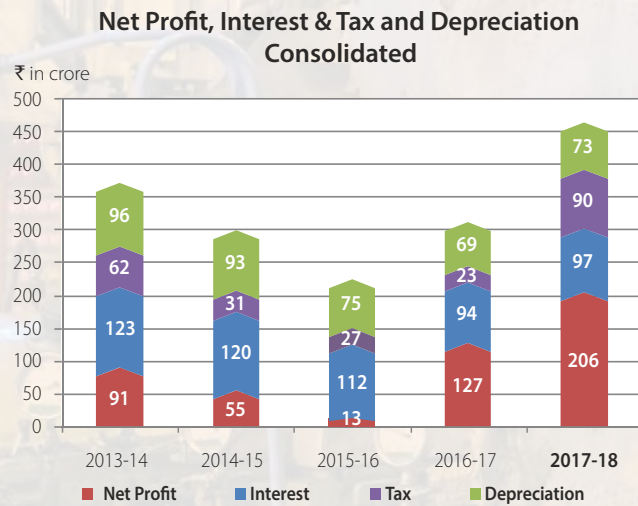
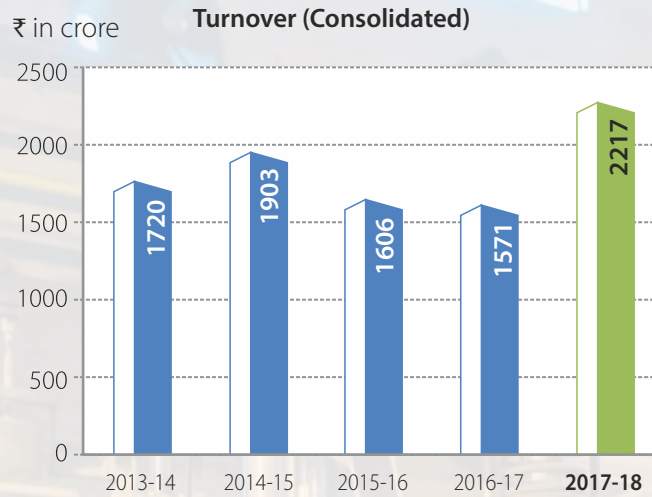
Rakesh Mehra

Independent Director

FCWA with over 35 yrs of experience in finance & accounting. Ex GM, Madhya Pradesh Audhyogik Vikas Nigam.

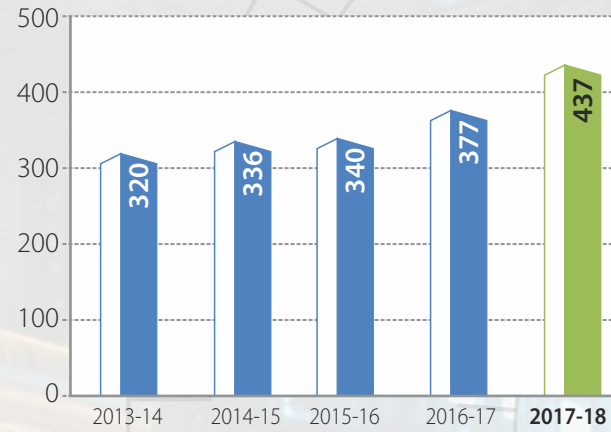


Performance snapshot

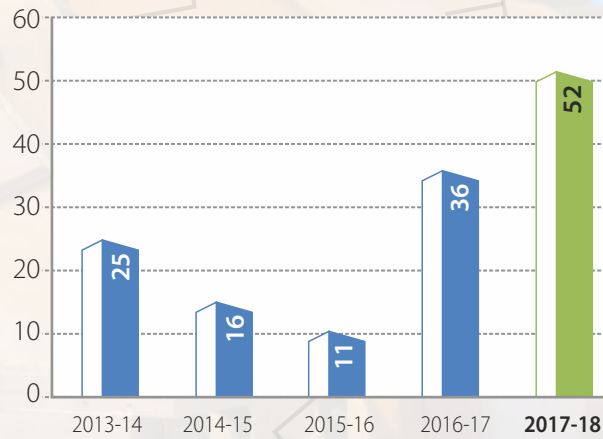


**Book Value - Consolidated**

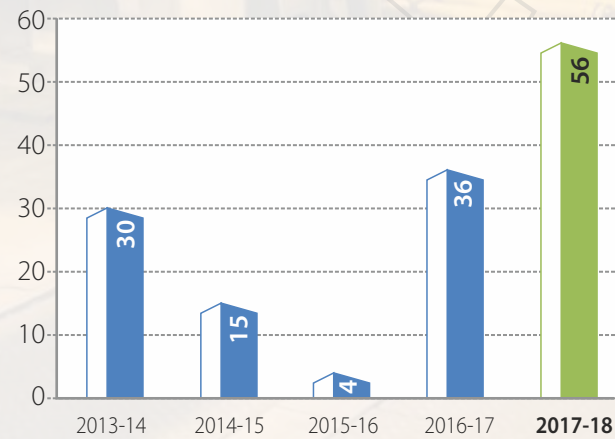
₹ per share

**EPS (Standalone)**

₹ per share

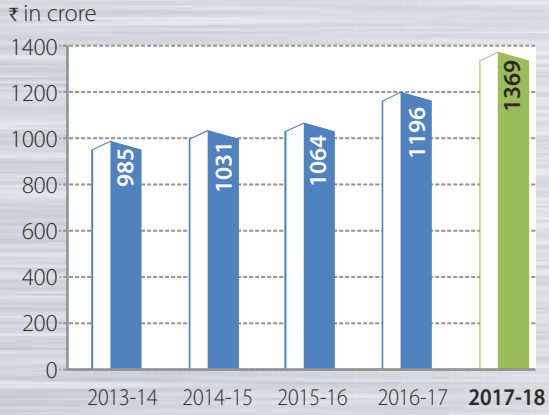
**EPS - Consolidated**

₹ per share

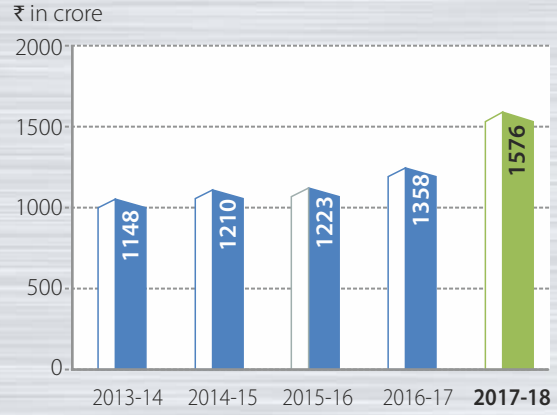


Performance snapshot

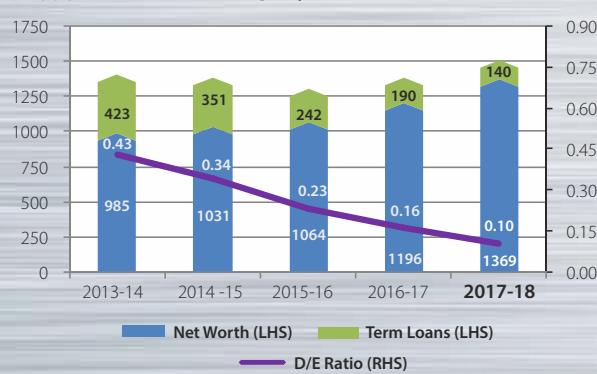
Net Worth - Standalone



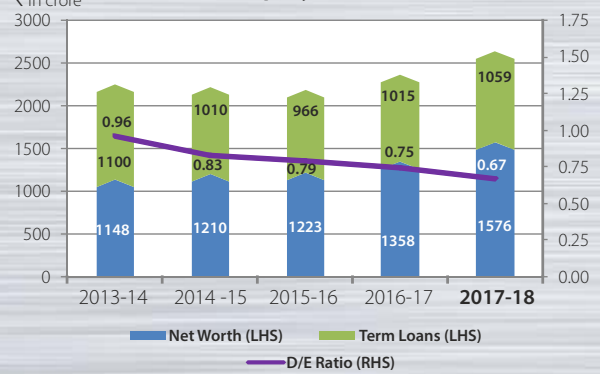
Net Worth - Consolidated



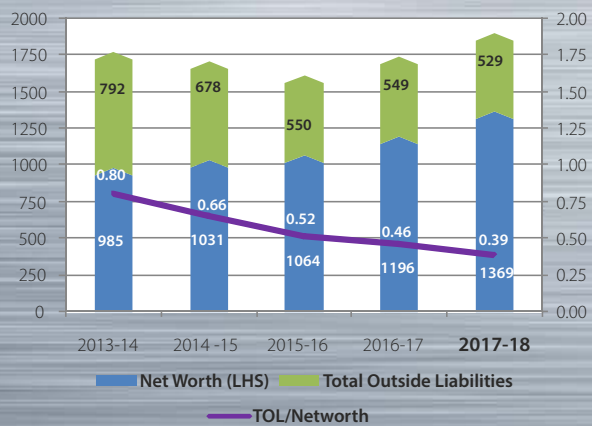
Term Debt - Equity Ratio (Standalone)



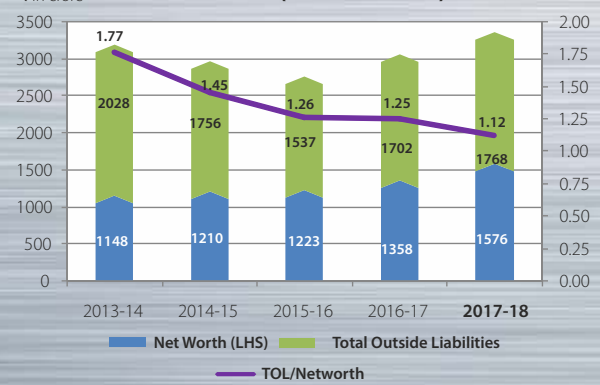
Term Debt - Equity Ratio (Consolidated)



TOL/TNW (Standalone)



TOL/TNW (Consolidated)



Strategic growth plan for 2018-19



Financial Discipline

Maintain financial health of the company, with Debt Equity ratio not more than 2x.



Integrated Operations

Different business divisions complement each other, thereby increasing overall efficiency and profitability.



Profitable Growth

Carry out operations in a profitable manner so as to sustain future growth programs .



Identifying next growth avenues

Strategically expanding ongoing operations and scouting for future growth through inorganic route.



Corporate Information

Board of Directors

Mr. K.K. Sarda	<i>Chairman & Managing Director</i>
Mr. Pankaj Sarda	<i>Jt. Managing Director</i>
Mr. P. K. Jain	<i>Wholetime Director & Chief Financial Officer</i>
Mrs. Uma Sarda	} <i>Independent Directors</i>
Mr. A.K. Basu	
Mr. C.K. Lakshminarayanan	
Mr. G.S. Sahni	
Mr. Jitender Balakrishnan	
Mr. P.R. Tripathi	
Mr. Rakesh Mehra	

Company Secretary

Mr. Manish Sethi

Auditors

Statutory Auditors

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

Cost Auditors

S.N. & Co.
Cost & Management Accountants
Mahalaxmi Cloth Market
Pandri, Raipur (C.G.) 492001

Secretarial Auditors

S. G. Kankani & Associates
Company Secretaries
69, 1st Floor, Mahalaxmi Cloth Market
Pandri, Raipur (C.G.) 492001

Internal Auditors

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

Bankers

Union Bank of India
Bank of Baroda
Axis Bank Limited
State Bank of India
RBL Bank Limited

Registered Office

73-A, Central Avenue
Nagpur (M.H.) 440018
Phone: +91-712-2722407
Fax: +91-712-2722107
Email: nagpur@seml.co.in

Works

Industrial Growth Centre, Siltara
Raipur (C.G.) 493111
Phone: +91-771-2216100
Fax: +91-771-2216198
Email: info@seml.co.in

Mumbai Office

125, B-Wing, Mittal Court
Nariman Point
Mumbai (M.H.) 400021
Phone: +91-22-22880080
Fax: +91-22-22826680

Delhi Office

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

Visakhapatnam Office

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

Hongkong Office

Sarda Energy & Minerals Hongkong
Limited
5F, Dah Sing life Building
99-105, Des Voeux Road
Central Hongkong

Singapore Office

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

Dubai Office

Sarda Global Trading DMCC
Unit No.1241, DMCC Business Centre
Level No.1
Jewellery & Gemplex 3, Dubai, UAE

Registrar & Share Transfer Agents

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

Directors' Report

Dear Shareholders,

Your directors take pleasure in presenting the 45th Annual Report on business and operations of your Company for the financial year ended 31st March, 2018.

Financial Performance

(₹ in crore)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Revenue from operations	1,515	1,147	2,217	1,571
Exports	68	20	622	221
EBIDTA	361	207	472	284
Depreciation	49	47	73	69
Finance cost (Net)	36	42	97	94
Exceptional item - (income) /expense	8	(44)	8	(28)
Profit before tax	268	162	294	150
Provision for tax	80	31	90	23
Net Profit	188	131	206	127

Review of performance

The year 2017 was marked by a number of key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future. The growth in the first half of the year suffered despite global tailwinds. However, the weakness seen at the beginning of 2017, seems to have bottomed out as 2018 set in. Currently, the economy seems to be on the path to recovery, with indicators of industrial production, stock market index, auto sales and exports having shown some uptick. We believe that India's economic outlook remains promising and is expected to strengthen further in FY 18-19. However, the signs of green shoots should not be taken for granted as downside risks remain.

The year gone by has been historic in terms of achievements. During the year your Company achieved highest ever iron ore, Pellet, Billet, wire rod, ferro alloys and hydro power production, highest ever export and also highest ever revenue and profit. The production of other products were also in line with previous year. During the year, the Company had undertaken replacement of second turbine with a new energy efficient turbine which got completed in March 2018. The Company also operated its iron ore mine for the full year. Your Company fulfilled all its financial obligations on time. The Debt-Equity ratio of your Company as on 31st March, 2018 stood at 0.10:1 as against 0.16:1 in the previous year.

During the year, your Company at standalone levels, exported 8,578 MTs of ferro alloys as against 3,532 MTs in previous year. Your Company also exported 2,705 Mts of Wire Rod for the first time. During the year, your Company for the first time, exported 15,195 MTs of iron ore pellets through merchant exporter.

Stakeholders are requested to refer the detailed analysis of the performance given in the Management Discussion and Analysis Report appended hereto.

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company. Further, there was no change in the nature of the business of the Company during the year.

Dividend

Your Directors are pleased to recommend dividend of ₹ 5/- (i.e. 50%) per equity share for the financial year 2017-18 which is also highest ever dividend declared by the Company (last year ₹ 4/- per equity share). The dividend if approved by the shareholders in the ensuing Annual General Meeting will be paid as per the applicable provisions.

During the year, your Company has transferred the unpaid dividend amount in respect of the F.Y. 2009-10 to the Investor Education and Protection Fund.

During the year, a sum of ₹ 1,043 lakh has been transferred to General Reserves from Debenture Redemption Reserve on account of full redemption of the Non-convertible Debentures issued by the Company.

Subsidiaries / Controlled Entities / Joint Ventures

During the year, your Company exited from one of the Joint Ventures – Godawari Natural Resources Limited, which was

Directors' Report

formed for acquisition of mines. No mines were acquired in the company. During the year, due to allotment to another promoter company towards its commitment in the project cost, there is a slight reduction of 2.92% in the stake of the Company in Madhya Bharat Power Corporation Limited.

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

Subsidiaries

- **Sarda Energy & Minerals Hongkong Limited, Hongkong (SEMHKL)**, is a wholly owned subsidiary, functioning as global investment arm of your Company. During the year under review, the subsidiary reported a net profit of ₹ 14.27 crore as against net profit of ₹ 25.64 crore in the previous year. The company has paid a dividend of USD 2.25 Mn during the year (Pr. Year NIL).
- **Sarda Global Venture Pte. Limited Singapore (SGV)**, a wholly owned subsidiary, has acquired economic interest in coal mines in Indonesia. The company has entered into a JV with Indorama group for the coal mine in Indonesia. The mining activities have started. During the year under review the venture extracted 1,23,656 MTs of coal. The subsidiary reported a net loss of ₹ 1.63 crore as against net profit of ₹ 0.90 crore in the previous year.
- **Sarda Global Trading DMCC, Dubai (SGT)**, a wholly owned subsidiary, has been incorporated in March, 2018 with the object of trading in metals ores and firewood. The Company is yet to start its activities. Your Company has paid the initial capital in SGT during the current financial year (2018-19).
- **Sarda Metals & Alloys Limited (SMAL)**, a wholly owned subsidiary is operating 2 x 33 MVA Ferro Alloys plant backed by 80 MW captive thermal power plant. During the year, power generation was 499.37 MU as compared to 488.89 MU in the previous year. The ferro alloys production stood at 83,760 MTs as against 61,578 MTs in the previous year. The company is not able to utilise its power generation capacity at full level due to poor demand and uneconomical price of power in open market. The annual power supply contract with Telangana Discom expired in May, 2017. The company is planning to increase the capacity of Ferro alloys plant to utilise the surplus power capacity. This will further improve operating and financial performance of the company.

However the Company achieved growth of 126% in the exports achieving export of 75,650 MTs against 33,468 MTs in the previous year. The Company is a recognized Two Star Export House.

During the year on the back of excellent operating performance, the company turned around and reported a net profit of ₹ 16.59 crore as against loss of ₹ 17.75 crore in P.Y.

- **Sarda Energy Limited (SEL)**, a wholly owned subsidiary was incorporated as an SPV to put-up 1,320 MW super critical IPP thermal power project in Chhattisgarh. As reported earlier, the company has abandoned the project. The funds lying idle with the Company have been invested in Madhya Bharat Power Corporation Limited as part of promoters' contribution. During the year under review, the subsidiary reported a net profit of ₹ 0.20 crore as against net profit of ₹ 0.92 crore in the previous year.
- **Parvatiya Power Limited (PPL)** is operating 4.8 MW Loharkhet Hydro Power project in Bageshwar district of Uttarakhand. The Plant is set up on River Sarju. The Company has supplied 182.67 lakh KWh (Previous Year 190.98 lakh KWh) to the state grid. The variation in generation was mainly because of delayed monsoon. The plant enjoys debt free operations since financial year 2017-18 post repayment of entire term loan availed for construction of the project. It is proposed to enhance the capacity of the Plant by setting up an additional unit of 2.5 MW. This will improve the generation of power during the rainy season.

During the year, the Company has earned profit after tax of ₹ 5.22 crore (Previous Year ₹ 3.22 crore). During the year, the Company has made investment in M/s Sarda Dairy & Food Products Limited resulting into increase its holding from 18.06% to 19.90%. Your Company continues to hold 51% stake in PPL.

- **Madhya Bharat Power Corporation Limited (MBPCL)** is implementing 96 MW (2X48) Rongnichu HEP near Gangtok in East Sikkim. It is a run of the river scheme based on the River Rongnichu. It is a CDM registered project. The construction works of the project are consistently progressing ahead. 92% excavation works of critical underground tunnel is complete and concrete lining is under progress. Lining works of surge shaft has been completed. Substantial excavation works of Barrage and Power House Complex is complete and concreting works are under progress. Construction of transmission line works has commenced and shall be completed in the next financial year. Delivery of electro-mechanical equipments have started. The projected is expected to be commissioned in FY 2019-20.

Directors' Report

Your Company has infused ₹ 107.10 crore in MBPCL during the year under review. The balance amount of the equity to be infused by your Company in the project is ₹ 10.93 crore. Your Company holds 77.96% stake in the project (65.67% directly and 12.29% through its wholly owned subsidiary Sarda Energy Limited) as compared to 80.87 % in the previous financial year.

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

Controlled Entities

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

The first 24 MW project at Gullu was synchronized with state power grid on 31.03.2017 and has achieved commercial production in July, 2017. The firm has signed long term power purchase agreement with Chhattisgarh State Power Distribution Company Limited for a period of 35 years for supply of power from the project. During the first year of its operation, the Plant has generated 553.92 lakh units post commercial production and has earned the profit of ₹ 4.62 crore. The Plant has contributed to the socio-economic development of the remote area on account of improved irrigation from storage and regulated release of water, promotion of tourism, creation of job opportunities and improvement in the local access roads. Your Company holds 60% stake in the LLP.

The second 24 MW Rehar project has obtained first stage forest clearance and various NOCs from CREDA, TEC, Tourism Dept., Gram Panchayat, WRD & Collector. Forest and private land acquisition is under progress. The firm expects to start work on the project during the current year.

- **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 cancellation of coal linkage for the power project, the LLP has dropped the project. The entity reported a net profit of ₹ 0.08 crore in line with the previous year. Your Company continues to hold 51% stake in SRELLP. The firm will be dissolved once coal allocation related matters are closed.

Joint Ventures

- **Raipur Infrastructure Company Limited (RICL)** was operating a private Railway Siding in Mandhar, Raipur. The lease agreement of the siding was valid upto 31.03.2018. The company had applied for extension of lease. However railway has turned down request of the company for renewal of the lease agreement in view of requirement of loopline at the station. Necessary impairment in asset value has been recognized in the June 2018 quarter. During the year 2017-18 the Company had earned net profit of ₹ 3.76 crore as against ₹ 0.77 crore in the previous year. The company is pursuing with the Railways for getting refund of ₹ 5 crore deposited as security for siding at Odisha. Your Company holds one third share in the Joint Venture.
- **Madanpur South Coal Company Limited (MSCCL)**, a SPV was allotted Madanpur South Coal Block in consortium. The Supreme Court had cancelled all coal block allotments. During the FY 2017-18, MSCCL has received compensation of ₹ 3.38 Crore towards cost for Geological Reports from the Coal Controller. Since no further business activity is planned, MSCCL has utilized part of these funds to buyback part of the equity shares. All the JV partners, except M/s

Directors' Report

Akashya Ispat Udyog Private Limited. (AIUPL), have tendered the shares against the above buyback in proportion to their respective shareholding in MSCCL. Due to non-tendering of shares by AIUPL, the stake of your Company has reduced from 20.63% as on 31.03.2017 to 20.13% as on 31.03.2018. MSCCL still holds certain assets, including land, acquired for the project. MSCCL would be wound-up after disposal of these assets.

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

Consolidated financial statements

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

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

ESOP Scheme

Your Company treats its human capital as the most valued asset and as a gesture of its feeling, your Company has implemented SEML ESOP Scheme 2012 for the employees and directors of your Company and its subsidiaries. During the year 2017-18, 18,837 ESOPs were exercised. As on 31st March, 2018, no options remain outstanding.

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

Directors

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Padam Kumar Jain, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. Mr. Padam Kumar Jain also holds the office of Chief Financial Officer.

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

During the year under review, the members approved the re-appointment of Mr. Pankaj Sarda as Director liable to retire by rotation. Further, the members also approved re-appointment of Mr. Pankaj Sarda as Whole-time Director for a term of five year w.e.f. 1st November, 2017, liable to retire by rotation. The Board of Directors of the Company, on the recommendation of the Nomination & Remuneration Committee, in its meeting held on 04.11.2017, approved the elevation of Mr. Pankaj Sarda, to the position of Jt. Managing Director w.e.f. 04.11.2017 for the remaining of his term without any change in other terms and conditions of his appointment.

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

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

Directors' Report

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

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

Familiarization programmes for Board Members

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

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

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

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

Directors' Responsibility Statement

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Key managerial personnel

During the year, there was no change in the Key Managerial Personnel.

Auditors and Auditors' Report

Statutory Auditors

At the Annual General Meeting for the financial year 2013-14 held on 29th September, 2014, M/s. O.P. Singhania & Co., Chartered Accountants, Raipur were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting (AGM) to be held in the calendar year 2019.

Directors' Report

In terms of the provisions relating to statutory auditors forming part of the Companies Amendment Act, 2017, notified on May 7, 2018, ratification of appointment of Statutory Auditors at every AGM is no more a legal requirement. Accordingly, the Notice convening the ensuing AGM does not carry any resolution on ratification of appointment of Statutory Auditors. However, M/s. O.P. Singhania & Co., Statutory Auditors, have confirmed that they are eligible to continue as Statutory Auditors of the Company for the Financial Year ending 31st March, 2019 and accordingly M/s. O.P. Singhania & Co. will continue to be the Statutory Auditors of the Company for Financial Year ending 31st March, 2019.

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

Cost Auditors

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

The cost audit report for the financial year 2016-17 was filed with the Ministry of Corporate Affairs. M/s. S.N. & Co., Cost and Management Accountants, were appointed as the Company's Cost Auditor.

Your Directors have, on the recommendation of the Audit Committee, appointed M/s. S.N. & Co., Cost and Management Accountants, to audit the cost accounts of the Company on a remuneration of ₹ 1.60 lakh for the year 2017-18.

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

- i) for 2017-18 has been ratified by the members in the Annual General Meeting held on 28.09.2017.
- ii) for 2018-19 is being placed before the members in the ensuing annual general meeting for ratification.

Secretarial Auditor

The Board has appointed S.G. Kankani & Associates, Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed herewith marked as **Annexure E** to this Report.

With reference to the comment of the secretarial auditors regarding non-submission of information to Calcutta Stock Exchange, your Directors wish to inform that the Company had complied with all requirements for delisting of its shares from Calcutta Stock Exchange (CSE) in February, 2004. The delisting application is still pending on the part of CSE. In view of the pendency of delisting application, the Company has stopped sending any information to the Calcutta Stock Exchange and has also reported the matter to SEBI.

With reference to the comment of the Secretarial Auditor regarding delay in submission of Financial Results for the Financial Year ended 31st March, 2017 with BSE Limited & National Stock Exchange of India Limited, your Directors wish to inform that the Board Meeting of the Company was convened on 30th May, 2017 for approval of the Financial Results. However, for want of quorum, the meeting was adjourned and the adjourned meeting was held after seven days i.e. on 6th June, 2017, as per the provisions of the Companies Act, 2013. As a result, the above delay occurred.

Corporate Social Responsibility (CSR)

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

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

The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. During the year, the Company's spend on the CSR activities has been marginally less than the required amount. The amount spent on CSR fell slightly short of the required spending due to ongoing CSR activities where some activities were under completion as at the end of the year for which the funds were to be released after completion. Accordingly, the amount short spent shall be spent during the year 2018-19.

Directors' Report

Corporate Governance

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

Disclosures

Board/Committees/Vigil Mechanism

The Board of Directors met 6 (six) times during the financial year 2017-18. The details of the composition of Board of Directors, Corporate Social Responsibility Committee, Audit Committee, other committees of the Board, meetings of the board and committees and attendance of directors at the Board and committee meetings and implementation of Vigil Mechanism are given in the Corporate Governance Report forming part of this Annual Report.

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

Particulars of loans given, investments made and guarantees given are given in note no. 11, 44, 3 and 39 to the standalone financial statements. The Company, in its capacity of promoter, has pledged 51% of its holding in Sarda Metals & Alloys Limited, and 60% of its holding in MBPCL with the lenders for loans granted to the respective companies by the lenders. The loans and the guarantees given are utilized by the recipients for their business purposes. Members are requested to refer the notes for details which are not repeated here for the sake of brevity.

Contracts and Arrangements with Related Parties

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

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

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

Internal Financial Control

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

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

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

Extract of Annual Return

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

Particulars of Employees and related disclosures

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

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

Directors' Report

Risk Management

The Risk Management Committee has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, accident, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

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

General

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employee Stock Options Scheme referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and such accounts and records are made and maintained.
7. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013].

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

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

Acknowledgement

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

On behalf of the Board of Directors

Raipur
11th August, 2018

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

Annexure 'A'

to the directors' report

Disclosure pursuant to the provisions of securities and exchange board of India (Share based employee benefits) regulations, 2014 and companies (Share Capital and Debentures) Rules, 2014

S.No.	Particulars	ESOP Scheme 2012
(i)	General terms & conditions	
	a. Date of shareholders' approval	12.05.2012
	b. Total number of options approved under ESOP	7,17,000
	c. Vesting requirements	The Options Granted under the SEML ESOP Scheme 2012 shall vest as under: a) 1/3 rd at the end of one year from the date of Grant. b) 1/3 rd at the end of two years from the date of Grant. c) 1/3 rd at the end of three years from the date of Grant.
	d. Exercise price or pricing formula	₹ 125/-
	e. Maximum term of options granted	2 years from the date of vesting
	f. Source of shares (primary, secondary or combination)	Primary
	g. Variation in terms of options	No change was made in the schemes or terms of option during the year 2017-18
(ii)	Method used to account for ESOP	Intrinsic Value Method
(iii)	Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	Please refer point (f) of Note No.13(h) to standalone accounts
(iv)	Option movement during the year 2017-18	
	No. of options outstanding as on 1st April, 2017	26,464
	Options granted during April 2017-March 2018	NIL
	Number of options forfeited/ lapsed during April 2017-March 2018	7,627
	Number of options vested during April 2017-March 2018	NIL
	Number of options exercised during April 2017-March 2018	18,837
	Number of shares arising as a result of exercise of options during April 2017-March 2018	18,837
	Money realized by exercise of options during April 2017-March 2018 (amount in ₹)	₹ 23,54,625/-
	Loan repaid by the Trust during the year from exercise price received	NA
	Number of options outstanding/ in force as on 31st March, 2018	NIL
	Number of options exercisable as on 31st March, 2018	NIL
(v)	Weighted-average exercise price of each option outstanding as on 31st March, 2018	₹ 125.00
	Weighted-average fair value of each option outstanding as on 31st March, 2018	₹ 126.43

Annexure 'A'

to the directors' report

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

Annexure 'B'

to the directors' report

Key Evaluation criteria

Evaluation of Board

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

Evaluation of Independent Directors

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

Evaluation of Non-Independent Directors

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

Annexure 'C'

to the directors' report

Remuneration Policy

I. Preamble

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

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

II. Objective

The objectives of the Policy shall be to:

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

III. Guiding Principles

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

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

IV. Remuneration

1. General

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

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

Annexure 'C'

to the directors' report

e. Leave

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

f. Retirement benefits

The Company shall extend Provident Fund and Gratuity benefits as per provisions of the applicable law. In addition, the Company may extend benefit of Provident Fund to employees drawing higher salary and also contribution to superannuation and other pension fund/schemes for selective employees with mutual consent. The gratuity, superannuation and pensionary contribution shall be invested in approved funds.

g. Loans to employees

The Company may extend interest free/ concessional loans to the employees of the company for meeting fund requirement for higher education of children, land purchase, building purchase/ construction/ furnishing & repair, marriage of self and family members, medical treatment of self and family members and other exigencies. For the purpose Rules shall be framed with authority for exceptions at appropriate levels.

2. Remuneration to Whole-time / Managing Director

a. Fixed pay

The Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee subject to approval of the shareholders and Central Government, wherever required. The breakup of the pay and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees, allowances, severance payments, etc. shall be decided and approved by the Board/the Person authorized by the Board on the recommendation of the Committee.

b. Variable pay

The Committee may recommend suitable performance related variable payments linked to the performance of the Director concerned and of the Company.

c. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

d. Provisions for excess remuneration

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

e. Stock Options

The Committee shall determine the stock options and other share based payments to be made to Whole Time Directors, subject to prevailing guidelines of SEBI, if any.

3. Remuneration to Non- Executive / Independent Director

a. Remuneration / Commission

Commission may be paid within the monetary limit approved by shareholders, subject to the limits prescribed in the Act computed as per the applicable provisions of the Act.

b. Sitting Fees

The Non- Executive /Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee.

Provided that the amount of such fees shall not exceed the amount as may be prescribed by the Central Government from time to time.

Annexure 'C'

to the directors' report

c. Stock Options

An Independent Director shall not be entitled to any stock option of the Company.

- d. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as remuneration, if the following conditions are satisfied:
- i) The Services are rendered by such Director in his capacity as the professional; and
 - ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

4. Remuneration to Key Managerial Personnel and Senior Management

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

5. Other Employees

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

V. Remuneration Duties

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

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

VI. Implementation

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

VII. Policy Review

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

VIII. Dissemination

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

Annexure 'D'

to the directors' report

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

Qualifications

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

Positive attributes

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

Independence

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

Annexure 'E'

to the directors' report

Secretarial Audit Report for the financial year ended 31st March, 2018

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2017-18

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

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

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

We report that, during the period under review, the Company has complied with the provisions of the Act, Rules,

Annexure 'E'

to the directors' report

Regulations and Guidelines mentioned above except the following:-

- a) The Company has not submitted any information /documents with the Calcutta Stock Exchange. In this regard we have been informed that the Company has applied for delisting of its shares from Cochin, Delhi and Calcutta Stock Exchanges in February, 2004. The Cochin and Delhi Stock Exchange have delisted the shares of the Company but the delisting application with the Calcutta Stock Exchanges is still pending. In view of the pendency of delisting application, the Company has stopped sending any information to the Calcutta Stock Exchange and has also reported the matter to SEBI.
- b) There was seven (7) days delay in submission of Financial Results for the Financial Year ended 31st March, 2017 with BSE Ltd. & National Stock Exchange of India Ltd. as required under regulations 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. In this regard, we have been informed that the Board Meeting of the Company was held on 30th May, 2017 for approval of the Financial Results. However, due to non-availability of quorum, the meeting was adjourned and as per the provisions of the Companies Act, 2013, the adjourned meeting was held after seven days i.e. on 6th June, 2017. As a result, the above delay was occurred.

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

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

requiring compliance thereof by the Company during the Financial Year.

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

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

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

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

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

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

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

(CS KAMLESH OJHA)
PARTNER

ACS No. : 39476
CP No. : 14660

Raipur
11th August, 2018

Annexure 'E'

to the directors' report

ANNEXURE-A to Secretarial Audit Report

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

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

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

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

(CS KAMLESH OJHA)
PARTNER

ACS No. : 39476

CP No. : 14660

Raipur
11th August, 2018

Annexure 'F'

to the directors' report

Annual Report on CSR Activities

Brief Outline of CSR Policy

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

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

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

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

CSR Committee

As per the requirement, your Company is required to constitute a corporate social responsibility (CSR) committee of the Board of Directors comprising three or more directors with at least one being independent director. Your Company has a Board Committee (CSR Committee) that oversees the execution of CSR Policy to ensure that the CSR objectives of the Company are met. The Committee comprises of:

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

Financial details

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

Particulars	Amount (₹ Lakh)
Average net profit of the Company for last three financial years	9,049.10
Prescribed CSR expenditure (2% of net profit as computed above) (including unspent amount of 2016-17 - ₹ 3.08 lakh)	184.06
Details of CSR Expenditure during 2017-18	
Total amount to be spent	184.06
Amount spent	177.06
Amount unspent*	7.00

* will be spent in 2018-19

Annexure 'F'

to the directors' report

Details of CSR spent during the financial year 2017-18

S. No.	CSR Project or activity identified	Sector in which the project is covered (as per clauses of Schedule VII to Companies Act, 2013)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay	Amount spent on the projects or programs Subheads: (1)Direct expenditure on projects or programs. (2)Overheads	Cumulative Expenditure upto the reporting period	Amount Spent Direct or through Implementing Agency
1	Healthcare	Clause (i)	Raipur and Dongarbore in Chhattisgarh	20.00	18.17	18.17	Direct
2	Education	Clause (ii)	Raipur and Dongarbore in Chhattisgarh	80.00	75.25	75.25	Direct/ Implementing agency*
3	Environment	Clause (iv)	Raipur and Dongarbore in Chhattisgarh	10.00	8.31	8.31	Direct
4	Empowering Women	Clause (iii)	Raipur and Dongarbore in Chhattisgarh	2.00	1.63	1.63	Implementing agency@
5	Art & Culture	Clause (v)	Raipur and Dongarbore in Chhattisgarh	8.00	8.08	8.08	Direct / implementing agency#
6	Armed Forces veterans	Clause (vi)	Raipur in Chhattisgarh	–	0.10	0.10	Direct
7	Livelihood projects	Clause (ii)	Raipur in Chhattisgarh	–	0.82	0.82	Direct
8	Sports	Clause (vii)	Raipur and Dongarbore in Chhattisgarh	2.00	0.17	0.17	Direct
9	Rural development projects	Clause (x)	Raipur and Dongarbore in Chhattisgarh	52.00	55.81	55.81	Direct
10	Administrative Expenses	Office	Raipur	10.06	8.72	8.72	
			Total	184.06	177.06	177.06	

* Friends of Tribal Society / Trusts

@ Rashtriya Mahila Samiti / other organisations

Indian National Trust / ISKON/Others

Responsibility Statement

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

K.K. Sarda
(Chairman & Managing Director)

P.R. Tripathi
(Chairman – CSR Committee)

Annexure 'G'

to the directors' report

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

A. Conservation of energy

i) steps taken or impact on conservation of energy :	PELLET	
	i)	Medium Voltage drive provided in ID fan Motor (1,120 KW, 6.6 KV) for speed variation and as a result energy saved 3,000-5,000 kwh per day.
	ii)	3 Nos 18 W solar lighting providing as result 4 nos 250W HPSV lamp eliminated.
	iii)	Kiln Girth gear reversal was done & realignment of the kiln done by which 20A current reduced (300 Units per day).
	SPONGE IRON PLANT	
	iv)	Coal circuit at 500 T P D modified for single crusher operation through diverters.
	v)	Energy saving LED light fixing in plant at various locations.
	POWER PLANT	
vi)	Replacement of TG-02 to reduce specific steam consumption.	
FERRO ALLOYS PLANT		
iii)	vii)	Installation of VVFD in GCP-C I.D Fan.
ii) the steps taken by the Company for utilising alternate sources of energy :	In Pellet plant we have provided 3 nos of solar powered street light.	
iii) the capital investment on energy conservation equipments :	₹ 2,213.84 lakh	

B. Technology absorption

i) the efforts made towards technology absorption :	i)	Pellet Plant - Elimination of Hydraulic coupler of ID fan for speed variation by introducing Medium Voltage Drive technology.
ii) the benefits derived like product improvement, cost reduction, product development or import substitution :	Import Substitute Pellet Plant A. Replacement of China make primary Ball Mill by segmented design Indian make (CPW Limited) for better reliability, improved availability & enhancement of production B. Replacement of China make over size & under size roller screen by indigenous. C. Use of indigenous Travelling grate spares (water cooled & solid shaft). D. Cost Reduction – Installation of Double roll crusher for DRC material crushing and directly use as a filter cake. Eliminating regrinding in Ball Mill. Cost reduction: ₹ 300.00/MT grinding cost Power Plant A. Replacement of Old Turbine with energy efficient BHEL make Turbine.	
iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- :	-----	

Annexure 'G'

to the directors' report

a) the details of technology imported	:	-----
b) the year of import	:	-----
c) whether the technology has been fully absorbed	:	-----
d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	:	-----
iv) the expenditure incurred on Research and Development	:	Expenditure on R & D is not specifically accounted for. Internal team undertakes the R & D activities.

C. Foreign exchange earnings and outgo

1 total foreign exchange earnings and outgo (₹ in crore)		
a) Foreign exchange earnings	:	₹ 14.65
b) Foreign exchange outgo	:	₹ 223.48

On behalf of the Board of Directors

Raipur
11th August, 2018

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

Annexure 'H'

to the directors' report

FORM No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2018

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

I. Registration and other details

CIN	L27100MH1973PLC016617
Registration Date	23.06.1973
Name of the Company	Sarda Energy & Minerals Limited
Category / Sub-Category of the Company	Public company / Limited by shares
Address of the Registered Office and contact details	73-A, Central Avenue, Nagpur (M.H.) 440018 Tel: +91-712-2722407 Fax: +91-712-2722107
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Big Share Services Private Limited 1st Floor, Bharat Tin Works Building Opp. Basant Oasis, Makwana Road Marol, Andheri East, Mumbai - 400059, Maharashtra Tel: +91-22-6263 8200, Fax: +91-22-6263 8299 E-mail : investor@bigshareonline.com

II. Principal Business Activities of the Company

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

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Sponge Iron/Ferro Alloys/Billet/Wire-rod/ Iron ore Pellet	241 - Manufacture of basic iron and steel	90.76%

III. Particulars of Holding, Subsidiary and Associate Companies

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Sarda Energy & Minerals Hongkong Limited 5th Floor, Dah Sing Life Bldg.,99-105 Des Voeux Road, Central, Hongkong	NA	Subsidiary	100.00%	2(87)(ii)
Sarda Global Venture Pte. Limited 9, Raffles Place, #57-00, Republic Plaza, Singapore - 048619	NA	Subsidiary	100.00%	2(87)(ii)
Sarda Global Trading DMCC* Unit No.1241, DMCC Business Centre, Level No.1, Jeweller & Gemplex 3, Dubai, UAE	NA	Subsidiary	100.00%	2(87)(ii)
Sarda Metals & Alloys Limited 125-B Wing, Mittal Court, Nariman Point, Mumbai	U51420MH2008PLC187689	Subsidiary	100.00%	2(87)(ii)
Sarda Energy Limited Vanijya Bhawan, 1st Floor, Sai Nagar Devendra Nagar Road, Raipur	U40102CT2008PLC000406	Subsidiary	100.00%	2(87)(ii)

Annexure 'H'

to the directors' report

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Madhya Bharat Power Corporation Limited E-585, Ground Floor, Greater Kailash - II, New Delhi	U74899DL1994PLC061349	Subsidiary	62.41%	2(87)(ii)
Parvatiya Power Limited 136 Khari Bazar, Ranikhet, Uttranchal	U40101UP1994PLC017151	Subsidiary	51.00%	2(87)(ii)
Sarda Hydro Power Private Limited Agarwal Bhavan, Bakharabad, Cuttack, Orissa	U40101OR1999PTC005781	Subsidiary	60.00%	2(87)(ii)
Raipur Fabritech Private Limited 125-B Wing, Mittal Court, Nariman Point, Mumbai	U28910MH2011PTC221297	Subsidiary	52.38%	2(87)(ii)
Raipur Industrial Gases Private Limited 125-B Wing, Mittal Court, Nariman Point, Mumbai	U40300MH2011PTC224871	Subsidiary	51.00%	2(87)(ii)
Natural Resources Energy Private Limited JMG House, Near Abhivadan House, Panchsheel Nagar, Raipur	U40101CT2007PTC020163	Subsidiary	71.55%	2(87)(ii)
Chhattisgarh Hydro Power LLP House No.A/02, VIP Road, Moul Shree Vihar, Raipur	AAA-2277	Subsidiary	60.00%	2(87)(ii)
Shri Ram Electricity LLP Vanijya Bhawan, 1st Floor, Sai Nagar, Devendra Nagar Road, Raipur	AAA-2517	Subsidiary	51.00%	2(87)(ii)
Raipur Infrastructure Company Limited Siddharth, Geeta Nagar, Raipur	U45203CT2004PLC016321	Associate	33.33%	2(6)
Madanpur South Coal Company Limited Industrial Growth Centre, Siltara, Raipur	U10300CT2006PLC020006	Associate	20.63%	2(6)

* Company incorporated on 06.03.2018. However, initial capital infused in April, 2018. Hence no information to report for the year 2017-18.

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	79,07,697	0	79,07,697	21.95	79,07,397	0	79,07,397	21.93	(0.01)
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	1,78,64,232	0	1,78,64,232	49.58	1,79,89,232	0	1,79,89,232	49.90	0.32
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
f i) Firm	0	0	0	0.00	1,47,731	0	1,47,731	0.41	0.41
Sub-Total (A)(1) :	2,57,71,929	0	2,57,71,929	71.53	2,60,44,360	0	2,60,44,360	72.25	0.72

Annexure 'H'

to the directors' report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A)(2):	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	2,57,71,929	0	2,57,71,929	71.53	2,60,44,360	0	2,60,44,360	72.25	0.72
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	1,21,037	650	1,21,687	0.34	0	0	0	0.00	(0.34)
b) Banks / FI	51,479	2,600	54,079	0.15	31,570	2,500	34,070	0.09	(0.06)
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	250	250	0.00	0	250	250	0.00	0.00
g) FIs	92,720	0	92,720	0.26	11,220	0	11,220	0.03	(0.23)
h) Foreign Portfolio Investors	7,69,473	0	7,69,473	2.13	9,81,771	0	9,81,771	2.73	0.60
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1):	10,34,709	3,500	10,38,209	2.88	10,24,561	2,750	10,27,311	2.85	(0.03)
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	14,10,009	11,199	14,21,208	3.94	14,91,703	9,949	15,01,652	4.17	0.23
ii) Overseas	18,04,891	0	18,04,891	5.01	16,84,891	0	16,84,891	4.67	(0.34)
b) Individuals									
i) Individual Share holders holding nominal share capital upto ₹ 1 lakh	38,13,513	4,59,152	42,72,665	11.86	34,90,603	3,25,680	38,16,283	10.59	(1.27)
i) Individual Share holders holding nominal share capital in excess of ₹ 1 lakh	12,17,441	0	12,17,441	3.38	11,86,952	0	11,86,952	3.29	(0.09)

Annexure 'H'

to the directors' report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
c i) NRIs	1,87,224	0	1,87,224	0.52	1,88,403	0	1,88,403	0.52	0.00
c ii) Directors & Relatives	98,174	7,841	1,06,015	0.29	1,11,219	7,841	1,19,060	0.33	0.04
c iii) NBFC's regd. with RBI	2,750	0	2,750	0.01	3,085	0	3,085	0.01	0.00
c iv) Clearing Member	2,08,066	0	2,08,066	0.58	3,49,441	0	3,49,441	0.97	0.39
c v) Trusts	0	0	0	0.00	500	0	500	0.00	0.00
c vi) IEPF	0	0	0	0.00	1,27,297	0	1,27,297	0.35	0.35
Sub-Total (B)(2):	87,42,068	4,78,192	92,20,260	25.59	86,34,094	3,43,470	89,77,564	24.90	(0.69)
Total Public Share holding (B)=(B)(1)+(B)(2)	97,76,777	4,81,692	1,02,58,469	28.47	96,58,655	3,46,220	1,00,04,875	27.75	(0.72)
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	3,55,48,706	4,81,692	3,60,30,398	100.00	3,57,03,015	3,46,220	3,60,49,235	100.00	0.00

Note: During the year 17-18, total No. of shares increased due to issue of 18,837 equity shares under ESOP Scheme.

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding as on 01.04.2017			Shareholding at on 31.03.2018			% change
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Chhatisgarh Investments Limited	1,36,63,760	37.923	0	1,37,88,760	38.250	0	0.327
2	Sarda Agriculture & Properties Private Limited	26,35,150	7.314	0	26,35,150	7.310	0	(0.004)
3	Prachi Agriculture & Properties Private Limited	15,65,322	4.344	0	15,65,322	4.342	0	(0.002)
4	G.D. Sarda	13,92,378	3.864	0	13,92,378	3.862	0	(0.002)
5	Kamal Kishore Sarda	13,09,149	3.633	0	13,09,149	3.632	0	(0.002)
6	J.K. Sarda	11,72,365	3.254	0	11,72,365	3.252	0	(0.002)
7	Shakuntala Sarda	10,14,518	2.816	0	10,14,518	2.814	0	(0.001)
8	Chhatisgarh Investments Limited (Firm)	0	0.000	0	1,47,731	0.410	0	0.410
9	Veena Sarda	7,02,350	1.949	0	7,02,350	1.948	0	(0.001)
10	Pankaj Sarda	6,91,107	1.918	0	6,91,107	1.917	0	(0.001)
11	Premalata Sarda	4,68,910	1.301	0	4,68,910	1.301	0	(0.001)
12	Uma Sarda	4,89,425	1.358	0	4,89,425	1.358	0	(0.001)
13	Dr. K.K. Rathi	6,000	0.017	0	6,000	0.017	0	0.000
14	Manish Sarda	2,37,570	0.659	0	2,37,570	0.659	0	0.000
15	Aditya Sarda	1,12,840	0.313	0	1,12,840	0.313	0	0.000

Annexure 'H'

to the directors' report

Sl. No.	Shareholders Name	Shareholding as on 01.04.2017			Shareholding at on 31.03.2018			% change
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
16	Raghav Sarda	1,12,840	0.313	0	1,12,840	0.313	0	0.000
17	Neeraj Sarda	98,490	0.273	0	98,490	0.273	0	0.000
18	Anant Sarda	49,140	0.136	0	49,140	0.136	0	0.000
19	J.K. Sarda (HUF)	21,716	0.060	0	21,716	0.060	0	0.000
20	Shashi Rathi	19,767	0.055	0	19,767	0.055	0	0.000
21	Aditi Sarda	9,132	0.025	0	9,132	0.025	0	0.000
	Total	2,57,71,929	71.528	0	2,60,44,660	72.247	0	0.719

Note: Change in % holding except Chhatisgarh Investments Limited & Chhatisgarh Investments Limited (firm) is due to issue of 18,837 shares under ESOP Scheme.

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

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
1	Chhatisgarh Investments Limited	At the beginning of the year	1,36,63,760	37.92					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			08.03.2018	Purchase	10,000	1,36,73,760	37.93
					15.03.2018	Purchase	1,15,000	1,37,88,760	38.25
		At the end of the year	1,37,88,760	38.25					
2	Sarda Agriculture & Properties Private Limited	At the beginning of the year	26,35,150	7.31					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
			At the end of the year	26,35,150	7.31				
3	Prachi Agriculture & Properties Private Limited	At the beginning of the year	15,65,322	4.34					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
			At the end of the year	15,65,322	4.34				

Annexure 'H'

to the directors' report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
4	Ghanshyam Sarda	At the beginning of the year	13,92,378	3.86					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	13,92,378	3.86					
5	Kamal Kishore Sarda	At the beginning of the year	13,09,149	3.63					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	13,09,149	3.63					
6	J. K. Sarda	At the beginning of the year	11,72,365	3.25					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	11,72,365	3.25					
7	Shakuntala Sarda	At the beginning of the year	10,14,518	2.82					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	10,14,518	2.81					
8	Chhatisgarh Investments Limited (Firm)	At the beginning of the year	0	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			22.06.2017	Purchase	18,595	18,595	0.05
					23.06.2017	Purchase	22,830	41,425	0.11
					27.06.2017	Purchase	37,276	78,701	0.22
					28.06.2017	Purchase	24,403	1,03,104	0.29
					30.06.2017	Purchase	3,707	1,06,811	0.30
					04.07.2017	Purchase	1,272	1,08,083	0.30
					07.07.2017	Purchase	39,648	1,47,731	0.41
	At the end of the year	1,47,731	0.41						

Annexure 'H'

to the directors' report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
9	Veena Sarda	At the beginning of the year	7,02,350	1.95					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	7,02,350	1.95					
10	Pankaj Sarda	At the beginning of the year	6,91,107	1.92					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	6,91,107	1.92					
11	Premlata Sarda	At the beginning of the year	4,68,910	1.30					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	4,68,910	1.30					
12	Uma Sarda	At the beginning of the year	4,89,425	1.36					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	4,89,425	1.36					
13	Dr. K.K. Rathi	At the beginning of the year	6,000	0.02					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	6,000	0.02					

Annexure 'H'

to the directors' report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
14	Manish Sarda	At the beginning of the year	2,37,570	0.66					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	2,37,570	0.66					
15	Aditya Sarda	At the beginning of the year	1,12,840	0.31					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	1,12,840	0.31					
16	Raghav Sarda	At the beginning of the year	1,12,840	0.31					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	1,12,840	0.31					
17	Neeraj Sarda	At the beginning of the year	98,490	0.27					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	98,490	0.27					
18	Anant Sarda	At the beginning of the year	49,140	0.14					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	49,140	0.14					

Annexure 'H'

to the directors' report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
19	J.K. Sarda (HUF)	At the beginning of the year	21,716	0.06					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	21,716	0.06					
20	Shashi Rathi	At the beginning of the year	19,767	0.05					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			10.04.2017	Sale	(300)	19,467	0.05
		At the end of the year	19,467	0.05					
21	Aditi Sarda	At the beginning of the year	9,132	0.03					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			NIL			NIL	
		At the end of the year	9,132	0.03					

Note: Change in % holding except Chhatisgarh Investments Limited & Chhatisgarh Investments Limited (firm) is due to issue of 18,837 shares under ESOP Scheme.

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

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
1	Asia Minerals Limited	At the beginning of the year	18,04,891	5.01	09.02.2018	Sale	(5,000)	17,99,891	4.99
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			16.03.2018	Sale	(1,15,000)	16,84,891	4.67
		At the end of the year	16,84,891	4.67					

Annexure 'H'

to the directors' report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
2	ICICI Prudential Dynamic Plan	At the beginning of the year	1,21,037	0.34					
		Datewise Increase/			17.11.2017	Sale	(8,398)	1,12,639	0.31
		Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):			24.11.2017	Sale	(1,12,639)	0	0.00
		At the end of the year	0	0.00					
3	Pratibha Endeavar Private Limited	At the beginning of the year	2,90,000	0.80	NIL			NIL	
		Datewise Increase/			09.02.2018	Sale	(2,139)	28,7861	0.80
		Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):			10.02.2018	Sale	(24,000)	2,63,861	0.73
		At the end of the year	2,63,861	0.73					
4	Fortune Couriers Limited	At the beginning of the year	2,82,503	0.78	14.07.2017	Sale	(5,000)	2,77,503	0.77
		Datewise Increase/			28.07.2017	Sale	(5,000)	2,72,503	0.76
		Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):			15.09.2017	Purchase	5,000	2,77,503	0.77
					15.12.2017	Purchase	6,000	2,83,503	0.79
					29.12.2017	Sale	(2,975)	2,80,528	0.78
					30.12.2017	Sale	(2,000)	2,78,528	0.77
					19.01.2018	Sale	(5,500)	2,73,028	0.76
					09.02.2018	Sale	(5,000)	2,68,028	0.74
					16.03.2018	Purchase	6,500	2,74,528	0.76
	At the end of the year	2,74,528	0.76						
5	Prachi Sarda	At the beginning of the year	70,842	0.20	NIL			NIL	
		Datewise Increase/							
		Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):							
	At the end of the year	70,842	0.20						
6	Ajay Natwarlal Vora 13015200 00153044	At the beginning of the year	1,38,000	0.38	NIL			NIL	
		Datewise Increase/							
		Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):							
	At the end of the year	1,38,000	0.38						

Annexure 'H'

to the directors' report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year		
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares	
7	Acadian Emerging Markets Small Cap Equity Fund LLC	At the beginning of the year	1,44,301	0.40						
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):				11.08.2017	Purchase	15,961	1,60,262	0.44
						25.08.2017	Purchase	28,729	1,88,991	0.52
						13.10.2017	Purchase	8,790	1,97,781	0.55
						02.02.2018	Purchase	19,491	2,17,272	0.60
At the end of the year	2,17,272	0.60								
8	Subramanian P	At the beginning of the year	1,04,810	0.29						
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):				11.08.2017	Sale	(9,160)	95,650	0.27
						25.08.2017	Sale	(1,080)	94,570	0.26
						01.09.2017	Sale	(900)	93,670	0.26
						15.09.2017	Sale	(180)	93,490	0.26
						20.09.2017	Sale	(900)	92,590	0.26
						31.10.2017	Sale	(1,350)	91,240	0.25
						03.11.2017	Sale	(5,850)	85,390	0.24
						24.11.2017	Sale	(900)	84,490	0.23
						05.01.2018	Sale	(5,186)	79,304	0.22
						12.01.2018	Sale	(11,914)	67,390	0.19
					09.02.2018	Sale	(900)	66,490	0.18	
			23.02.2018	Sale	(475)	66,015	0.18			
At the end of the year	66,015	0.18								
9	The Board of Regents of the University of Texas System Acadian Asset Management	At the beginning of the year	1,01,668	0.28						
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):				11.08.2017	Purchase	16,976	1,18,644	0.33
						25.08.2017	Purchase	17,465	1,36,109	0.38
						01.09.2017	Purchase	17,540	1,53,649	0.43
						26.01.2018	Purchase	13,676	1,67,325	0.46
At the end of the year	1,67,325	0.46								
10	Anup Kumar Chhawchharia	At the beginning of the year	1,00,000	0.28						
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):				01.09.2017	Sale	(50,000)	50,000	0.14
						08.09.2017	Sale	(24,798)	25,202	0.07
						15.09.2017	Sale	(25,202)	0	0.00
At the end of the year	0	0.00								

Annexure 'H'

to the directors' report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
11	Prabhudas Liladhar Private Limited	At the beginning of the year	4,399	0.01					
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			07.04.2017	Purchase	5,000	9,399	0.03
					14.04.2017	Purchase	5,218	14,617	0.04
					21.04.2017	Sale	(5,918)	8,699	0.02
					28.04.2017	Sale	(3,833)	4,866	0.01
					05.05.2017	Sale	(2,129)	2,737	0.01
					12.05.2017	Sale	(491)	2,246	0.01
					19.05.2017	Sale	(1,011)	1,235	0.00
					26.05.2017	Purchase	348	1,583	0.00
					02.06.2017	Sale	(78)	1,505	0.00
					09.06.2017	Purchase	300	1,805	0.01
					16.06.2017	Sale	(100)	1,705	0.00
					23.06.2017	Sale	(300)	1,405	0.00
					30.06.2017	Sale	(870)	535	0.00
					14.07.2017	Purchase	982	1,517	0.00
					21.07.2017	Sale	(44)	1,473	0.00
					28.07.2017	Purchase	2,334	3,807	0.01
					04.08.2017	Purchase	1,728	5,535	0.02
					11.08.2017	Purchase	250	5,785	0.02
					18.08.2017	Sale	(5,540)	245	0.00
					25.08.2017	Sale	(10)	235	0.00
					01.09.2017	Purchase	10	245	0.00
					08.09.2017	Purchase	165	410	0.00
					15.09.2017	Sale	(250)	160	0.00
					20.09.2017	Purchase	1050	1,210	0.00
					21.09.2017	Sale	(50)	1,160	0.00
					28.09.2017	Purchase	358	1,518	0.00
					29.09.2017	Purchase	7,152	8,670	0.02
					06.10.2017	Purchase	4,759	13,429	0.04
					13.10.2017	Purchase	5,668	19,097	0.05
					20.10.2017	Purchase	2,237	21,334	0.06
					27.10.2017	Purchase	3,896	25,230	0.07
					31.10.2017	Sale	(15)	25,215	0.07
					03.11.2017	Purchase	2,768	27,983	0.08
					10.11.2017	Purchase	1,462	29,445	0.08
					17.11.2017	Purchase	3,958	33,403	0.09
					24.11.2017	Purchase	4,885	38,288	0.11
					01.12.2017	Sale	(5,597)	32,691	0.09
					08.12.2017	Purchase	2,910	35,601	0.10
					15.12.2017	Purchase	45,336	80,937	0.22
					22.12.2017	Sale	(1,335)	79,602	0.22
					29.12.2017	Purchase	4,115	83,717	0.23
					05.01.2018	Purchase	25,877	1,09,594	0.30
					12.01.2018	Sale	(14,480)	95,114	0.26

Annexure 'H'

to the directors' report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
					19.01.2018	Purchase	11,002	10,6116	0.29
					26.01.2018	Sale	(4,960)	1,01,156	0.28
					02.02.2018	Sale	(3,066)	98,090	0.27
					09.02.2018	Sale	(7,978)	90,112	0.25
					16.02.2018	Sale	1,997	92,109	0.26
					23.02.2018	Sale	(1,126)	90,983	0.25
					02.03.2018	Purchase	5,130	96,113	0.27
					09.03.2018	Sale	(1,545)	94,568	0.26
					16.03.2018	Purchase	18,408	1,12,976	0.31
					23.03.2018	Purchase	7,966	1,20,942	0.34
					30.03.2018	Sale	(176)	1,20,766	0.34
		At the end of the year	1,20,766	0.34					
12	Pension Reserves Investment Trust Fund - Acadian	At the beginning of the year	67,178	0.19					
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			25.08.2017	Purchase	13,517	80,695	0.22
					01.09.2017	Purchase	13,527	94,222	0.26
					26.01.2018	Purchase Purchase	11,822	1,06,044	0.29
		At the end of the year	1,06,044	0.29					
13	Suresh Bhatia	At the beginning of the year	0	0.00					
		Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			18.08.2017	Purchase	15,000	15,000	0.04
					25.08.2017	Purchase	50,000	65,000	0.18
					08.09.2017	Purchase	37,559	1,02,559	0.28
					20.10.2017	Purchase	2,441	1,05,000	0.29
		At the end of the year	1,05,000	0.29					

Annexure 'H'

to the directors' report

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
1	Kamal Kishore Sarda	At the beginning of the year	13,09,149	3.63					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	13,09,149	3.63					
2	Pankaj Sarda	At the beginning of the year	6,91,107	1.92					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	6,91,107	1.92					
3	Uma Sarda	At the beginning of the year	4,89,425	1.36					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	4,89,425	1.36					
4	C. K. Lakshmi-narayanan	At the beginning of the year	7,000	0.02	05.08.2017	ESOP	1,000	8,000	0.02
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	8,000	0.02					
5	A. K. Basu	At the beginning of the year	2,000	0.01	05.08.2017	ESOP	2,000	4,000	0.01
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	4,000	0.01					
6	G. S. Sahni	At the beginning of the year	2,334	0.01	05.08.2017	ESOP	1,166	3,500	0.01
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	3,500	0.01					

Annexure 'H'

to the directors' report

Sl. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
7	J. Balakrishnan	At the beginning of the year	833	0.00	05.08.2017	ESOP	834	1,667	0.00
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	1,667	0.00					
8	Rakesh Mehra	At the beginning of the year	5,170	0.01	05.08.2017	ESOP	4,834	10,004	0.03
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			13.01.2018	SALE	(267)	9,737	0.03
		At the end of the year	9,737	0.03					
9	P. R. Tripathi	At the beginning of the year	0	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	0	0.00					
10	P. K. Jain (WTD & CFO)	At the beginning of the year	9,000	0.02					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			27.07.2017	Purchase	173	9,173	0.03
					28.07.2017	Purchase	900	10,073	0.03
		At the end of the year	10,073	0.03					
11	Manish Sethi (CS)	At the beginning of the year	1,680	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NA		NA	
		At the end of the year	1,680	0.00					

Annexure 'H'

to the directors' report

V. Indebtedness

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

(₹ in lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	35,226.22	4,450.00	-	39,676.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	104.06	-	-	104.06
Total (i+ii+iii)	35,330.28	4,450.00	-	39,780.28
Change in Indebtedness during the financial year				
Addition	6,702.12	-	-	6,702.12
Reduction	(13,405.09)	(450.00)	-	(13,855.09)
Net Change	(6,702.97)	(450.00)	-	(7,152.97)
Indebtedness at the end of the financial year				
i) Principal Amount	28,545.52	4,000.00	-	32,545.52
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	81.79	-	-	81.79
Total (i+ii+iii)	28,627.31	4,000.00	-	32,627.31

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. K. K. Sarda	Mr. Pankaj Sarda	Mr. P. K. Jain (WTD & CFO)	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	144.54	70.25	50.05	264.84
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.40	0.29	0.29	0.98
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Options	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission				
	a) as % of profit	300.00	0.00	0.00	300.00
	b) others, specify....	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	444.94	70.54	50.34	565.82
	Ceiling as per the Act	10% of the net profits of the Company.			

Annexure 'H'

to the directors' report

B. Remuneration to other Directors :

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of Director							Total
		Mrs. Uma Sarda	Mr. C.L. Lakshmi-narayanan	Mr. A.K. Basu	Mr. Rakesh Mehra	Mr. P.R. Tripathi	Mr. G.S. Sahni	Mr. J. Bala-krishnan	
	Independent Directors:								
	* Fee for attending board / committee meetings	0.00	1.60	2.00	0.50	1.50	1.60	2.30	9.50
	* Commission	0.00	3.00	3.00	3.00	3.00	3.00	3.00	18.00
	* Others, please specify (Stock option)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (1)	0.00	4.60	5.00	3.50	4.50	4.60	5.30	27.50
	Other Non Executive Directors								
	* Fee for attending board committee meetings	1.20	0.00	0.00	0.00	0.00	0.00	0.00	1.20
	* Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	* Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	1.20	0.00	0.00	0.00	0.00	0.00	0.00	1.20
	Total (B) = (1+2)	1.20	4.60	5.00	3.50	4.50	4.60	5.30	28.70
	Total Managerial Remuneration [^]								594.52
	Overall Ceiling as per the Act	11% of the net profits of the Company							

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

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

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel [§]	Total
		Company Secretary	
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	12.29	12.29
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	0.00	0.00
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00
2	Stock Options	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission		
	a) as % of profit	0.00	0.00
	b) others, specify....	0.00	0.00
5	Others, please specify	0.00	0.00
	Total	12.29	12.29

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

Annexure 'H'

to the directors' report

VII. Penalties / Punishment / Compounding of Offences

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

Annexure 'I'

to the directors' report

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

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

Details about top ten employees in terms of remuneration drawn during 2017 - 18

Name	Designation	Remuneration received (₹ in Lakh)	Nature of employment, whether contractual or otherwise	Qualification	Total Experience	Date of commencement of employment	Age	Last employment held	Names of other directors related to the employee
Mr. K.K. Sarda	Chairman & Managing Director	444.94	Contractual	B.E. (Mech.)	42 Years	16.12.1978	66 years	----	Mr. Pankaj Sarda, Mrs. Uma Sarda
Mr. P. Sarda	Joint Managing Director	70.54	Contractual	BE(Ind. Engg.),MS(A)	15 Years	01.04.2003	39 Years	-----	Mr. K. K. Sarda, Mrs. Uma Sarda
Mr. R.T. Laddha	ED	55.47	Permanent	BE	23 Years	14.06.1995	46 Years	-----	-----
Mr. P.K. Jain	WTD & CFO	50.34	Permanent	Bcom, CA, CS	32 Years	12.04.1997	55 Years	Somaiya Organo Chem. Limited	-----
Mr. A.K. Roy	Head-Siltara Operation	47.83	Permanent	BE-Metal	32 Years	10.12.2010	54 Years	-----	-----
Mr. M.K. Maheshwari	Sr. VP-Corp.	39.05	Permanent	M Tech., MBA	34 Years	18.06.2008	58 Years	IDBI Bank	-----
Mr. A.K. Nanda	Head-Pellet Plant	40.39	Permanent	BSC-Engg	42 Years	03.08.2011	65 Years	Tata Sponge Iron Limited	-----
Mr. S. Laddha	Head-Legal & Mines	39.33	Permanent	BE-Electronics	15 Years	01.09.2003	48 Years	-----	-----
Mr. Sanjeev Agrawal	Head - Commercial	33.58	Permanent	B.E. (Mech.)	29 Years	27.08.2007	54 Years	Torrent Power	-----
Mr. Girish Kumar Lakhota	Head -Project	27.87	Permanent	BE(Mechanical)	17 Years	01.10.2001	56 Years	-----	-----

Notes:

- 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.
- Other terms and conditions are as per Company's rules/scheme.

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

Name	Mr. Kamal Kishore Sarda
Designation	Chairman & Managing Director
Remuneration received	444.94
Nature of employment, whether contractual or otherwise	Contractual
Qualification and experience	B.E. (Mech.) More than 42 years of industrial experience
Date of commencement of employment	16th December, 1978
Age	66 years
Last employment held	---
Names of other directors related to the employee	Mr. Pankaj Sarda, Mrs. Uma Sarda

Notes:

- 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.
- Other terms and conditions are as per Company's rules/scheme.

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

Chairman & Managing Director
DIN: 00008170

Raipur
11th August, 2018

Annexure 'J'

to the directors' report

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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18:

S. No.	Name of Director / KMP	Remuneration of Director/ KMP for F.Y. 2017-18 (Rs. in lakh)	% increase in Remuneration in the F.Y. 2017-18	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. K.K. Sarda	444.94	24.98	146.71
2	Mr. Pankaj Sarda	70.54	21.12	23.26
3	Mr. P.K. Jain – CFO & WTD	50.34	3.43	16.60
4	Mrs. Uma Sarda	1.20	20.00	0.40
5	Mr. C.K. Lakshminarayanan	4.60	12.20	1.52
6	Mr. J. Balakrishnan	5.30	-	1.75
7	Mr. G. S. Sahni	4.60	9.52	1.52
8	Mr. P.R. Tripathi	4.50	7.14	1.48
9	Mr. A.K. Basu	5.00	(12.28)	1.65
10	Mr. Rakesh Mehra	3.50	(14.63)	1.15
11	Mr. Manish Sethi (CS)	12.29	(0.32)	4.05

- ii) The median remuneration of employees of the Company during 2017-18 was ₹ 3.03 lakh.
- iii) In 2017-18, there was an increase of 6.69% in the median remuneration of employees.
- iv) There were 1,223 permanent employees on the rolls of Company as on 31st March, 2018.
- v) Average % increase in the salaries of employees other than the managerial personnel in the last financial year, i.e. 2017-18 was 8.78% as against 8.10% in the previous year. There was an increase of 21.50% in the managerial remuneration for the same period.
- vi) Commission to Chairman & Managing Director is approved by the Nomination & Remuneration Committee keeping in view the performance of the Company. Commission to Non-executive Directors is based on the involvement and contribution towards governance practices and discharging fiduciary duties.
- vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

On behalf of the Board of Directors

Raipur
11th August, 2018

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

Management Discussion and Analysis

The operating and financial review is intended to convey the Management's perspective on the financial and operating performance of the Company for the Financial Year 2017-18. This Report should be read in conjunction with the Company's financial statements, the schedules and notes thereto and other information included elsewhere in the Annual Report. This report is an integral part of the Directors' Report.

INDUSTRY STRUCTURE AND DEVELOPMENT

Global Economy

The Global economy, in 2017, experienced a cyclical recovery, reflecting a rebound in investment, manufacturing activity and trade, encompassing more than half of the world's economies. This improvement comes against the backdrop of rising profits, firming commodity prices and improved business sentiment across economies. The global economy is steadily moving ahead with a growth forecast of 3.1% in 2018 projected by the World Bank.

However, disorderly financial market movements, such as an abrupt tightening of global financing conditions or a sudden rise in financial market volatility, could trigger financial turbulence and potentially derail the expansion. In addition, increasing interest rates, escalating trade protectionism or rising geopolitical risk could also negatively affect confidence, trade, and overall economic activity.

Indian Economy

The year 2017 was marked by a number of key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future. The thrust of the government has been to tackle long term issues such as tax reforms, creating enabling infrastructure, etc. Initiatives like the GST, accelerated infrastructure investments by the government, bank recapitalization and the bad loan resolution framework are all helping the industry and stakeholders look forward to a better tomorrow. Additionally, some improvements on the industry sector emanated from a steady rise in utilities and a revival in manufacturing activity. This turnaround in production levels is possibly a reflection of growing consumption demand.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years. India's GDP is estimated to have increased 6.7% in 2017-18 and is expected to grow 7.3% in 2018-19.

Currently, the economy seems to be on the path to recovery. We believe that India's economic outlook remains promising and is expected to strengthen further. However, the signs of green shoots should not be taken for granted as downside risks remain. Even as broad economic indicators point toward sustained recovery and improving optimism, the Indian economy is still at cross-roads with growth and opportunity being challenged by policy issues, global economic protectionist measures, oil prices and subsequent challenges on the monetary front. Managing these issues by the government and the central bank will determine the pace and direction of growth for all sectors in India.

Iron and Steel

During 2017, global crude steel production reached 1,691 mt, up 5.3% y-o-y. Steel production increased in all the major regions with China producing 832 mt of steel, up 5.6% y-o-y. Steel production in the EU and North America increased 4.8% and 4.1% to 116 mt and 169 mt respectively. During 2017, global steel consumption registered a growth of 2.8%, driven by strong demand from China.

India's steel production grew 6.2% y-o-y to 101 mt in 2017. India has surpassed Japan to become the second largest producer of steel in 2018. During 2017, steel consumption grew by around 5.2%. Lag in consumption growth was mainly due to implementation of economic policies like demonetization and GST, which impacted demand for short period of time. Rapid urban population growth, substantial government investment in infrastructure, expansion of housing and manufacturing sector will aid steel consumption growth in India.

However, issues related to land acquisition for green field projects, obtaining mining leases, approvals, transfer of title, etc. continue to hinder the growth of industry. Infrastructure and logistics— availability and costs— also hinder competitiveness of the iron and steel industry. There are significant deficiencies in infrastructure to support the material movement in huge volumes.

Government of India's focus on infrastructure and restarting road projects is aiding the boost in demand for steel. The National Steel Policy (NSP) 2017, envisages, by 2030, the per capita steel consumption at 160 kg & the total steel capacity at 300 Million tones. Overall, the macro-economic situation looks better than previous year. While Global steel industry continue to grapple with over capacity, weak demand growth, dumping of steel at predatory prices by some countries & volatile input prices; improving growth momentum in advanced & key emerging markets & broad-basing of trade remedial measures will provide stability to steel industry.

Management Discussion and Analysis

Sponge Iron

On the back of supportive policy environment and improved performance, Indian sponge iron industry has got a big boost. India is world's largest sponge iron producer with an annual installed capacity of 46-47 MT. India is followed by Iran which is second in the production of DRI.

During 2017-18, Indian, sponge iron production was 23.92 MT as against 21.08 mt in the previous year, registering an increase of 13.47%. Production of Gas based plants increased by 8.20% to 7.61 mt, whereas the production of coal based plants increased by 16.13% to 16.31 mt. During FY2018-19, domestic sponge iron production is expected to increase by 10%, mainly due to increased availability of iron ore and iron ore pellets. Globally too, due to positive sentiments in the steel market, sponge iron production has increased. With the new DRI plants coming up that uses the PERED (joint Iranian – German) technology, Iran is set to become the top producer of DRI in the world soon. India needs to come up with DRI production that must be competitive by global standard and is environmental friendly.

Ferro Alloys

Ferro Alloys finds extensive application in the manufacturing of different grades of steel. Growing demand of higher strength steel, due to lack of viable substitutes, in end-user industries will be an important driver for the global ferro alloy market.

Over last decade, average Manganese content per ton of carbon steel has increased by 10% and would continue to rise due to following factors:

- Increase in structural steels consumption for infrastructure and buildings, which requires strength, so tend to have high manganese content
- Chinese building / earthquake resistance standards will continue to tighten, leading to higher Mn content in steel (especially rebar)
- Strong demand potential from India and other early-stage developing nations
- Increasing use of high-strength steels in automotive sector

With the increase in crude steel production, there will be 4.5 MnT additional requirement of Mn alloys by 2025. Helped by continued strength in global steel production, prices for both, Mn ore & alloys is expected to remain buoyant in most regions of the world.

Ferro Alloys is a power intensive industry with power contributing to a substantial component in total production cost. Presently, most of the Ferro Alloys manufacturers are also engaged in generation of power for captive use. With increase in energy prices coupled with depreciation in the value of rupee against the US dollar, coal imports for fulfillment of fuel needs of the country, has become expensive resulting in to increase in power costs. The industry is quite dependent on imports of manganese ore, coke and coal due to insufficient availability in the country.

Owing to the lack of a viable alternative that can meet the diverse applications, the future of the global ferroalloys market is healthy, expanding at an estimated CAGR of 5.9% during the forecast period of 2017 to 2025. The prosperity of the building and construction industry in a number of emerging economies is another key driver of the global ferro alloys market, wherein the development of lightweight and high strength steel grades is expected to open new opportunities. The market for ferroalloys, worldwide, is projected to reach a valuation of US\$188.7 bn by the end of 2025, significantly up from its evaluated worth of US\$112.8 bn in 2016. On the other hand, stringent governmental regulations pertaining to the environment and high operational costs in terms of mineral resources, raw materials, energy, machinery, transportation costs, and labor costs are two glaring restraints over the global ferro alloys market.

Power

India is the third largest producer and fourth largest consumer of electricity in the world. India also has the fifth largest power generation capacity in the world. Sustained economic growth continues to drive electricity demand in India. However the rate of growth is slowing down year after year after FY 2014-15. From growth of 8.43% in FY 2014-15 it has come down to 3.95% in FY 2017-18. The thermal power dominates installed capacity constituting 64.8% of installed capacity followed by renewable power (20.1%), hydro (13.2%) and Nuclear (2%). The Govt.'s focus on renewable energy has yielded results and during FY 2017-18 renewable energy generation recorded growth of 23.48%. Hydro power recorded negative growth of 3.07%.

The sector is suffering from over capacity due to huge capacity addition of 1,20,000 MW in 12th 5year plan on the base of 2,00,000 MW resulting into idle capacity and loan repayment default. Banks have stopped financing capacity addition in thermal power sector. The demand-supply gap is compressing with tapering capacity additions and accelerated retirements of old capacities. This also reflects in the improving plant load factor (PLF), or capacity utilisation in FY18, and a rebound in merchant tariffs. Similarly, after seven years of decline, industry PLF improved by 100 basis points

Management Discussion and Analysis

year on-year to 51% (excluding renewables) and by 100 basis points to 58% in case of only thermal (coal and gas) power capacities. The Government of India's focus on attaining 'Power for all' has also accelerated demand growth in the country.

India's power sector, dogged by supply overhang and debt for long, is showing early signs of revival. While coal supplies are improving backed by government's initiatives such as supply of coal under "Shakti", companies continue to face headwinds on various fronts. The power sector continues to remain in darkness as companies barely managed to grow, led by rising input cost, lack of a power purchase agreements (PPA) and subdued merchant rates. Availability of coal continues to remain a big issue. A part of this is due to logistic issues, which is hampering evacuation of coal.

Opportunities and Threats

Opportunities

The Steel and power sector suffered a severe downturn on the back of huge capacity addition and cancellation of captive coal mine allotments. This resulted into many companies defaulting in their financial commitments, under capacity utilization and closure of many of plants. This also built up huge non-performing loans for banks, challenging their survival. The Govt. and RBI has come out with a framework for speedy resolution of such non-performing loans through IBC. This provides a big opportunity to the companies who survived this downturn and have strong financials to avail such opportunities. Your Company is among such companies.

For the next 25 years, India will require huge investment for infrastructure development. Investment will be required across all sectors ranging from road, airports, shipping, power, logistics and telecom. Steel consumption for housing construction is also likely to rise due to the "housing for all" initiative which aims to build around 12 million units in urban areas over next three years and 10 million units in rural areas by 2019.

Over the years, India's low-cost skilled manpower has attracted various industries including petroleum products, machinery and equipment, textiles and leather products. Several companies in these industries have announced expansion plans (including building new manufacturing plants/facilities) to address the growing demand, leading to a higher intake of steel. Additionally, demand from automobile industry and expansion of the pipeline network for transporting petroleum products is also set to increase the demand for steel.

Sponge Iron is no longer considered as an alternative to scrap rather it is considered as a raw material for steel making. It is being used as a principle raw material and is charged at 40-80% of the charge mix in furnaces. As per the National steel policy, the crude steel production target for India is set at 300 MnT by 2030. Share of sponge iron in steel making will be 80MnT, which will create huge opportunity for sponge iron industry and the growing demand for steel will also drag upwards, the demand for ferro alloys.

The increasing environmental awareness and Govt. push provides a lot of opportunity in Renewable energy sector. Your Company is having allocation of multiple small hydro power projects and plans to execute all these projects. Having gained experience in this field your company is well placed to take advantage of emerging opportunity in this field.

The Company foresees a good opportunity and base for growth in its core area of operations owing to strong manufacturing base, developed infrastructure, sufficient land in possession, environmental clearances, strong financials and available mineral resources.

Threats

India may be a destination for imported steel flows diverted from global trade, consequent to trade protection measures adopted by many importing countries. Particularly, steel imports from South Korea and Japan may surge due to the US imposition of a 25% duty. Chinese exports have also slowed down considerably. In the current scenario where steel demand is slowing down in China and exports to the US are restricted, Chinese exports may seek to re-enter a growing Indian market, again directly or indirectly.

Presently there are no visible threats in the short and medium term in the sponge iron industry. However smooth availability of key raw materials and environmental concerns might pose significant challenge in the future.

The manganese alloy industry faces an adverse competition in exports from the product of Malaysian origin owing to low costs of energy in that country. However that is substantially offset by other higher production costs in that country. Weaknesses in the power sector in terms of large underutilized capacities, muted demand, bunched capacity addition, soft merchant power prices, lack of power purchase agreements and weak discoms may pose threat to the competitiveness of the power industry.

Outlook

As per the World Steel Association ('WSA'), global steel demand is expected to grow at 1.8% in 2018 to 1.62 billion tonnes and a further 0.7% in 2019 to reach 1.63 billion tonnes. Broad-based global growth momentum is expected to

Management Discussion and Analysis

aid growth in advanced as well as developing markets. However, possible escalation of trade tensions between US and China and rising inflationary pressure due to oil prices poses a significant risk to the outlook.

The domestic consumption story is positive as is evident in the demand pull visible across various sectors. India's prospects continue to remain bright considering that India's per capita consumption is one-third of the global average and government intends to increase it to approximately 160 kg by 2030. Government is also driving the economy by investing in various infrastructure projects. Favourable domestic demand and remunerative prices in both domestic and international markets are likely to bolster steel production further in the years to come, resulting into more demand for sponge iron. The captive mineral resources provide competitive advantage to your company with scope for sustainable expansion.

However, disagreement in economic policies and performance across regions, continued volatility in currency, commodity and capital markets will continue to affect the industry. Ferro Alloys is purely dependent on the demand for steel in the country. Although, the picture for India in terms of steel demand looks bright, many major steel companies are under stress due to debt burden on the balance sheet. Further, cheaper steel imports from countries like China can cause havoc to the domestic steel companies which can impact the demand for Ferro Alloys. Highly volatile prices of Chrome ore and manganese ore also pose a risk to the realizations of the domestic ferro alloy producers.

With the Government focusing on increasing the non-renewable energy, the Company with its presence into the hydro power segment through its subsidiaries offers a bright future in this segment. The Company, being an integrated steel and ferro alloys producer, expects to improve its profitability margins owing improved efficiency of plants, improved revenue stream from its products. The Company believes that with massive spending on infrastructure being lined up, with the developed infrastructure readily available with Company, the outlook for the sectors in which the Company operates appears to be stable/positive.

Risks and Concerns

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

Risk	Risk-mitigating factors
Economic/Industrial risk -Cyclical nature of business -Unforeseen demand upsurge	-Captive mineral resource -Fully integrated process -Proximity to market -Diversification in hydro power providing consistent cash flows
Environmental risk -Discharge of pollutants -Compliances	-Adequately equipped with pollution-control devices to observe norms -Regular upgradation and maintenance of the equipment to avoid discharge of pollutants in the environment
Financial risk -Availability of funds for capex and business operations	-Low debt and gearing ratio and efficient financial management
Currency fluctuation -unfavourable rupee/foreign currency movement	-Substantial amount of import and export providing natural hedge -Regular review of exposure at highest level -Forward contracts and bookings
Input risk -procurement of raw materials at the right cost and in the right time.	-Captive mineral resource -integrated business model makes it possible for the end product of one business to be positioned as the raw material of another -creation of a self-feeding ecosystem within minimal inventory, costing and logistic issues
Regulatory risk -Compliance with the ever changing applicable statutes and guidelines, rules and regulations	-complies with all applicable statutory requirements and has systems in place to ensure compliance with the regulatory changes, if any

Management Discussion and Analysis

Risk	Risk-mitigating factors
Safety risk -Healthy and safe working of workmen	-Regular health check-ups -Regular safety audit by independent team and compliance review, preventive maintenance of Machines and equipment to avoid any unforeseen accidents -Adequate arrangements of fire station and dispensaries to address emergency situations
Human resources -retaining talent at various levels is a challenge	-ample opportunity of growth and development of individual -safety and security, motivation, performance linked remuneration in line with market -Sharing growth through ESOP

Internal control System and Their Adequacy

Your Company has in place an adequate system of internal control commensurate with its size and nature of business. The system provides a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

Your Company has a business planning system to set targets and parameters for operations. Actual performance is compared with targets and deviations analysed for corrective action.

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

The Company's Audit Committee reviews adherence to internal control systems, internal audit reports and legal compliances. This committee reviews all quarterly and yearly results of your Company and recommends the same to Board for its approval.

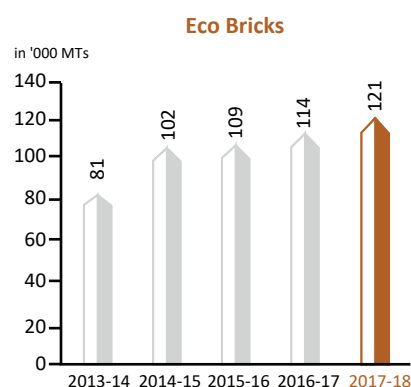
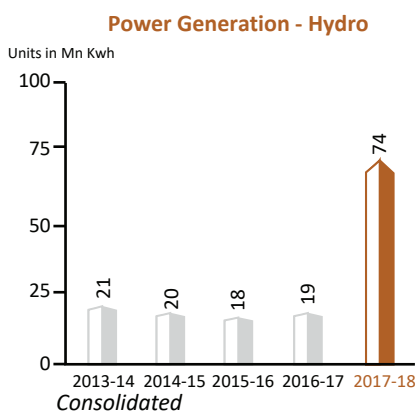
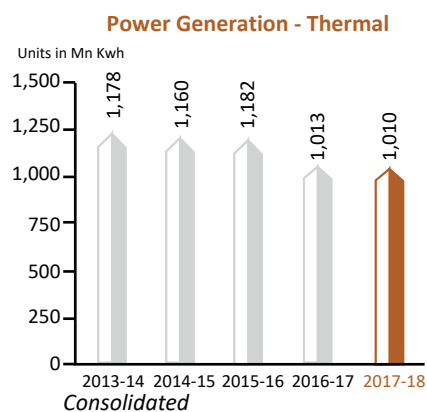
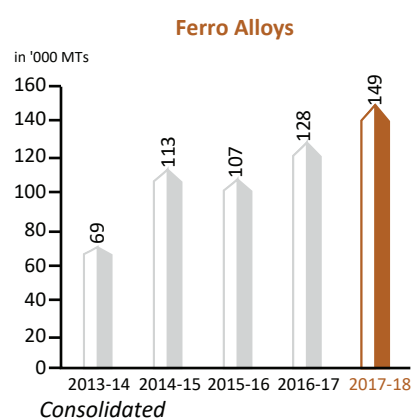
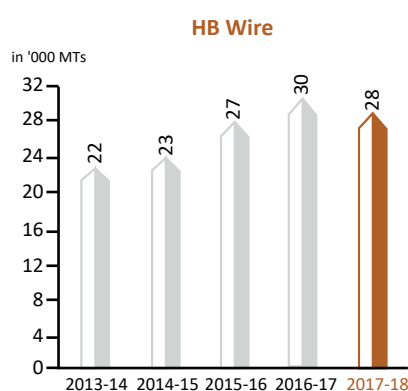
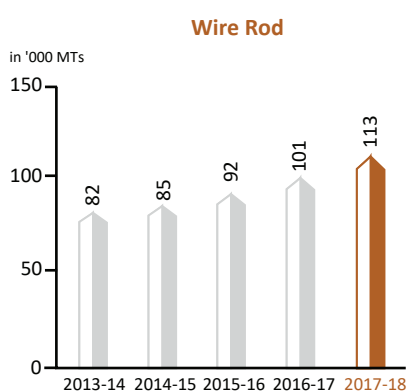
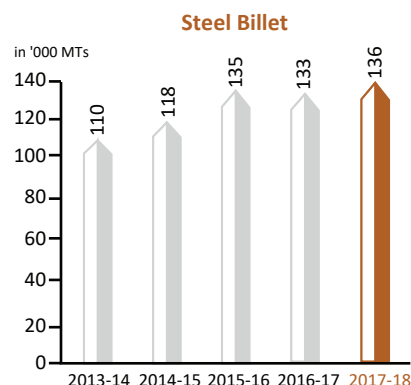
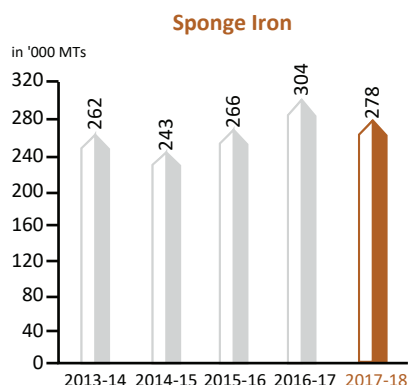
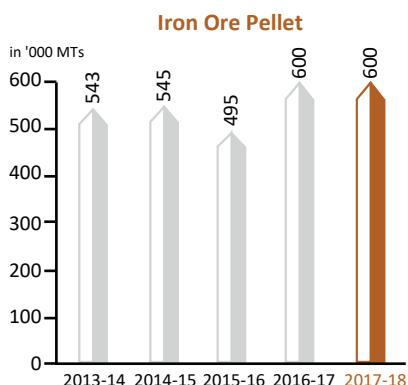
Product-wise Performance

The product wise performance matrix for the year 2017-18 is summarized hereunder:

Product	Production (MTs)		Sales (MTs)		Captive consumption (MTs)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Pellet	5,99,950	5,99,925	3,83,831	2,07,786	2,05,987	4,09,741
Sponge Iron	2,78,147	3,04,193	1,50,415	1,76,315	1,31,285	1,26,614
Steel Billet	1,36,349	1,33,442	19,633	29,456	1,17,148	1,05,027
Wire Rod	1,13,466	1,01,176	85,567	72,348	28,184	30,002
HB Wire	27,763	29,552	28,615	29,387	-	-
Ferro Alloys*	1,49,258	1,27,602	1,49,316	1,20,548	1,964	1,959
Power (Mn Kwh)*	1,084	1,032	218	216	781	711
Iron Ore	5,40,620	1,48,427	-	-	4,28,094	1,60,152

* Consolidated figures

Management Discussion and Analysis



Financial Performance vis a vis Operational Performance

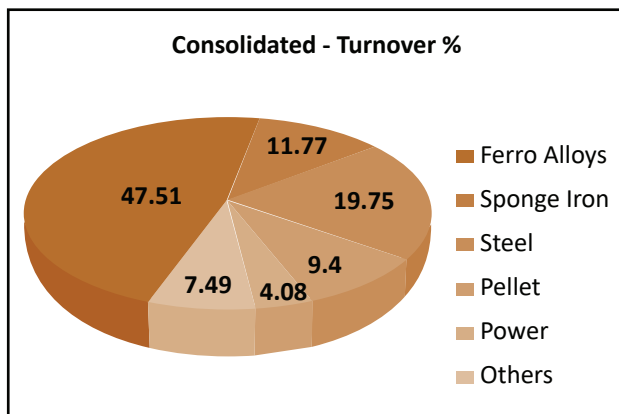
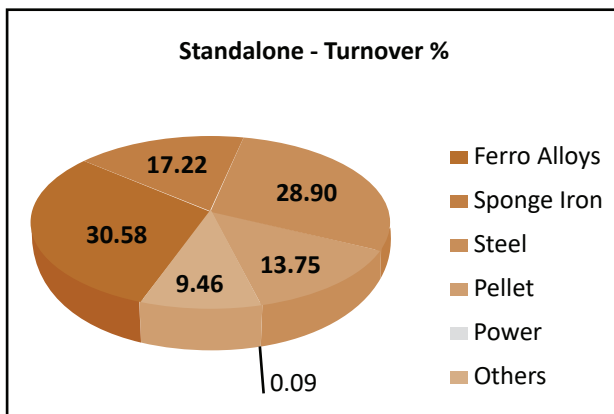
Turnover

During 2017-18, your Company achieved a turnover of ₹ 1,515 crore on standalone basis as against ₹ 1,147 crore in the previous year registering a growth of 32%. At the consolidated levels, the turnover in 2017-18 stood at ₹ 2,217 crore as against ₹ 1,571 crore in the year 2016-17, registering a growth of 41%. The turnover for 2017-18 is the highest ever till date, achieved by your Company.

Management Discussion and Analysis

Breakup of revenue (%)(Product wise)

Product	2017-18	2016-17	2017-18	2016-17
	Standalone		Consolidated	
Ferro Alloys	30.58	33.36	47.51	44.17
Steel – billets, wire rods and HB wire	28.90	32.81	19.75	23.96
Sponge Iron	17.22	21.11	11.77	15.41
Pellet	13.75	8.62	9.40	6.30
Power	0.09	0.14	4.08	6.01
Others (including eco bricks and trading)	9.46	3.96	7.49	4.15



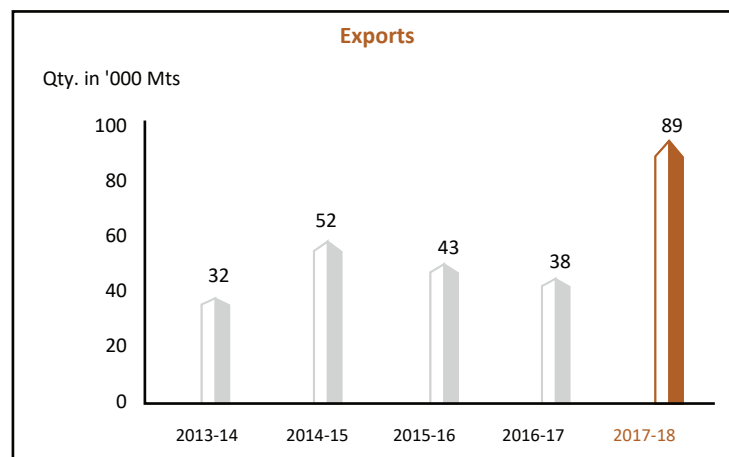
Breakup of consolidated revenue (Entity wise)

(₹ in crore)

Company	2017-18	2016-17	Product
Sarda Energy & Minerals Limited	1,465	1,125	Steel, Ferro alloys & Thermal Power
Sarda Metals & Alloys Limited	720	440	Ferro Alloys & Thermal Power
Parvatiya Power Limited	6	6	Hydro Power
Chhattisgarh Hydro Power LLP	26	-	Hydro Power

Exports

During 2017-18, the exports stood at 89,092 MT as against 38,300 MT in the previous year. Better export realizations led to increase in exports. Export markets for ferro alloys are catered mainly from Sarda Metals' plant located near the port. Sarda Metals & Alloys Limited has been awarded the EEPIC award for highest growth in exports during 2016-17 in large enterprise category. Standalone exports of your Company stood at 11,283 MT (PY 3,532 MT) including first time export of wire rod of 2,705 MT. During the year your company also exported Iron ore Pellet indirectly.



Note: Export for 2017-18 includes 2705 MT of Wire Rod export.
Consolidated

Management Discussion and Analysis

(₹ in Crore)

	2017-18	2016-17	Reason for change
Finance cost			
Standalone	36	42	Down by 14.29% due to repayment of term loans
Consolidated	97	94	Up by 3.19% on account of commissioning of 24 MW hydro power project
Depreciation			
Standalone	49	47	Installation of new Turbine generator sets in Power plant
Consolidated	73	69	24 MW hydro power plant commissioned during the year
Other Expenses			
Standalone	140	129	Electricity duty on consumption of power post expiry of exemption during the previous year and also power purchased from Sarda Metals during partial shutdown of power plant for new turbine installation
Consolidated	217	200	Increase in electricity duty expense

Exceptional Items

This represents compensation recovered by Power Grid Corporation of India Limited on account of shelving of 350 MW power project. Though the Company has filed appeal against the claim, it has booked the same in expenses as a prudent practice.

	2017-18	2016-17	Reason for change
Profitability			
Standalone	PBT -269	PBT - 162	Increase in volume, increased production of iron ore from captive mine and better realizations
	PAT - 188	PAT - 131	
Consolidated	PBT -294	PBT - 150	Increase in capacity utilization and better realizations at Sarda Metals & Alloys Limited Commencement of operations by Chhattisgarh Hydro Power LLP in July'17
	PBT -206	PBT - 127	

Non-Current Assets

	2017-18	2016-17	Reason for change
Property Plant & Equipment			
Standalone	Gross -750	Gross - 706	Installation of new turbine in Power Plant, modification in Railway siding and sundry capexes in various plants
	Net - 606	Net - 609	
Consolidated	Gross -2,354	Gross - 2,125	Besides standalone, on account capex related to hydro projects in Madhya Bharat Power Corporation Limited and Chhattisgarh hydro Power LLP
	Net - 2,142	Net - 1,982	
Investments			
Standalone	619	512	Further investments of ₹ 107 crore in subsidiaries mainly in Madhya Bharat Power Corporation Limited and Chhattisgarh Hydro Power LLP
Consolidated	55	22	Conversion of loan given for Indonesian coal mine into investment
Loans and advances			
Standalone	6	5	increase in Appeal deposits to government authorities
Consolidated	17	15	
Other non-current assets			
Standalone	13	21	Reduction in capital advances consequent to delivery of equipments and completion of the Capex
Consolidated	68	43	Increase in capital advances for ongoing projects

Management Discussion and Analysis

Current assets

(₹ in Crore)

	2017-18	2016-17	Reason for change
Inventories			
Standalone	304	252	increase in stock of raw materials
Consolidated	411	343	
Investments			
Standalone	73	64	increase in mark-to market value of the investment
Consolidated	233	203	increase in mark-to market value of the investment and temporary investments made by subsidiaries, pending utilization of funds in the project
Trade receivables			
Standalone	62	50	Bulk export of wire rod nearly at the end of March 2018
Consolidated	131	106	Export receivables in standalone and Sarda Metals and Alloys Limited
Bank and cash balances			
Standalone	0.98	0.89	Includes unpaid dividend lying in the bank. Increase due to increase in the amount in fixed deposits and current accounts with the banks
Consolidated	21.00	10.00	
Loans and advances			
Standalone	187	205	reduced due to reduction in loan granted to others
Consolidated	210	256	
Other current assets			
Standalone	89	76	Increase in advance to SECL for linkage coal. Accumulated on account of non-availability of rakes for supply
Consolidated	125	133	Reduced by 6.02%

Share Capital

In 2017-18 the equity share capital has increased nominally on account of issue of 18,837 equity shares under ESOP Scheme implemented by your Company.

Non-current Liabilities

	2017-18	2016-17	Reason for change
Borrowings			
Standalone	140	190	Repayment of loans
Consolidated	1,059	1,015	Fresh disbursement in MBPCL for ongoing project

All the loans and the interest payment commitments were met on time

During the year, CARE had maintained the ratings at CARE A1 (A one) (P.Y. CARE A1) for short term loans and CARE A (Single A) (P.Y. CARE A) for the long term loans.

Other long term liabilities

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

At the consolidated levels, other long term liabilities stood at ₹ 15 crore as against ₹ 13 crore in the previous year. The increase was mainly on account of increase in security deposits from vendors/contractors.

Management Discussion and Analysis

Current liabilities

(₹ in Crore)

	2017-18	2016-17	Reason for change
Short term borrowings			
Standalone	186	207	higher credit availed on import of raw material
Consolidated	327	348	
Trade payables			
Standalone	127	76	Increase in import of raw materials on which company avails higher credit period due to low cost of funds
Consolidated	131	111	
Other financial liabilities			
Standalone	62	121	Reduction in the current maturities of long term debts and also retiring of liability against bills discounted from the banks
Consolidated	162	186	
Other current liabilities			
Standalone	20	9	advance received from the customers
Consolidated	29	16	
Provisions			
Standalone	10	9	Increase in provision for expenses payable
Consolidated	11	10	

Material Developments in Human Resource/Industrial Relations

Human Resources [HR] play a key role in helping companies meet the challenges of global competition. HR has undergone considerable evolution over the past decade. HR now have access to more data than ever before to help make key decisions and a number of great learning opportunities have emerged to continue with existing jobs more effectively. HR is more concerned with creating and administering HR policies & procedures that assist the organization in achieving its strategic objectives.

Globalization of the world economy and other trends have triggered changes in how companies organize, manage, and use their HR resources. Adopting a planned process to modify attitude, knowledge, skill behaviour through training & development to achieve effective performance has become the focus of HR activities.

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

Your Company had previously ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications. These certifications have been upgraded to the revised international standards of ISO 9001:2015 & ISO 14001:2015. This initiative will help your Company to broaden its base on quality/safety/health/environment. Behavior Based Safety (BBS) journey is also in place to eliminate unsafe behavior patterns.

6 QC teams of your Company participated in CCQC-17 (Chapter convention on quality concept) of Bhilai chapter. Out of 6 teams, 5 were LQC team (Lean quality circle) and 1 was QC team (Quality circle). All the teams achieved "Gold Award" in this convention and qualified for NCQC-17 (National convention on quality concept). In NCQC-17 which was held in Mysore, 5 teams have bagged "Par excellence Award" & 1 team has been awarded "Excellence". Your company has also won "Silver" award from 'Society of Energy Engineers & Energy Managers' (SEEM-2017) under Sponge Iron category at the 4th National Energy Management Award.

As of 31st March, 2018, the total number of employees stood at 1,223 as compared to 1,261 in the previous year.

Cautionary Statement

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

Corporate Governance Report

1. Company's philosophy on Corporate Governance

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

- **Transparency** : We believe in dissemination of information on time and in transparent manner.
- **Protecting Stakeholders' interest** : As a trustee for various stakeholders, we believe in safeguarding and balancing the interest of all stake holders.
- **Integrity and ethics** : We believe in our commitments and strive to set high ethical standards.
- **Corporate and social responsibilities** : We believe in caring for environment and surrounding communities.

Your Company would constantly endeavor to improve these aspects.

2. Board of Directors

2.1 Composition

The Board of Directors comprises of ten directors, including two wholtime promoter directors, one wholtime professional director, one non-executive women promoter director and six non-executive independent directors. The non-executive independent directors are eminent professionals having rich and sound experience in diverse fields related to the business of your Company.

The names and categories of the directors on the board and other relevant information, as on 31st March, 2018, are as under:

Names of the Directors	Category	No. of other Directorships held**	Member/ Chairman of other Board committees@	No. of shares held in the Company
Mr. K.K. Sarda^	Promoter/ Executive	7	-	13,09,149
Mr. Pankaj Sarda^	Promoter/Wholtime	11	3	6,91,107
Mr. P.K. Jain	Professional/Wholtime	4	-	10,073
Mrs. Uma Sarda^	Promoter/Non-executive	1	-	4,89,425
Mr. Rakesh Mehra	Independent /Non-executive	1	1	9,737
Mr. A.K. Basu	Independent/ Non-executive	1	3	4,000
Mr. P.R. Tripathi	Independent/ Non-executive	7	6	NIL
Mr. G.S. Sahni	Independent /Non-executive	8	3	3,500
Mr. C.K. Lakshminarayanan	Independent/ Non-executive	3	3	8,000
Mr. Jitender Balakrishnan	Independent/ Non-executive	10	7	1,667

** Excluding directorships in foreign companies and the Company.

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

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

2.2 Board Meetings

The members of the Board are provided with the requisite information mentioned in the Listing Regulations well before the Board Meetings. Six meetings of the Board of Directors were held during the year ended 31st March, 2018 as given hereunder:

i)	6th June, 2017	ii)	5th August, 2017	iii)	28th September, 2017
iv)	4th November, 2017	v)	10th February, 2018	vi)	18th March, 2018

Corporate Governance Report

The attendance record of the Directors at the Board Meetings during the year ended on 31st March, 2018 and at the last Annual General Meeting is as under:-

Names of the Directors	No. of Board Meetings attended	Last AGM attended
Mr. K.K. Sarda	6	Yes
Mr. Pankaj Sarda	5	Yes
Mr. P.K. Jain	6	Yes
Mrs. Uma Sarda	6	Yes
Mr. Rakesh Mehra	2	No
Mr. A.K. Basu	5	Yes
Mr. P.R. Tripathi	5	Yes
Mr. G.S. Sahni	5	Yes
Mr. C.K. Lakshminarayanan	6	Yes
Mr. Jitender Balakrishnan	6	Yes

2.3 Governance Policies

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

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

2.4 Meetings of Independent Directors

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

During the year, various familiarization programmes were conducted for the Independent Directors. The details of the same are available at <http://sem1.co.in/Corporate%20Governance/Familiarisation%20Programmes.pdf>

2.5 Code of Conduct

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

A copy of the Code has been put on the Company's website (www.sem1.co.in.) The Code has been circulated to Directors and Senior Executives and its compliance is affirmed by them annually. A declaration signed by the Chairman & Managing Director is given below:

"I hereby confirm that the Company has obtained from all the members of the Board and senior executives, affirmation that they have complied with the Code of Conduct for Board of Directors and Senior Executives in respect of the financial year 2017-18.

K. K. Sarda
Chairman & Managing Director

Corporate Governance Report

2.6 Particulars of Directors seeking appointment/reappointment

Details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) in respect of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting to be held on 21st September, 2018 are given as under:

1	Name	Mr. Padam Kumar Jain
2	i) Age	55 years
	ii) Qualification	Fellow Member of the Institute of Chartered Accountants of India and Associate Member of the Institute of Company Secretaries of India.
	iii) Date of appointment	01.06.2016
3	Experience	More than 32 years in the field of corporate finance and secretarial matters.
4	Other Directorships/ Partnerships	Madhya Bharat Power Corporation Limited Sarda Dairy & Food Products Limited Sarda Solutions & Technologies Private Limited Sarda Power & Steel Limited
5	Chairman/ Member of Committees	–
6	Shareholding in the Company	10,073 Equity Shares
7	Relationship with Directors	None

3. Committees of the Board

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

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

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

Corporate Governance Report

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

Board Committees	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Meetings held	4	4	7	2	1
Attendance:					
Mr. K.K. Sarda	NA	2	NA	2	1
Mr. Pankaj Sarda	3	NA	NA	1	1
Mrs. Uma Sarda	NA	NA	NA	NA	NA
Mr. P.K. Jain	NA	NA	NA	NA	1
Mr. A.K. Basu	3	NA	7	NA	NA
Mr. C.K. Lakshminarayanan	4	NA	NA	NA	NA
Mr. G.S. Sahni	3	3	NA	NA	NA
Mr. J. Balakrishnan	NA	4	7	NA	NA
Mr. P. R. Tripathi	NA	3	NA	2	NA
Mr. Rakesh Mehra	1	NA	NA	NA	NA

3.3 Procedure at Committee Meetings

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

3.4 Terms of Reference of Board Committees

Audit Committee

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

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

Nomination & Remuneration Committee

The Nomination & Remuneration Committee is responsible for:

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

Corporate Governance Report

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

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

The Executive Directors have been paid remuneration as per terms of their appointment. The Non-Executive Directors have been paid sitting fees for meetings of the Board and/or Committees attended by them. Also, pursuant to the approval of members, Non-Executive Independent Directors have been paid Commission on the net profits of your company for the year 2017-18.

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

Name of the Director	Salary	Perquisites & Allowances	Retiral Benefits	Commission	Total	Stock Options granted*
Mr. K.K. Sarda	128.64	0.40	15.90	300.00	444.94	NIL
Mr. Pankaj Sarda	62.15	0.29	8.10	-	70.54	NIL
Mr. P.K. Jain [#]	44.33	0.29	5.72	-	50.34	NIL

[#] Also holds the office of CFO

* No stock options were granted during the year.

Note:

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

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

Name of the Director	Sitting fees	Commission	Total
Mr. A.K. Basu	2.00	3.00	5.00
Mr. C.K. Lakshminarayanan	1.60	3.00	4.60
Mr. G.S. Sahni	1.60	3.00	4.60
Mr. J. Balakrishnan	2.30	3.00	5.30
Mr. P.R. Tripathi	1.50	3.00	4.50
Mr. Rakesh Mehra	0.50	3.00	3.50
Mrs. Uma Sarda	1.20	-	1.20

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

Stakeholders' Relationship Committee

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

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

The number of complaints received during the year : 20 complaints were received which were attended in time. Apart from the above, requests for issue of duplicate shares, share transmissions, revalidation of warrants and change in bank account details, were also received and were attended promptly.

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

Number of pending complaints : No complaint was pending for redressal as on 31st March, 2018.

Corporate Governance Report

Corporate Social Responsibility Committee

The role of the Committee is to:

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

Risk Management Committee

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

4. General Body Meetings

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

Date	Time	Location	Special Resolution Passed
28th September, 2017	11.00 a.m.	Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025	Special Resolution to issue NCDs upto and aggregate amount not exceeding ₹ 500 crore was passed.
30th September, 2016	11.30 a.m.	Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025	No Special Resolution was passed in the meeting
28th September, 2015	3.00 p.m.	Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025	No Special Resolution was passed in the meeting

Special Resolution(s) passed through Postal Ballot

During 2017-18, no Special Resolution was passed through Postal Ballot. No Special Resolution is proposed to be passed through Postal Ballot as on the date of this report.

5. Means of communication

Quarterly, half-yearly and annual results are submitted to the stock exchange in accordance with the Listing Regulations and published in Indian Express (English) and Loksatta (vernacular) newspapers. The financial results and other relevant information are placed simultaneously on your company's website - www.seml.co.in. No official news releases were made to the institutional investors or to the analysts during the year. During the year, presentations have been made to the institutional investors/analysts which have been submitted with the Stock Exchanges and have also been uploaded on the Company's website.

6. General shareholder information

Annual General Meeting	: Date: 21st September, 2018
	: Time: 11.00 a.m.
	: Venue: Hotel Pride, Opp. Airport, Wardha Road, Nagpur (M.H.) 440025
Financial calendar for 2018-19 (tentative)	:
Financial results for the quarters ended:	:
30th June, 2018	: 1st week of August, 2018
30th September, 2018	: 2nd week of November, 2018
31st December, 2018	: 2nd week of February, 2019
31st March, 2019	: 4th week of May, 2019 (audited)
Annual General Meeting (for F.Y. 2018-19)	September, 2019
Dividend payment date (for F.Y. 2017-18)	Within 5 days from 21st September, 2018

Corporate Governance Report

Listing on stock exchanges

Equity shares

- : The shares of the company are listed on the following exchanges:
- BSE Limited, Mumbai (504614)
 - The National Stock Exchange of India Limited, Mumbai (SARDAEN)
ISIN no. NSDL & CDSL - INE385C01013

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

No Security of the Company has been suspended from trading on any of the stock exchanges where they are listed. Your company has paid annual listing fees to the BSE Limited and to The National Stock Exchange of India Limited, Mumbai, for the equity shares for the financial year 2018-19.

Registrar and share transfer agents (for physical and electronic) (for equity shares and NCD)

- : Bigshare Services Private Limited
1st Floor, Bharat Tin Works Building
Opp. Vasant Oasis, Makwana Road
Marol, Andheri East, Mumbai - 400059 (M.H.)

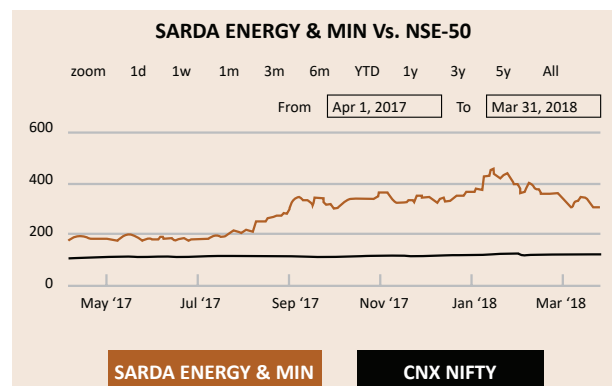
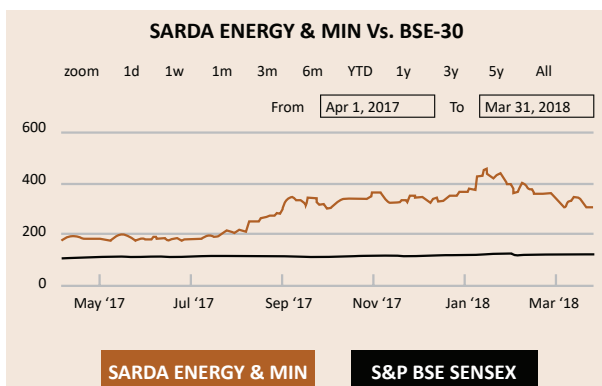
Share transfer system

- : Share transfers in physical form can be lodged with the R&T agents at the above address. Transfers are, if the documents are complete in all respects, processed within the stipulated time. All share transfer requests are approved by the Stakeholders' Relationship Committee or the persons authorized by the Board/Committee.

Market price data: High/low during the year 2017-18

Month	SEML on the BSE (in ₹)		SEML on the NSE (in ₹)	
	High	Low	High	Low
Apr, 2017	272.85	241.00	273.00	243.35
May, 2017	279.00	238.60	277.70	239.05
Jun, 2017	271.90	239.05	267.30	240.45
Jul, 2017	309.50	245.25	310.00	247.15
Aug, 2017	464.35	284.05	466.00	284.15
Sep, 2017	487.25	400.00	488.50	401.25
Oct, 2017	517.00	420.70	518.40	420.00
Nov, 2017	526.95	435.25	536.75	436.05
Dec, 2017	536.90	438.10	535.00	439.25
Jan, 2018	639.75	491.80	642.00	491.20
Feb, 2018	596.80	460.00	563.85	452.00
Mar, 2018	500.00	405.90	500.50	400.20

Comparison of SEML share price movements with SENSEX and NIFTY



Corporate Governance Report

Shareholding pattern as on 31st March, 2018

Sl. No.	Category	No. of shares	Percentage
1.	Promoter and Promoter Group	2,60,44,360	72.25
2.	Institutions	10,27,311	2.85
3.	Resident Individuals	50,03,235	13.88
4.	Bodies Corporate	15,01,652	4.17
5.	Overseas Corporate Bodies	16,84,891	4.67
6.	Individuals NRIs	1,88,403	0.52
7.	Clearing member	3,49,441	0.97
	Others	2,49,942	0.69
	TOTAL*	3,60,49,235	100.00

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

Distribution of shareholding as on 31st March, 2018

Shareholding of nominal value (₹)	Shareholders		Shares	
	Number	% to total	₹	% to total
Up to 5,000	19,521	91.93	18,69,290	5.19
5,001 – 10,000	818	3.85	6,56,205	1.82
10,001 – 20,000	417	1.96	6,30,795	1.75
20,001 – 30,000	163	0.77	4,10,008	1.14
30,001 – 40,000	67	0.32	2,39,423	0.66
40,001 – 50,000	45	0.21	2,09,904	0.58
50,001 – 1,00,000	83	0.39	6,24,146	1.73
1,00,001 and above	120	0.57	3,14,09,464	87.13
Total	21,234	100.00	3,60,49,235	100.00

Dematerialization of securities

: Your Company has arrangement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialization of equity shares. As on 31st March, 2018, out of the total 3,60,49,235 equity shares held by about 21,234 (PY 19,253) shareholders, 3,57,03,015 (PY 3,55,48,706) equity shares held by 18,229 (PY 15,033) shareholders representing 99.04% (PY 98.66%) percent of the total paid-up equity capital have been dematerialized.

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

Plant location

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

Address for correspondence

: Sarda Energy & Minerals Limited
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.] 493111
Ph: +91-771-2216100 / Fax: +91-771-2216198
e-mail: cs@seml.co.in

Corporate Governance Report

7. Disclosures

a) Related Party Transactions

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

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

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

b) Hedging of Risks

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

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

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

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

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

Further, as reported earlier, your Company's application for delisting is pending with the Calcutta Stock Exchange, for long. The matter has been reported to SEBI. In view of the pendency of delisting application with the Calcutta Stock Exchange, your Company has stopped reporting about the same and has also stopped sending the information to the Calcutta Stock Exchange.

d) Whistle Blower policy

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

e) Compliance

Financial Statements: The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015.

Listing Regulations: There is no non-compliance of any of the requirements of Corporate Governance as required under the Listing Regulations, except as disclosed in 7(c) above.

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

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

Corporate Governance Report

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

Unclaimed Dividend / Transfer of shares to IEPF: In accordance with provisions of Section 124 and 15 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, audit, Transfer and Refund), Rules, 2016 (IEPF Rules) dividend not encashed/claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority.

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

In accordance with above provisions, the Company, has transferred the unpaid dividend for the year 2009-10 to the IEPF. Additionally, as per the requirement and the procedures prescribed under the IEPF Rules, the Company has transferred 1,27,297 shares to IEPF during the year 2017-18.

The details of unpaid dividend lying with the Company and the details of the shares transferred to IEPF are available on the website of the Ministry of Corporate Affairs and also on the website of the Company. All shareholders whose shares have been so transferred are requested to comply with the required formalities and claim their shares/dividend from IEPF.

The Company has appointed Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company – www.seml.co.in.

f) Web-links

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

g) Material financial & commercial transactions by Senior Management

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

Corporate Governance Report

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
Sarda Energy & Minerals Limited

We have examined the compliance of conditions of Corporate Governance by **Sarda Energy & Minerals Limited**, for the year ended 31st March, 2018 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our examination in accordance with the Guidance Note on Report or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that perform Audits and Review of Historical Financial Information, and other Assurance and Related Service Engagement.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations.

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

Restrictions on Use

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not suitable for any other purpose.

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

(Sanjay Singhania)
Partner

M.No.076961

Raipur
11th August, 2018

Independent Auditor's Report

To the Members of

Sarda Energy & Minerals Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Sarda Energy & Minerals Limited ('the Company'), which comprise the balance sheet as at 31st March, 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

Independent Auditor's Report

2. As required by Section 143(3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - (e) on the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39 to the standalone Ind AS financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there has been no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Sanjay Singhania
Partner

Membership No.076961

Raipur, 26th May, 2018

Annexure A

to the Independent Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31st March, 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all major assets except certain low value items viz furniture & fixtures and office equipment have been physically verified by the management at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed.
- (c) The title deeds of immovable properties, as disclosed in Note 2 on Property, Plant and Equipments to the financial statements, are held in the name of the Company except the immovable properties of merged companies which has still carried on the name of erstwhile companies and are yet to be updated in revenue records.
- (ii) As explained to us, the physical verification of inventories have been conducted at reasonable intervals by the management during the year. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has granted unsecured loan to four companies and one Limited Liability Partnership covered in the register maintained under section 189 of the companies Act, 2013 during the year. According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that:
 - (a) The terms & conditions of the grant of such loan are not prejudicial to the interest of the Company.
 - (b) As explained to us the principal amounts are repayable on demand, whereas the interest is payable annually at the discretion of the Company and the repayments or receipts are regular.
 - (c) Since the amount outstanding is not overdue, therefore, the provisions of clause 3 (iii)(c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (iv) In our opinion and according to the information & explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investment made, and guarantees and security provided by it. The Company has not granted any loans and made any investments, or provided any guarantees or security to the parties covered under Section 185 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public, in terms of the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and rules framed thereunder; therefore the provisions of clause 3(v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, in respect of Company's products to which the said rules are made applicable and are of the opinion that, prima facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records.
- (vii) (a) According to the information & explanations given to us, during the year the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods & services tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. Further, no undisputed amounts of statutory dues as stated above were in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods & services tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute except the following cases:

Annexure A

to the Independent Auditor's Report

Name of the Statute	Nature of the Dues	Amount (₹ in Lakh)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	20.57	Mar 1986 to Oct 1988	At M.P. High Court
Central Excise Act, 1944	Excise Duty	7.62	Mar 1989 to Aug 1989	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	808.17	2015-16	Customs Excise & Service Tax Appellate Tribunal
	Penalty	808.53		
Central Excise Act, 1944	Excise Duty	27.39	2014-15	Customs Excise & Service Tax Appellate Tribunal
	Penalty	27.39		
Central Excise Act, 1944	Penalty	0.88	2012-13 & 2014-15	Commissioner Appeals
Central Excise Act, 1944	Excise Duty	6.56	2015-16	Commissioner Appeals
	Penalty	6.55		
Central Excise Act, 1944	Penalty	6.97	2006-07	At C.G. High Court
Central Sales Tax Act & Sales Tax Acts of Various states and Entry Tax Act, 1976	Value Added Tax, Central sales tax and Entry tax.	724.42	1992-93 to 2012-13	Appellate Authorities upto Commissioner's level
Chhatisgarh Upkar Adhinyam, 1981	Energy Development Cess	5,543.80	May 2006 to Jan 2017	Supreme Court

- (viii) Based on our audit procedures, and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or debenture holders as at the balance sheet date.
- (ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). According to the information and explanations given to us, and in our opinion, the term loans have been applied progressively for the purpose for which the loans were obtained.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. Therefore, the provisions of clause 3(x) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xi) The Company has provided for managerial remuneration during the year in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Therefore, the provisions of clause 3(xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, the provisions of clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

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

Sanjay Singhania
Partner

Membership No.076961

Raipur, 26th May, 2018

Annexure B

to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of Sarda Energy & Minerals Limited ("the Company") as of 31st March, 2018, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Annexure B

to the Independent Auditor's Report

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sanjay Singhania
Partner

Membership No.076961

Raipur, 26th May, 2018

Balance Sheet

as at 31st March, 2018

(₹ in Lakh)

Particulars	Note	As at 31.03.2018	As at 31.03.2017
ASSETS			
(1) Non-current Assets			
(a) Property, Plant & Equipment	2	53,142.44	53,863.64
(b) Capital work-in-progress		2,279.28	1,925.55
(c) Investment Property		4,033.25	3,725.66
(d) Other Intangible Assets		354.17	329.53
(e) Intangible Assets under development		813.50	1,053.11
(f) Financial Assets			
(i) Investments	3	61,904.44	51,166.51
(ii) Other Financial Assets	4	642.23	489.66
(g) Other Non-current Assets	5	1,325.62	2,134.64
		1,24,494.93	1,14,688.30
(2) Current Assets			
(a) Inventories	6	30,375.67	25,220.76
(b) Financial Assets			
(i) Investments	7	7,284.25	6,393.33
(ii) Trade receivables	8	6,195.36	4,986.86
(iii) Bank, Cash & cash equivalents	9	97.59	89.30
(iv) Bank balances other than (iii) above	10	61.59	56.42
(v) Loans	11	18,718.06	20,475.15
(c) Other Current Assets	12	8,946.53	7,622.72
		71,679.05	64,844.54
TOTAL ASSETS		1,96,173.98	1,79,532.84
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	13	3,604.92	3,603.04
(b) Other Equity		1,33,266.09	1,15,950.68
Total Equity		1,36,871.01	1,19,553.72
Liabilities			
(1) Non-current Liabilities :			
(a) Financial Liabilities			
(i) Borrowings	14	11,024.47	11,907.84
(ii) Other financial liabilities	15	233.53	250.08
(b) Provisions	16	236.56	386.89
(c) Deferred tax liabilities (Net)	17	6,357.50	5,090.16
		17,852.06	17,634.97
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	18,584.33	20,690.75
(ii) Trade Payables		12,741.49	7,592.90
(iii) Other financial liabilities	19	6,192.85	12,077.80
(b) Other current liabilities	20	1,989.96	855.05
(c) Provisions	21	978.78	909.65
(d) Current tax liabilities (net)		963.50	218.00
		41,450.91	42,344.15
TOTAL EQUITY AND LIABILITIES		1,96,173.98	1,79,532.84

Significant Accounting Policies

1

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

For and on Behalf of the Board

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

26th May, 2018

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

26th May, 2018

P. K. Jain

Wholtime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Statement of Profit & Loss

for the year ended 31st March, 2018

(₹ in Lakh)

Particulars	Note	Year Ended 31.03.2018	Year Ended 31.03.2017
I. Revenue from operations	22	1,51,509.35	1,14,700.34
II. Other income	23	6,040.50	3,614.22
III. Total Revenue (I + II)		1,57,549.85	1,18,314.56
IV. Expenses:			
Cost of materials consumed	24	86,277.89	63,811.34
Purchases of Stock-in-Trade		12,576.51	2,440.96
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(1,390.04)	312.89
Excise Duty		3,958.98	12,121.65
Employee benefits expense	26	6,037.28	6,044.78
Finance costs	28	3,587.80	4,161.94
Depreciation and amortization expense	2	4,858.07	4,731.80
Other expenses	29	13,990.34	12,875.80
Total Expenses		1,29,896.83	1,06,501.16
V. Profit before Exceptional Items and Tax (III - IV)		27,653.02	11,813.40
VI. Exceptional items (Income) / Expense		780.00	(4,354.04)
VII. Profit Before Tax (V - VI)		26,873.02	16,167.44
VIII. Tax expense:			
(1) Current tax		6,635.59	3,829.26
(2) Deferred tax		1,450.52	(781.65)
IX. Profit for the period (VII - VIII)		18,786.91	13,119.83
Other comprehensive income for the year, net of tax			
Items that will not be reclassified to profit or loss		8.21	(44.18)
Income tax relating to items that will not be reclassified to profit or loss		(9.69)	16.16
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		18,785.43	13,091.81
X. Earnings per equity share:	31		
Basic		52.27	36.47
Diluted		52.27	36.24

Significant Accounting Policies

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

26th May, 2018

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

26th May, 2018

1

For and on Behalf of the Board

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Statement of Changes in Equity

for the year ended 31st March, 2018

(₹ in Lakh)

a Equity Share Capital

For the year ended 31st March, 2017	Balance at April 1, 2016	Changes in equity share capital during the year	Balance at March 31, 2017
	3,597.83	5.21	3,603.04
For the year ended 31st March, 2018	Balance at April 1, 2017	Changes in equity share capital during the year	Balance at March 31, 2018
	3,603.04	1.88	3,604.92

b Other Equity

Particulars	Reserves and Surplus						OCI	Total other equity
	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	General Reserve	Share option outstanding account	Retained Earnings	Remeasurements of the defined benefit plans	
Balance as of April 1, 2016	404.78	19,319.80	2,084.00	15,098.75	55.86	65,762.06	79.80	1,02,805.05
Transfer to general reserve			(1,041.00)	1,041.00				-
Share based payment to employees		59.89	-					59.89
Other Comprehensive Income							(28.01)	(28.01)
ESOP Option Added/(lapsed)					(6.06)			(6.06)
Profit for the year						13,119.81		13,119.81
Balance as of March 31, 2017	404.78	19,379.69	1,043.00	16,139.75	49.80	78,881.87	51.79	1,15,950.68
Balance as of April 1, 2017	404.78	19,379.69	1,043.00	16,139.75	49.80	78,881.97	51.79	1,15,950.78
Transfer to general reserve			(1,043.00)	1,043.00				-
Share based payment to employees		21.65						21.65
Other Comprehensive Income							(1.48)	(1.48)
ESOP Option Added/(lapsed)					(49.80)			(49.80)
Profit for the year						18,786.91		18,786.91
Dividends						(1,441.97)		(1,441.97)
Balance as of March 31, 2018	404.78	19,401.34	-	17,182.75	-	96,226.91	50.31	1,33,266.09

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

Sanjay Singhania
Partner
Membership No. 076961
Raipur
26th May, 2018

K. K. Sarda
Chairman & Managing Director
DIN: 00008170
Raipur
26th May, 2018

For and on Behalf of the Board

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

Manish Sethi
Company Secretary

Cash Flow Statement

for the year ended 31st March, 2018

(₹ in Lakh)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per statement of Profit & Loss	26,873.02	16,167.44
Adjustments to reconcile profit before tax to cash generated by operating activities		
Depreciation and amortization expense	4,858.07	4,731.80
Finance Costs	3,587.80	4,161.94
Exchange differences on translation of assets and liabilities	(187.42)	(427.56)
Loss pertaining to scraping of assets	306.12	417.04
Amortization/(Reversal) of Employee Stock Option Cost	(49.80)	(6.06)
Allowance for credit losses on financial assets	106.89	142.92
Interest Income	(1,675.93)	(3,080.45)
Corporate Guarantee Commission	(47.65)	(48.10)
Net (Gain)/Loss on investments pertaining to Fair valuation	(890.92)	(144.29)
Dividend income	(1,494.91)	(0.37)
(Profit) / Loss on sale of investments	9.51	(26.48)
(Profit) / Loss on sale of fixed assets	(895.77)	(203.47)
Coal Mining Assets written off	-	4,287.12
Reversal of Coal Mine related provisions	-	(2,221.99)
Pre-operative expenses written off	-	318.35
Changes in assets and liabilities		
Trade Receivables	(1,294.07)	(1,050.92)
Inventories	(5,154.90)	(7,564.51)
Trade Payables	5,353.83	1,127.85
Loans and advances and other assets	(1,234.03)	(4,300.43)
Liabilities and provisions	(681.55)	1,258.56
	27,488.29	13,538.39
Income Tax Paid	(6,021.54)	(1,457.60)
NET CASH (USED)/GENERATED IN OPERATING ACTIVITIES	21,466.75	12,080.79
B. CASH FLOW FROM INVESTING ACTIVITIES :		
(Increase)/decrease in Property, Plant and Equipment including CWIP & Capital advances	(4,350.61)	(524.23)
Sale of Fixed Assets	1,081.42	416.19
Investment made in subsidiaries	(10,716.97)	(2,605.00)
Investment made in Others	(1,309.38)	(16,102.79)
Investment liquidated in Others	435.64	7,081.63
Net (Gain)/Loss on investments pertaining to Fair valuation	890.92	144.29
Loan repaid by/(given to) Subsidiaries & other parties	1,712.83	760.70
Interest received	1,675.93	3,080.45
Dividend received	1,494.91	0.37
NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES	(9,085.31)	(7,748.39)

Cash Flow Statement

for the year ended 31st March, 2018

(₹ in Lakh)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from fresh issue of shares	23.55	65.10
Proceeds from long term borrowings	2,074.22	3,127.00
Repayment of long term borrowings	(7,098.50)	(8,353.98)
Short term borrowings (net)	(2,145.60)	5,271.35
Finance cost	(3,784.85)	(4,386.92)
Dividend & dividend tax paid	(1,441.97)	-
NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES	(12,373.15)	(4,277.45)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	8.29	54.95
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	89.30	34.35
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	97.59	89.30
Supplementary Information:		
Restricted Cash Balance	61.59	56.42
Increase/(decrease) in Cash and Cash equivalents	8.29	54.95
Notes:		
Cash and cash equivalent include the following :		
Cash on Hand	24.18	26.94
Balances with Scheduled banks	73.41	62.36
	97.59	89.30

Significant Accounting Policies

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

26th May, 2018

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

26th May, 2018

1

For and on Behalf of the Board

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

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

1. Company Overview

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

1.1 Significant Accounting Policies

Basis of preparation of financial statements

1.2 Statement of compliance

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

1.3 Basis of Measurement

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

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

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

1.4 Use of estimate

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

1.5 Summary of significant accounting policies

1.5.1 Revenue recognition

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

1.5.2 Other income

Interest income

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

Dividend income

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

Incentives

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

1.5.3 Property, Plant and Equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation/ amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. These are included in profit or loss within other gains/ losses.

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

ii) Depreciation

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

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

iii) Subsequent costs

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

iv) Spare parts

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

1.5.4 Investment properties

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

1.5.5 Intangible assets

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

Amortization

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

1.5.6 Capital work in progress

Capital work in progress is stated at cost.

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

1.5.7 Leases

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

As a lessee

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

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

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

As a lessor

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

1.5.8 Inventory

- i) Stores and Spares are carried at cost (net of CENVAT, VAT & GST credits availed) on moving average basis and net realizable value whichever is lower.
- ii) Raw Materials are carried at cost (net of CENVAT, VAT & GST credits availed) on moving average basis and net realizable value whichever is lower. However, raw materials held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- iii) Finished and semi finished products produced or purchased by the Company are carried at lower of cost and net realizable value. Cost includes direct material and labor cost and a proportion of manufacturing overheads. Cost of finished goods includes excise duty based on prevailing rate.
- iv) By products are valued at net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

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

Financial asset

i) Initial measurement

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

ii) Classification and subsequent measurement

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

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

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

Financial instruments measured at amortized cost

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

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

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

Financial instruments measured at fair value through other comprehensive income

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

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

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

Financial instruments measured at fair value through profit and loss

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

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

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

iii) **Derecognition of financial assets**

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

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

Financial liability

i) **Initial measurement**

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

ii) **Classification and subsequent measurement**

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

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

Financial liabilities at amortized cost:

Financial liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

Offsetting of financial instrument

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

1.5.10 Investments

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

1.5.11 Trade receivables

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

1.5.12 Loans and borrowings

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

1.5.13 Trade and other payables

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

1.5.14 Derivatives

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

1.5.15 Impairment

a) Financial assets

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

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

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

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

Loss allowance for trade receivable are always measured at an amount equal to life time expected credit losses, ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss.

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

b) Non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

1.5.16 Taxes

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

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

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

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

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

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

1.5.17 Employee benefits

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

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

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

1.5.18 Provisions and contingent liabilities

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

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

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

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

1.5.19 Cash and cash equivalents

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

1.5.20 Foreign currency transactions

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

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

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

1.5.21 Borrowing cost

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

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

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

1.5.22 Share Based Payments

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

1.5.23 Advance Stripping Cost

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

1.5.24 Mine Restoration Expense

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

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

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

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

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

1.5.25 Earnings per share

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

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

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

1.5.26 Segment Reporting

i) Identification of Segments

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

ii) Segment Accounting Policies

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

iii) Inter-Segment Transfers

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

iv) Unallocated Items

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

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

1.5.27 Onerous Contracts

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

1.5.28 Cash Flow Statement

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block			Depreciation				Net Block		
	As on 01.04.2017	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2018	Up to 01.04.2017	Depreciation for the year	Transfer / Adjustment	As on 31.03.2018	As on 31.03.2018	As on 31.03.2017
Freehold Land	845.91	–	–	845.91	–	–	–	–	845.91	845.91
Leasehold Land	852.03	–	–	852.03	18.82	9.41	–	28.23	823.79	833.21
Building	13,246.78	350.71	–	13,597.49	1,611.55	751.62	–	2,363.17	11,234.32	11,635.22
Plant & Machinery	47,572.20	3,304.67	126.67	50,750.20	7,425.76	3,862.85	26.16	11,262.46	39,487.75	40,146.41
Furniture, Fixture & Equipment	340.43	113.19	1.02	452.60	188.87	54.94	0.82	242.99	209.61	151.56
Vehicles	468.21	414.15	18.52	863.84	216.87	116.11	10.20	322.78	541.06	251.33
Total	63,325.56	4,182.72	146.21	67,362.07	9,461.87	4,794.93	37.17	14,219.63	53,142.44	53,863.64
Previous Year	62,988.91	3,827.90	3,491.25	63,325.56	4,863.76	4,666.13	67.97	9,461.92	53,863.64	58,125.15
Capital Work in Progress (Including capital stock)				2,279.28					2,279.28	1,925.55

INVESTMENT PROPERTY

Freehold Land-IP	2,511.36	780.44	177.32	3,114.48	–	–	–	–	3,114.48	2,511.36
Admin Bidg- IP	971.63	–	–	971.63	35.61	17.37	0.12	52.86	918.77	936.02
Total	3,482.99	780.44	177.32	4,086.11	35.61	17.37	0.12	52.86	4,033.25	3,447.38
Previous Year	3,482.99	–	–	3,482.99	17.84	17.77	–	35.61	3,447.38	3,465.14
Investment property under development				–					–	278.28

OTHER INTANGIBLE ASSETS

Software	116.20	70.41	–	186.61	57.89	27.17	–	85.06	101.55	58.31
Minig Rights & Development	308.42	–	–	308.42	37.20	18.60	–	55.80	252.62	271.22
Total	424.62	70.41	–	495.03	95.09	45.77	–	140.86	354.17	329.53
Previous Year	4,031.02	6.14	3,612.54	424.62	47.18	47.91	–	95.09	329.53	3,983.84
Intangible assets under development				813.50					813.50	1,053.11

Significant Accounting Policies and Notes to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

3 NON CURRENT ASSETS - FINANCIAL ASSET - INVESTMENTS

	As at 31st March, 2018	As at 31st March, 2017
A. Investments in Equity Instruments		
Subsidiary Companies - Unquoted (at cost)		
(a) 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
(b) 10,85,100 (P.Y. 10,85,100) Equity Shares of Sarda Global Venture Pte Limited of US\$ 1.00 each	660.88	660.88
(c) 7,16,307 (P.Y. 7,16,307) Equity Shares of Sarda Energy Limited	7,460.34	7,460.34
(d) 2,10,16,000 (P.Y. 2,10,16,000) Equity Shares of Sarda Metals & Alloys Limited	21,089.29	21,035.18
(e) 10,68,48,040 (P.Y.5,35,86,000) Equity Shares of Madhya Bharat Power Corporation Limited	26,205.01	15,494.50
(f) 7,83,182 (P.Y. 7,83,182) Equity Shares of Parvatiya Power Private Limited	783.52	783.52
(g) 1,64,700 (P.Y. 1,64,700) Equity Shares of Sarda Hydro Power Private Limited	21.49	21.49
(h) 11,000 (P.Y. 11,000) Equity Shares of Raipur Fabritech Private Limited	1.10	1.10
(i) 5,100 (P.Y. 5,100) Equity Shares of Raipur Industrial Gases Private Limited	0.51	0.51
(j) 7,155 (P.Y. 7,155) Equity Shares of Natural Resources Energy Private Limited	0.72	0.72
In Joint Ventures (at cost)		
(a) 1,30,800 (P.Y. 1,30,800) Equity Shares of Raipur Infrastructure Company Private Limited	210.70	210.70
(b) 1,30,742 (P.Y. 1,74,030) Equity Shares of Madanpur South Coal Company Limited	182.71	243.20
(c) NIL (P.Y.14,990) Equity Shares of Godawari Natural Resources Limited	-	1.50
B Other Investments		
Share application money		
Madhya Bharat Power Corporation Limited	-	370.00
C Investments in LLP (at cost)		
(a) Shri Ram Electricity LLP	351.88	352.53
(b) Chattisgarh Hydro Power LLP	4,752.24	4,382.19
D In Other companies-Carried at FVTOCI		
4,85,000 (P.Y. 4,85,000) Equity Shares of Chhattisgarh Ispat Bhumi Limited	87.30	87.30
E Investments in Mutual Funds; (Carried at FVTPL)		
3,99,980 units (P.Y. 50000 units) of KBC Mutual Fund	40.92	5.02
	61,904.44	51,166.51
Aggregate amount of quoted investment and market value thereof-		
Aggregate book value of quoted investments	40.92	5.02
Aggregate market value of quoted investments	40.92	5.02
Aggregate value of unquoted investments	61,863.52	51,161.49
Investment carried at cost	61,776.22	51,074.19
Investment carried at fair value through OCI	87.30	87.30
Investment carried at fair value through Profit & Loss	40.92	5.02

The Company, in its capacity as promoter, has pledged 1,07,18,160 shares of Sarda Metals & Alloys Limited and 9,72,34,000 shares of Madhya Bharat Power Corporation Limited as security for loans availed by the entities.

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

4 NON CURRENT ASSETS - FINANCIAL ASSET - OTHER FINANCIAL ASSETS

	As at 31st March, 2018	As at 31st March, 2017
Security Deposits		
Unsecured, considered good	642.23	489.66
	642.23	489.66

5 OTHER NON CURRENT ASSETS

	As at 31st March, 2018	As at 31st March, 2017
(a) Capital Advances		
Unsecured, considered good	984.37	1,533.87
(b) Advances other than capital advances		
Unsecured, considered good		
(i) Security Deposits		
Unsecured, considered good	70.36	272.40
(ii) Other loans and advances		
Advance income tax	240.18	301.61
Prepaid expenses	30.71	26.76
	1,325.62	2,134.64

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

	As at 31st March, 2018	As at 31st March, 2017
(a) Raw Material	15,927.72	12,674.28
(b) Finished / semi finished goods	11,314.53	10,643.96
(c) Stock-in-Trade	719.48	-
(d) Stores and spares	2,004.70	1,902.52
(e) Material in Transit	409.24	-
	30,375.67	25,220.76

7 CURRENT ASSETS - FINANCIAL ASSETS - INVESTMENTS

	As at 31st March, 2018	As at 31st March, 2017
Investments in Equity Instruments-Carried at FVTPL		
In Other Companies		
32,813 (P.Y. 32,813) Equity Shares of Abhishek Mills Limited	0.92	0.64
15,00,000 (P.Y. 15,00,000) Equity Shares of Canfin Homes Limited	7,267.50	6,364.34
3,688 (P.Y. 3,688) Equity Shares of Indian Metals & Ferro Alloys Limited	15.83	28.35
	7,284.25	6,393.33
Aggregate amount of quoted investments and market value thereof;	7,284.25	6,393.33

Significant Accounting Policies and Notes to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

8 CURRENT ASSETS - FINANCIAL ASSETS - TRADE RECEIVABLES

	As at 31st March, 2018	As at 31st March, 2017
Unsecured, considered good	6,483.79	5,282.68
Less: Provision for doubtful debts	(288.43)	(295.82)
	6,195.36	4,986.86

9 CURRENT ASSETS - FINANCIAL ASSETS - BANK, CASH & CASH EQUIVALENT

	As at 31st March, 2018	As at 31st March, 2017
Balances with banks		
In current accounts	73.41	29.55
FDR with Bank(Bank Deposits with original maturity up to 3 months)	-	32.81
Cash on hand	24.18	26.94
	97.59	89.30

- The Company has pledged a part of its short term deposits to fulfill collateral requirements. Company has pledged FD of ₹ NIL (P.Y ₹ 32.50 Lakh) as margin money against borrowings.
- For the purpose of cash flow statement, cash and cash equivalents comprise of:

	31st March, 2018	31st March, 2017
Balances with banks		
- In current accounts	73.41	29.55
- Bank Deposits with original maturity of upto 3 months	-	32.81
Cash on hand	24.18	26.94
	97.59	89.30

10 CURRENT ASSETS - FINANCIAL ASSETS - OTHER BANK BALANCES

	As at 31st March, 2018	As at 31st March, 2017
Unpaid dividend	61.59	56.42
	61.59	56.42

11 CURRENT ASSETS - FINANCIAL ASSETS - LOANS

	As at 31st March, 2018	As at 31st March, 2017
(a) Loans and advances to related parties		
Unsecured, considered good	12,293.53	12,620.83
(b) Other loans		
Unsecured, considered good		
(i) Earnest money deposit	510.88	568.55
(ii) Loans to employees	9.51	3.79
(iii) Loans and advances to other parties	5,730.37	7,115.90
(iv) Claims & recoverables	173.77	166.08
	18,718.06	20,475.15

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

12 OTHER CURRENT ASSETS

	As at 31st March, 2018	As at 31st March, 2017
Advances other than capital advances		
(a) Other Advances		
(i) Employee Advance	50.95	53.95
(ii) Advances to vendors	8,691.90	7,405.24
(b) Other Advances		
(i) Advance royalty paid	38.54	13.18
(ii) Prepaid expenses	91.85	2.59
(iii) Balances with tax authorities	60.73	119.44
(iv) Others	12.56	28.32
	8,946.53	7,622.72

13 EQUITY SHARE CAPITAL

	As at 31st March, 2018		As at 31st March, 2017	
	No.	₹ in lakh	No.	₹ in lakh
A Authorized				
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	3,60,49,235	3,604.92	3,60,30,398	3,603.04
	3,60,49,235	3,604.92	3,60,30,398	3,603.04

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

	As at 31st March, 2018		As at 31st March, 2017	
	No.	₹ in lakh	No.	₹ in lakh
Number of shares outstanding at the beginning of the period	3,60,30,398	3,603.04	3,59,78,319	3,597.83
Add: On account of ESOP	18,837	1.88	52,079	5.21
Number of shares outstanding at the end of the period	3,60,49,235	3,604.92	3,60,30,398	3,603.04

C Terms/rights attached to equity shares

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

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

Name of the shareholder	As at 31st March, 2018		As at 31st March, 2017	
	Number of shares	%	Number of shares	%
Chhatisgarh Investments Limited	1,37,88,760	38.25%	1,36,63,760	37.92%
Sarda Agriculture & Properties Private Limited	26,35,150	7.31%	26,35,150	7.31%
Asia Minerals Limited	16,84,891	4.67%	18,04,891	5.01%

- E In the period of five years immediately preceding 31st March, 2018, the Company has neither issued bonus shares, bought back any equity shares nor has allotted any equity shares as fully paid up without payment being received in cash except 1,99,235 options given to employees under ESOP for subscription of shares @ ₹ 125/ per share.
- F There are no shares reserved for issue under options and there are no contracts or commitments for the sale of shares or disinvestment.
- G During the year the Company has issued 18,837 Equity Shares of ₹ 10/- each at a premium of ₹ 115/- under ESOP scheme.
- H. SEML ESOP Scheme 2012
- The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, which has been approved by the Board of Directors and the shareholders. Nomination & Remuneration Committee of the Company administers the ESOPs. All options under the ESOPs are exercisable for equity shares. The Company plans to grant upto 7,17,000 options to eligible employees and directors of the Company and subsidiaries of the Company.
 - The options Granted under the SEML ESOP Scheme 2012 shall vest as under:
 - 1/3 rd at the end of one year from the date of Grant.
 - 1/3 rd at the end of two years from the date of Grant.
 - 1/3 rd at the end of three years from the date of Grant.
 - The Grantees have a period of 2 years to exercise the Options from the date of vesting, after which unexercised options will lapse.
 - 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.
 - The movement in the scheme is set out as under:

Particulars	SEML ESOP Scheme 2012 – Year Ended			
	31st March, 2018		31st March, 2017	
	Options Number	Weighted Average exercise price Amount (in ₹)	Options Number	Weighted Average exercise price Amount (in ₹)
Outstanding at the beginning of year	26,464	125.00	1,47,852	125.00
Granted during the year	NIL	NIL	NIL	NIL
Exercised during the year	18,837	125	52,079	125
Forfeited during the year	NIL	NIL	NIL	NIL
Expired during the year	7,627	NIL	69,309	NIL
Outstanding at the end of the year	NIL	125.00	26,464	125.00

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

Particulars	SEML ESOP Scheme 2012 – Year Ended			
	31st March, 2018		31st March, 2017	
	Options Number	Weighted Average exercise price Amount (in ₹)	Options Number	Weighted Average exercise price Amount (in ₹)
Exercisable at the end of the year (Options which have vested)	NIL	125.00	26,464	125.00
Number of Equity Shares of ₹ 10/- each fully paid up to be issued on exercise of option	3,33,360	125.00	3,33,360	125.00
Exercise price at the date of exercise	N.A.	N.A.	N.A.	N.A.
Weighted average remaining contractual life (months) (including exercise period)	–	–	5	–

f. Proforma accounting for stock option grants

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

(₹ in Lakh)

S.No.	Particulars	Year Ended	Year Ended
		31st March, 2018	31st March, 2017
1	Net Profit as reported	18,785.43	13,091.81
2	Add : Stock based employee compensation expense debited to statement of profit and loss	49.80	-
3	Less : Stock based employee compensation expense based on fair value	-	-
4	Difference between (2) & (3)	-	-
5	Adjusted pro forma profit	18,835.21	13,091.81
6	Difference between (1) & (5)	49.80	-
7	Basic earnings per share as reported	52.27	36.47
8	Proforma earnings per share	52.27	36.47
9	Diluted earnings per share as reported	52.27	36.24
10	Proforma Diluted earnings per share	52.27	36.24

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

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

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

Significant Accounting Policies and Notes to financial statements for the year ended 31st March, 2018

- 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):

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

Note: As on 31st March, 2018, no ESOP are pending for exercise. All granted ESOPs have either been exercised or have been lapsed.

14 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

(₹ in Lakh)

	Non-Current portion		Current Maturities	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	₹	₹	₹	₹
Bonds/debentures (Secured)				
1,250 (1,250) 9.55 % Redeemable Non -convertible Debentures of ₹ 3.33 Lakh (P.Y. ₹ 6.67 Lakh) each	-	-	-	4,164.91
Term loans (Secured)				
<u>from banks</u>				
Indian Rupee Loan	11,024.47	11,907.84	2,936.73	2,783.33
<u>from other parties</u>				
Hire purchase loans	-	-	-	129.40
Total	11,024.47	11,907.84	2,936.73	7,077.64

1) Nature of security :

- Term Loan from Banks are secured by first pari-passu charge by way of hypothecation of entire movable assets of the Company situated at Industrial Growth Centre, Siltara, Raipur subject to prior charge on current assets in favour of Working Capital Bankers and by way of joint equitable mortgage of immovable properties of the Company situated at Industrial Growth Centre, Siltara, Raipur and Urkura, Raipur.
- Term Loan of ₹ 5,000 Lakh which is secured by way of mortgage of immovable properties of related companies (Present outstanding is ₹ 1,000 Lakh).
- Besides this, the Term Loan from Banks are also secured by unconditional and irrevocable personal guarantees of Mr. K. K. Sarda, Mr. Manish Sarda & Mr. Pankaj Sarda.

2) Repayment terms :

- Company has issued 9.55% p.a. Non-Convertible Debentures amounting to ₹ 12,500 Lakh which are redeemable in three equal annual installments commencing from July 2015. The Company has an option to redeem these debentures earlier. The third and final installment of Debentures has been repaid in July 2017.
- Rupee term loan of ₹ 14,797 lakh (Present Outstanding ₹ 11,095.71 Lakh) from Banks is payable in 32 equal quarterly installments starting from June 2016.
- Rupee term loan -II of ₹ 3,691 lakh (Present Outstanding ₹ 2,074.22 Lakh) from Banks is payable in 28 equal quarterly installments starting from Dec. 2018.
- Rupee term loan of ₹ 5,000 Lakh from Bank is payable in 10 equal half yearly installments starting from August 2014. Eight installments have been repaid upto the financial year 2017-2018.

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

15 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

	As at 31st March, 2018	As at 31st March, 2017
Security Deposit Received		
Deposits from Vendors	226.53	235.36
Other payables	7.00	14.72
	233.53	250.08

16 PROVISIONS

	As at 31st March, 2018	As at 31st March, 2017
(a) Provision for employee benefits		
Provision for Leave encashment	236.56	230.33
(b) Others		
Statutory liabilities	-	156.56
	236.56	386.89

17 DEFERRED TAX LIABILITIES (NET)

	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Liabilities		
Deferred tax liability / (assets) at the beginning of the year	5,090.16	5,405.90
Deferred tax liability / (assets) during the year on account of timing difference	1,267.34	(315.74)
DEFERRED TAX LIABILITIES / ASSETS at the end of the year	6,357.50	5,090.16

18 CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

	As at 31st March, 2018	As at 31st March, 2017
Secured		
<u>From Banks (Secured)</u>		
Short term loans-Commercial Paper	-	5,000.00
Working capital loans (repayable on demand)	8,730.91	5,051.28
Working capital Buyers Credit loans	5,853.42	6,189.47
	14,584.33	16,240.75
<u>From Banks and Financial Institutions (Unsecured)</u>		
From banks	2,000.00	2,000.00
From Others	2,000.00	2,000.00
Other loans and advances		
Loans from Related Parties	-	450.00
	4,000.00	4,450.00
	18,584.33	20,690.75

Terms of repayment

- a) Short term loan from Bank ₹ 2,000 Lakh is payable in September 2018 and ₹ 2,000 Lakh from others is payable in September 2018.

Significant Accounting Policies and Notes to financial statements for the year ended 31st March, 2018

b) Commercial Paper of ₹ 5,000 lakh were redeemed in July 2017.

Security

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

19 CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in Lakh)

	As at 31st March, 2018	As at 31st March, 2017
(a) Current maturities of long term debt	2,936.73	7,077.64
(b) Interest accrued but not due on borrowings	81.79	104.06
(c) Deposits from customers	0.90	0.12
(d) Expenses payable	230.18	230.19
(e) Salary & reimbursements	1,033.63	846.87
(f) Bill discounting	1,845.48	3,738.86
(g) INR payable to bank in forex account	2.55	23.64
(h) Unpaid Dividends	61.59	56.42
	6,192.85	12,077.80

20 OTHER CURRENT LIABILITIES

	As at 31st March, 2018	As at 31st March, 2017
(a) Others -		
Indirect taxes payable	397.54	222.81
(b) Deposit from Employees	91.76	31.09
(c) Advances from customers	1,374.28	381.26
(d) TDS payables	126.38	219.89
	1,989.96	855.05

21 PROVISIONS

	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits		
(a) Provision for gratuity	176.16	215.19
(b) Provision for Leave encashment	18.56	19.92
Provision for expenses	784.06	674.54
	978.78	909.65

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

22 REVENUE FROM OPERATIONS

	2017-18	2016-17
Sale of products		
Sponge Iron	26,082.96	24,211.50
Ferro Alloys	46,340.93	38,261.52
Steel Billets	5,596.84	7,158.31
Wire Rod / HB Wire	38,191.46	30,480.39
Pellet	20,830.09	9,891.58
Power	133.70	163.74
Others	13,858.40	4,165.27
Other operating revenues	474.97	368.03
Revenue from Operations (Gross)	1,51,509.35	1,14,700.34

23 OTHER INCOME

	2017-18	2016-17
Interest Income	1,723.58	3,128.55
Dividend Income		
From Subsidiaries	1,464.54	-
From Others	30.38	0.37
Net gain on sale of investments	-	26.48
Corporate guarantee commission	47.65	48.10
Fair value gain on Financial Instruments at FVTPL	890.92	144.29
Other non-operating income (net of expenses directly attributable to such income)	1,883.43	266.43
Total	6,040.50	3,614.22

24 COST OF RAW MATERIAL CONSUMED

	2017-18	2016-17
Iron Ore	18,787.66	16,376.63
Mn Ore	19,371.63	13,262.03
Coal	40,925.15	25,963.96
Scrap	5,100.92	2,821.42
Other Material	2,092.53	5,387.30
Total	86,277.89	63,811.34

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

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

	2017-18	2016-17
Inventories at the end of the year		
Finished Goods / Semi-finished goods	11,314.53	10,643.97
Trading Goods	719.48	0.00
	12,034.01	10,643.97
Inventories at the beginning of the year		
Finished Goods / Semi-finished goods	10,643.97	10,790.15
Trading Goods	-	166.71
	10,643.97	10,956.86
Increase/(Decrease) in Inventories	1,390.04	(312.89)

26 EMPLOYEE BENEFIT EXPENSE

	2017-18	2016-17
Salaries, incentives & Managerial Remuneration	5,472.15	5,530.52
Contributions to -		
Provident fund	302.68	270.41
Superannuation scheme	17.24	7.00
Gratuity fund	119.47	105.66
Staff welfare expenses	125.74	131.19
Total	6,037.28	6,044.78

27 EMPLOYEE BENEFITS

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

	Gratuity		Leave Encashment	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Actuarial study analysis				
Principal actuarial assumptions				
Discount rate	7.75%	7.50%	7.75%	7.50%
Range of compensation increase	9.50%	9.50%	9.50%	9.50%
Attrition rate:				
Age 21 - 44	5.00%	5.00%	5.00%	5.00%
Age 45 - 59	5.00%	5.00%	5.00%	5.00%
Expected rate of return on plan assets	7.75%	7.50%	N/A	N/A
Plan duration	58.00	58.00	58.00	58.00
Components of statement of income statement charge				
Current service cost	102.30	95.18	18.12	24.47
Interest cost	15.79	10.49	19.22	16.97
Recognition of past service cost	-	-	-	-
Settlement/curtailment/termination loss	-	-	-	-
Total charged to statement of profit or loss	118.09	105.67	37.34	41.44

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

	Gratuity		Leave Encashment	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Movements in net liability/(asset)				
Net liability at the beginning of the year	216.94	88.61	250.24	212.08
Employer contributions	(178.66)	(21.27)	(4.46)	(3.52)
Total expense recognized in the consolidated statement of profit or loss	118.08	105.67	37.34	41.44
Total amount recognized in OCI	19.80	43.93	(28.00)	0.24
Net liability at the end of the year	176.16	216.94	255.12	250.24
Reconciliation of benefit obligations				
Obligation at start of the year	937.40	768.61	250.24	212.08
Current service cost	102.30	95.18	18.12	24.46
Interest cost	71.62	61.49	19.22	16.97
Benefits paid directly by the Company	(26.36)	(31.69)	(4.46)	(3.52)
Extra payments or expenses/(income)				
Obligation of past service cost	19.75	43.81	(28.01)	0.25
Actuarial loss				
Defined benefits obligations at the end of the year	1,104.71	937.40	255.11	250.24
Re-measurements of defined benefit plans				
Actuarial gain/(loss) due to changes in financial assumptions	(25.71)	44.17	(6.65)	12.65
Actuarial gain/(loss) on account of experience adjustments	45.51	(0.25)	(21.36)	(12.40)
Total actuarial gain/(loss) recognized in OCI	19.80	43.92	(28.01)	0.25
Change in fair value of plan assets				
Fair value of plan assets at the beginning of the year	720.46	679.99	-	-
Interest on plan assets	55.84	51.00	-	-
Contributions made	178.66	21.27	4.46	3.52
Benefits paid	(26.36)	(31.69)	(4.46)	(3.52)
Actuarial (loss)/gain on plan assets	(0.05)	(0.11)	-	-
Fair value of plan assets at the end of the year	928.55	720.46	-	-

b) Sensitivity analysis of significant assumptions

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

	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Discount rate				
+ 1% discount rate	1,008.08	852.24	230.92	225.82
- 1% discount rate	1,217.34	1,037.14	283.55	279.08
Salary increase				
+ 1% salary growth	1,215.68	1,031.57	283.92	279.35
- 1% salary growth	1,007.97	854.18	230.16	225.14

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

c) Experience adjustments

	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Defined benefit obligation	1,104.71	937.40	255.11	250.24
Fair value of plan assets	928.55	720.46	-	-
(Surplus)/deficit in plan assets	176.16	216.94	255.11	250.24
Experience adjustment on plan liabilities	45.51	(0.25)	(21.36)	(12.40)
Actual return on plan assets less interest on plan assets	(0.05)	(0.11)	-	-

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

28 FINANCE COSTS

	2017-18	2016-17
Interest expense	3,009.60	3,480.84
Other borrowing costs	486.19	602.45
Amortization of ancillary borrowing costs	-	6.08
Exchange difference to the extent considered as an adjustment to borrowing costs	92.01	72.57
Total	3,587.80	4,161.94

The capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 9.55% (P.Y 11.96%).

29 OTHER EXPENSES

	2017-18	2016-17
Stores & Spares Consumption	4,147.81	4,136.06
Power	1,186.19	448.85
Manufacturing Expenses-		
Plant process & services	1,384.60	1,478.63
Material handling Expenses	1,941.18	1,957.77
Other Manufacturing Expenses	17.77	151.39
Increase/ (Decrease) of excise duty on inventory	(641.80)	122.27
Repairs & Maintenance		
Building	157.13	111.93
Plant & Machinery	778.97	720.72
Others	302.86	278.28
Rent	114.36	114.96
Rates & Taxes	1,440.94	597.42
Insurance Charges	137.45	79.51
Miscellaneous Expenses		
Travelling & Conveyance expenses	393.34	318.34
Legal & Professional Expenses	618.66	368.69
Administrative Expenses	562.89	520.45
Other Expenses	207.73	831.32

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

29 OTHER EXPENSES

	2017-18	2016-17
Selling Expenses		
Carriage Outward	1,184.79	828.54
Selling Commission & Brokerage	432.41	363.55
Other Selling Expenses	36.38	16.50
Exchange differences (net)	(443.83)	(585.38)
Payment to Auditors	21.00	16.00
Loss on sale of investments	9.51	-
Total	13,990.34	12,875.80

30 PAYMENTS TO THE AUDITOR

	2017-18	2016-17
As auditor:		
Audit fee	18.00	14.00
Tax audit fee	3.00	2.00
Total	21.00	16.00

31 EARNINGS PER SHARE (EPS)

	2017-18	2016-17
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in Lakh)	18,786.91	13,119.83
Nominal Value of Equity Shares (₹)	10	10
Weighted average number of Equity Shares used as denominator for calculating basic EPS	360.49	359.75
Weighted average number of Equity Shares used as denominator for calculating Diluted EPS	360.49	362.02
Basic (₹)	52.27	36.47
Diluted (₹)	52.27	36.24

32 OTHER COMPREHENSIVE INCOME

	As at 31st March, 2018	As at 31st March, 2017
(i) Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	8.21	(44.17)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(9.69)	16.16
Total Other Comprehensive Income	(1.48)	(28.01)

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

33 SEGMENT REPORTING

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

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

A) Business Segment Primary

Particulars	2017-18				2016-17			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
Revenue								
Sales & other income	92,337.28	57,869.45	277.44	1,50,484.17	72,392.60	41,204.47	244.20	1,13,841.27
Inter segment sales		1,086.70	17,774.71	18,861.41		701.07	13,576.23	14,277.30
Others Unallocated				1,025.17				859.07
Total Revenue	92,337.28	58,956.15	18,052.15	1,70,370.75	72,392.60	41,905.54	13,820.43	1,28,977.64
Result								
Segment Result	23,369.06	7,309.32	473.86	31,152.24	7,690.08	8,617.85	(1,564.57)	14,743.36
Unallocated Expenses net off unallocated income				(1,135.25)				5,000.62
Operating Profit				30,016.99				19,743.98
Interest & Forex Fluctuation Loss (Net)				(3,143.97)				(3,576.54)
Profit Before Tax & Extraordinary Item				26,873.02				16,167.44
<u>Provision for taxation</u>								
For Current Year				(6,635.59)				(3,829.27)
For Deffered Taxation				(1,450.52)				781.65
Profit After Taxation				18,786.91				13,119.82
Other Information								
Segment Assets	65,685.75	23,352.59	16,003.95	1,05,042.29	63,409.61	19,687.04	12,816.34	95,912.99
Unallocated Assets				91,131.69				83,619.85
Total Assets				1,96,173.98				1,79,532.84
Segment Liabilities	12,126.84	11,017.90	3,485.25	26,629.99	12,959.70	5,327.28	2,150.35	20,437.33
Unallocated Liabilities				1,69,543.99				1,59,095.51
Total Liabilities				1,96,173.98				1,79,532.84
Capital Expenditure	2,641.83	107.82	1,794.08	4,543.73	(6,546.94)	(50.05)	1,143.96	(5,453.03)
Depreciation / Amortization	3,234.44	398.98	695.94	4,329.36	3,398.09	354.62	409.62	4,162.33
Unallocated Capital Exp. & Depreciation				137.61				(60.73)

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

34 RELATED PARTY DISCLOSURE

a) Names of related parties and description of relationship

S.No.	Relationship	Name of Related Parties
1	Subsidiaries	Sarda Energy & Minerals Hongkong Limited, Hongkong Sarda Global Ventures Pte. Limited, Singapore Sarda Metals & Alloys Limited Sarda Energy Limited Madhya Bharat Power Corporation Limited Parvatiya Power Limited Sarda Hydro Power Private Limited Raipur Fabritech Private Limited Raipur Industrial Gases Private Limited Natural Resources Energy Private Limited
2	Controlled Entities	Chhattisgarh Hydro Power LLP Shri Ram Electricity LLP
3	Joint Ventures	Raipur Infrastructure Company Limited Madanpur South Coal Company Limited Godawari Natural Resources Limited-up to 15.03.2018
4	Related Enterprises where interest of the Company/ directors exists	Chhattisgarh Investments Limited Sarda Solution & Technologies Private Limited Rishabh Mining and Transport Company Private Limited Sarda Dairy & Food Products Limited Goldenlife Financial Services Private Limited Earthstahl & Alloys Private Limited Chhattisgarh Metaliks and Alloys Private Limited Jai Balaji Enterprises
5	Director / Key Management Personnel (KMP)	Mr. Kamal Kishore Sarda Mrs. Uma Sarda Mr. Pankaj Sarda Mr. Padam Kumar Jain (WTD & CFO) Mr. Prabhakar Ram Tripathi Mr. Gajinder Singh Sahni Mr. Jitender Balakrishnan Mr. C.K. Lakshminarayanan Mr. Asit Kumar Basu Mr. Rakesh Mehra Mr. Manish Sethi (CS)
6	Relatives of Directors / KMP's	Mrs. Veena Sarda Mr. Satyanarayan Khator Mr. Mahesh Khator Mr. Anant Sarda Ms. Niharika Jain

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

b) Material Transactions with Related Parties

Particulars	Subsidiaries	Controlled Entities	Joint Ventures	Related Enterprises where interest of the Company /directors exists	Director / KMP	Relatives of Directors / KMP's
Loans/Advances Given	32,288.02	2,768.00	-	27,409.91	-	-
	(9,987.18)	(641.74)	-	(22,074.46)	-	-
Loans/Advances Received Back	34,573.72	2,403.00	-	26,936.12	-	-
	(13,339.33)	(3,345.26)	-	(24,955.35)	-	-
Material Sold	5,407.69	5.68	0.03	1,172.24	1.33	-
	(2,268.67)	(3.30)	-	(69.45)	(0.86)	-
Material Purchased	916.12	-	-	841.55	-	-
	(4.08)	-	-	(23.51)	-	-
Interest Received	353.08	97.37	-	322.57	-	-
	(764.96)	(230.11)	-	(1,006.06)	-	-
Interest Paid	-	-	-	41.77	-	1.44
	-	-	-	(44.53)	-	(1.44)
Commission Paid	-	-	-	-	-	8.30
	-	-	-	(5.11)	-	(4.53)
Dividend Income	1,464.54	-	-	-	-	-
	-	-	-	-	-	-
Remuneration / Salary	-	-	-	-	606.80	7.84
	-	-	-	-	(503.83)	(2.43)
Rent Paid	-	-	-	120.01	-	2.40
	-	-	-	(118.95)	-	(2.40)
Services Offered	54.12	-	3.54	-	-	-
	(48.10)	-	(3.00)	-	-	-
Services Received	-	-	-	161.35	-	-
	-	-	-	(125.10)	-	-
Guarantee Commission	54.12	-	-	-	-	-
	(48.10)	-	-	-	-	-
Investments made/Share application money	10,394.63	370.05	-	-	-	-
	(3,039.18)	(2,286.18)	-	-	-	-
Investments Buyback	-	-	60.49	-	-	-
	-	-	-	-	-	-

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

Outstanding as at 31.03.2018						
Receivable	3,376.23	452.63	-	6,613.57	3.61	0.09
	(4,619.53)	-	-	(6,186.82)	(6.81)	-
Corporate Guarantee Outstanding	6,187.59	-	-	-	-	-
	(6,417.09)	-	-	-	-	-
Investments	56,278.69	5,104.12	393.41	-	-	-
	(45,514.06)	(4,734.73)	(455.40)	-	-	-
Share Application Money Pending Allotment	-	-	-	-	-	-
	(370.00)	-	-	-	-	-
Payables	-	-	-	107.99	0.52	19.90
	-	(2.30)	-	(456.27)	-	(18.07)

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

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

Particulars	2017-18	2016-17
Loans/Advances given		
Sarda Metal & Alloys Limited	29,941.02	9,017.18
Chhatisgarh Investments Limited	26,959.80	21,627.44
Loans/Advances Received Back		
Sarda Metal & Alloys Limited	33,020.72	11,246.33
Chhatisgarh Investments Limited	26,936.00	24,260.35
Materials Sold		
Sarda Metal and Alloys Limited	5,407.69	2,268.67
Chhatisgarh Investments Limited	1,070.42	2.75
Materials Purchased		
Sarda Metal & Alloys Limited	898.30	4.08
Sarda Dairy & Food Products Limited	24.36	7.54
Chhattisgarh Investments Limited	742.75	0.60
Chhattisgarh Metaliks and Alloys Private Limited	4.68	15.37
Interest Received		
Sarda Metal & Alloys Limited	186.94	519.06
Chhatisgarh Investments Limited	320.03	1,003.83
Parvatiya Power Limited	166.14	245.89
Chhattisgarh Hydro Power LLP	97.37	230.11
Interest Paid		
Goldenlife Financial Services Private Limited	41.65	44.41
Commission paid		
Satyanarayan Khator	8.30	4.53
Jai Balaji Enterprises	-	5.11
Remuneration Paid		
Mr. Kamal Kishore Sarda	444.94	356.00
Mr. Pankaj Sarda	70.54	58.24
Mr. Padam Kumar Jain	50.34	48.67
Dividend Income		
Sarda Energy & Minerals Hongkong Limited	1,464.54	-
Rent Paid		
Chhatisgarh Investments Limited	73.66	73.78
Rishabh Mining and Transport Company Private Limited	46.35	45.17
Services Offered		
Sarda Metal & Alloys Limited	54.12	48.10
Raipur Infrastructure Company Limited	3.54	3.00
Services Received		
Sarda Solutions & Technologies Private Limited	161.35	113.63
Investment Made including Share Application		
Madhya Bharat Power Corporation Limited	10,340.51	2,975.00
Chhattisgarh Hydro Power LLP	370.05	2,285.44

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

Outstanding as on

Particulars	31st March 2018	31st March 2017
Investments		
Sarda Metal & Alloys Limited	21,089.29	21,035.18
Madhya Bharat Power Corporation Limited	26,205.01	15,494.50
Sarda Energy Limited	7,460.34	7,460.34
Receivables		
Sarda Metal & Alloys Limited	1,166.94	3,353.77
Chhatisgarh Investment Limited	6,460.81	6,130.35
Parvatiya Power Limited	2,206.23	1,262.70
Share Application Money Pending Allotment		
Madhya Bharat Power Corporation Limited	-	370.00
Corporate Guarantee Given		
Sarda Metal & Alloys Limited	6,187.59	6,417.09
Payables		
Remuneration	311.14	167.73
Sarda Solutions & Technologies Private Limited	64.08	-
Rishabh Mining and Transport Company Private Limited	42.42	6.27
Goldenlife Financial Services Private Limited	-	450.00
Mahesh Khator	12.97	12.97

35 COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account, net of advance given and not provided for as at 31st March, 2018 is ₹ 899.15 Lakh (31st March, 2017: ₹ 1,922.72 lakh).
- Company has commitment of ₹ NIL as at 31st March, 2018 (31st March, 2017: ₹ 1,100.00 lakh) for further investment in controlled entity Chhattisgarh Hydro Power LLP and ₹ 1,092.73 lakh as at 31st March, 2018 (31st March, 2017: ₹ 10,311.50 lakh) in Madhya Bharat Power Corporation Limited.

36 CORPORATE SOCIAL RESPONSIBILITY

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

- Gross amount required to be spent by the Company during the year is ₹ 184.06 Lakh.
- Amount spent during the year on:

Sl. No.	Particulars	In Cash	Yet to be paid	Total
(i)	Construction / acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	177.06	-	177.06

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

The Company has not received any memorandum (as required to be filed by the supplier with the notified authority under the Micro, Small and Medium Enterprises Development ACT,2006) claiming their status as on 31st March,2018 as micro, small or medium enterprises, consequently the amount paid/payable to these parties during the year is NIL.

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

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

39 CONTINGENT LIABILITIES

(₹ in Lakh)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Guarantees given by Company's bankers	3,375.07	1,664.70
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	88.71	318.21
Bills discounted with the Company's bankers under Letters of Credit	1,972.13	3,738.86
Corporate Guarantee given to Axis Trustee Services Limited (P.Y. L & T Infrastructure Finance Company Limited) for disbursement of term loan to Sarda Metal & Alloys Limited, wholly owned subsidiary of the Company (SMAL)	6,000.00	6,000.00
Claims against the Company not acknowledged as debt & disputed in appeals	688.54	1,456.06
Excise Duty & Service Tax Demand	1,720.63	283.57
VAT, CST & Entry Tax	724.42	451.82
Income Tax	Nil	135.21
Pending allotment on Equity subscription	36.40	Nil
Energy Development Cess	5,543.80	5,003.80

- i) Guarantee given to Director General of Foreign Trade ₹ 98.88 lakh (P.Y. ₹ 98.88 lakh) and Assistant Commissioner of Customs ₹ 88.71 Lakh (P.Y. ₹ 318.21 lakh) 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.

ii) Excise Duty & Service Tax

- Excise duty demand of ₹ 20.57 Lakh (P.Y. ₹ 20.57 Lakh) raised on account of Cenvat credit availed, which the Company has disputed in High Court, Jabalpur (MP).
- ₹ 6.97 Lakh (P.Y. ₹ 6.97 Lakh) on account of duty on VAT Collected by the Company against which the Company has filed an appeal before the High Court, Bilaspur (CG).
- Excise Duty demand of ₹ 54.78 Lakh (P.Y. ₹ NIL) raised on account of Cenvat credit availed which the Company has disputed and has filed appeal before the Central Excise & Service Tax Appellate Tribunal (CESTAT).
- Excise Duty demand of ₹ NIL (P.Y. ₹ 17.49 Lakh) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the High Court, Bilaspur (CG).
- Excise Duty demand of ₹ NIL (P.Y. ₹ 69.38 Lakh) raised on account of Cenvat credit availed which the Company has disputed and has filed appeal before the Central Excise & Service Tax Appellate Tribunal (CESTAT).
- Excise Duty demand of ₹ 13.99 Lakh (P.Y. ₹ 65.52 Lakh) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- Excise Duty demand of ₹ 7.62 Lakh (P.Y. ₹ 7.62 Lakh) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.

Significant Accounting Policies and Notes to financial statements for the year ended 31st March, 2018

- h Service Tax demand of ₹ 1,616.70 Lakh (P.Y. ₹ NIL) raised on account of Service Tax on amount received in an international arbitration case settled out of court, which the Company has disputed and has filed appeal before Central Excise & Service Tax Appellate Tribunal (CESTAT).
- i Service Tax demand of ₹ NIL (P.Y. ₹ 31.09 Lakh) raised on account of Service Tax on foreign services availed, which the Department has disputed and has filed appeal before CESTAT.
- j Service Tax demand of ₹ NIL (P.Y. ₹ 64.93 Lakh) raised on account of Cenvat credit availed on service Tax on construction services (Ready mix concrete) has been disputed and filed appeal by Company before CESTAT.

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

Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 724.42 Lakh (P.Y. ₹ 451.82 Lakh) are pending in appeal against assessment of various years.

iv) Income Tax

₹ Nil (P.Y. ₹ 95.97 Lakh) for the Assessment Year 2006-07 on account of penalty u/s 271(1)(C) of the Income Tax Act, 1961, for the same, the Company has filed appeals before Commissioner of Income Tax (Appeals), Raipur, which was rejected and upward by its order dated 08.12.2016, against the order of Commissioner of Income Tax (Appeals), application is filed before Income Tax Appellate Tribunal and the matter is decided in favour of Company vide order dated 07.03.2018.

₹ Nil (P.Y. ₹ 39.24 Lakh) TDS demand raised by the TRACES is on account of a matter disputed by Company, We have already been filed application before concerned AO for the correction and rectification, The application has been disposed off and the liability based on the order has been paid by the Company.

- v) Pursuant to the search operation carried out by the Income Tax Department during the financial year 2014-15 u/s 132 of Income Tax Act, 1961, the Company had filed an application before Hon'ble Income Tax Settlement Commission. The Hon'ble Income Tax Settlement Commission was pleased to pass an order on 31.07.2017 and settled all the issue arose due to search operation related to A.Y. 2009-10 to 2015-16, accordingly the Company has passed due/necessary entries in the books of account and paid the tax liability on the same.
- vi) Energy Development Cess of ₹ 5,543.80 Lakh (P.Y. ₹ 5,003.8 Lakh) net of amount deposited ₹ 294.34 Lakh (P.Y. ₹ 294.34 Lakh) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to January 2017. The Honorable High Court of Chhattisgarh has held the levy of Energy Development Cess as unconstitutional vide its Order dated 20th June, 2008. The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.
- vii) Bank Guarantee of ₹ 500.00 Lakh (P.Y. ₹ 500.00 Lakh) given as security deposit against contract for disposal of old power project awarded to the Company was invoked by M/s. West Bengal Power Development Corporation Limited. The Company has challenged the wrongful invocation in the High court of Kolkata. WBPDCL has on the orders of the Hon'ble High Court deposited the amount of bank guarantee with the Court. The Company has been legally advised that it has a strong case in its favour, hence no liability provided.
- viii) Company has subscribed for equity shares of M/s. Sarda Global Trading DMCC amounting to AED 200,000 (equivalent to INR 36.40 Lakh); payment and allotment of which was pending as on 31st March, 2018.
- ix) Bank Guarantee of ₹ NIL (P.Y. ₹ 780.00 Lakh) was invoked by M/s. Power Grid Corporation Limited after the Company notified force majeure for annulling the transmission corridor agreement for its proposed 350 MW power project. Implementation of the project became impossible as the land on which the power project was to come-up has been notified as coal bearing area and allocated to NTPC for development of coal mine. On Company's petition, CERC has asked PGCIL to keep the money in separate deposit account.

40 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

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

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

CREDIT RISK

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

Trade receivables

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

Loans and Advances

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

Cash and cash equivalents

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was: (₹ in Lakh)

Particulars	31st March, 2018	31st March, 2017
Trade and other receivables	6,195.36	4,986.86
Loans and advances	19,360.29	20,964.81
Cash and cash equivalents	97.59	89.30

Impairment losses

Particulars	31st March, 2018	31st March, 2017
Trade and other receivables (measured under life time excepted credit loss model)		
Opening balance	295.82	423.28
Provided during the year	(7.39)	(127.46)
Closing balance	288.43	295.82

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

Ageing analysis

Particulars	31st March, 2018	31st March, 2017
Upto 3 months	5,988.14	3,862.69
3-6 months	119.08	892.35
More than 6 months	376.58	527.64
	6,483.80	5,282.68

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

LIQUIDITY RISK

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

Financing arrangements

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

Particulars	31st March, 2018	31st March, 2017
Term Loan - Union Bank of India-TG3	1,617	3,691
Cash Credit facility	4,769	3,375
Current investments	7,284	6,393

Maturities of financial liabilities

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

As at 31st March, 2018	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	21,521.06	8,522.06	2,502.41	32,545.53
Trade payables	12,741.49	-	-	12,741.49
Security deposits	0.90	233.53	-	234.43
Other financial liabilities	3,255.22	-	-	3,255.22
	37,518.67	8,755.59	2,502.41	48,776.67

As at 31st March, 2017	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	27,318.39	8,211.31	3,696.54	39,226.24
Trade payables	7,592.90	-	-	7,592.90
Security deposits	0.12	250.08	-	250.20
Other financial liabilities	5,450.03	-	-	5,450.03
	40,361.44	8,461.39	3,696.54	52,519.37

INTEREST RATE RISK

Interest rate risk is the risk that an upward movement in the interest rate would adversely affect the borrowing cost of the company. The Company is exposed to long term and short-term borrowings, Commercial Paper Program. The

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

Company manages interest rate risk by monitoring its mix of fixed and floating rate instruments, and taking action as necessary to maintain an appropriate balance.

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

MARKET RISK

a) Interest rate risk exposure

(₹ in Lakh)

Particulars	31st March, 2018	31st March, 2017
Variable rate borrowings	16,692.11	17,240.71
Fixed rate borrowings	15,853.42	21,985.53

b) Sensitivity analysis

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

Particulars	Impact on profit after tax	
	31st March, 2018	31st March, 2017
Interest rates - increase by 70 basis points	(179.43)	(156.37)
Interest rates - decrease by 70 basis points	179.43	156.37

CURRENCY RISK

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

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

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

Currency in Lakh

Particulars	Currency	2017-18	2016-17
Borrowings	USD	89.81	94.07
	Euro	-	1.29
Trade Payables	USD	109.19	33.52
Trade Receivables	USD	(20.74)	(4.71)
Forward Contract for Payables	USD	-	(26.44)

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

Particulars	Impact on profit after tax	
	31st March, 2018	31st March, 2017
Foreign exchange rates - increase by 1%	(116.18)	(63.43)
Foreign exchange rates - decrease by 1%	116.18	63.43

PRICE RISK

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

Sensitivity Analysis for Price Risk:

Equity Investments carried at FVTOCI are not listed on the stock exchange. For equity investments and mutual funds classified as at FVTPL, the impact of a 2% in the index at the reporting date on profit & loss would have been an increase of ₹ 146.50 lakh (2016-17: ₹ 132.43 lakh); an equal change in the opposite direction would have decreased profit and loss. For equity investments classified as at FVTOCI, the impact of a 2% in the index at the reporting date on profit & loss would have been an increase of ₹ 1.75 lakh (2016-17: ₹ 1.75 lakh); an equal change in the opposite direction would have decreased profit and loss.

41 CAPITAL MANAGEMENT

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

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

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

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

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

(₹ in Lakh)

Particulars	31st March, 2018	31st March, 2017
Total liabilities	13,961.19	18,985.48
Less : Cash and cash equivalent	97.59	89.30
Net debt	13,863.60	18,896.18
Total equity	1,36,871.01	1,19,553.72
Net debt to equity ratio	0.10	0.16

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

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

42 FINANCIAL INSTRUMENTS

A. Accounting classification and fair values

(₹ in Lakh)

March 31, 2018	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amotized Cost*		Level 1	Level 2	Level 3	
Financial assets								
Cash and cash equivalents	-	-	159.18	159.18				159.18
Non-current investments	-			-				-
Unquoted Equity Investments		128.22	61,776.22	61,904.44		128.22		128.22
Quoted Mutual Funds				-				-
Current investments	-			-				-
Quoted Equity Investments	7,284.25			7,284.25	7,284.25			7,284.25
Financial Asset: Loans	-		19,360.29	19,360.29				-
Trade and other receivables	-		6,195.36	6,195.37				-
	7,284.25	128.22	87,491.05	94,903.53	7,284.25	128.22	-	7,571.65
Financial Liabilities								
Long term borrowings			11,024.47	11,024.47			11,024.47	11,024.47
Short term borrowings			18,584.33	18,584.33			18,584.33	18,584.33
Trade and other payables			12,741.49	12,741.49				-
Other financial liabilities	2.55		6,423.83	6,426.38	2.55			2.55
	2.55	-	48,774.12	48,776.67	2.55	-	29,608.80	29,611.35

March 31, 2017	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amotized Cost*		Level 1	Level 2	Level 3	
Financial assets								
Cash and cash equivalents	-	-	145.72	145.72				145.72
Non-current investments	-			-				-
Unquoted Equity Investments	-	92.32	51,074.19	51,166.51		92.32		92.32
Quoted Mutual Funds	-			-	-			-
Current investments	-			-				-
Quoted Equity Investments	6,393.33			6,393.33	6,393.33			6,393.33
Financial Asset: Loans	-		20,964.82	20,964.82				-
Trade and other receivables			4,986.86	4,986.86				-
	6,393.33	92.32	77,171.59	83,657.24	6,393.33	92.32	-	6,631.37
Financial liabilities								
Long term borrowings			11,907.84	11,907.84			11,907.84	11,907.84
Short term borrowings			20,690.75	20,690.75			20,690.74	20,690.74
Trade and other payables			7,592.90	7,592.90				-
Other financial liabilities			12,327.88	12,327.88				-
	-	-	52,519.37	52,519.37	-	-	32,598.58	32,598.58

* The carrying value and the fair value approximates.

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

B. Measurement of fair values

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

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

C. Valuation techniques

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

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

43 INCOME TAX EXPENSE

(₹ in Lakh)

i) Income tax recognized in profit or loss

a. Current tax expense

	31st March, 2018	31st March, 2017
Current year	6,678.88	3,847.09
Adjustment for prior periods	(43.29)	(17.83)
	-	-
Deferred tax expense	-	-
Origination and reversal of temporary differences	1,450.52	(781.65)
Total income tax expense	8,086.11	3,047.61

ii) Income tax recognized in OCI

	31st March, 2018	31st March, 2017
Remeasurements of defined benefit plans and fair valuation of Equity Instruments	(9.69)	16.16
Total income tax expense relating to OCI items	(9.69)	16.16

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

(₹ in Lakh)

b) Reconciliation of tax expense and accounting profit

	31st March, 2018	31st March, 2017
Accounting profit before tax from continuing operations	26,873.01	16,167.44
Accounting profit before tax from discontinued operations		
Accounting profit before tax	26,873.01	16,167.44
Expected Tax Rate	34.61%	34.61%
Tax using the Company's domestic tax rate (Current year 34.61% and Previous Year 34.61%)	9,300.21	5,595.23
Adjustments in respect of current income tax of previous years	(43.29)	(17.83)
Exceptional item not considered for tax purpose	126.08	(127.02)
Expense Allowable for tax purpose	(3,464.15)	(4,853.42)
Expense not allowed for tax purpose	1,756.77	3,331.19
Deduction under Chapter VIA	(416.09)	(111.26)
Income not considered for tax purpose in other than PGBP	13.39	12.37
Income Taxable at special rate of tax	253.42	-
Income Taxable at special rate of tax	133.63	-
MAT Tax Paid	(1,024.38)	-
Other temporary differences	1,450.52	(781.65)
Effective income tax rate	30.09%	18.85%
At the effective income tax rate of 18.85% (31st March, 2017: 32.70%)		
Income tax reported in the statement of profit and loss	8,086.11	3,047.61
Income tax attributed to discontinued operations	-	-
Total	8,086.11	3,047.62

c) Deferred tax assets and liabilities

Deferred tax relates to the following:

	31st March, 2018	31st March, 2017
Accelerated depreciation for tax purposes	437.81	(870.31)
Expenses allowed on payment basis	(4.56)	(21.72)
DTA impact on indexation of land	(14.64)	(61.16)
DTA impact on net movement, Valuation & others	(86.78)	155.37
MAT Credit Adjusted	1,128.39	-
Total	1,460.22	(797.82)

d) Reconciliation of deferred tax assets/ Liabilities

	31st March, 2018	31st March, 2017
Opening balance as at 1st April	5,090.16	5,405.91
Tax income/expense during the period recognised in profit or loss	1,460.22	(796.26)
MAT Credit Adjusted	(192.88)	480.51
Closing balance	6,357.50	5,090.16

Significant Accounting Policies and Notes

to financial statements for the year ended 31st March, 2018

44 DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENT

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

Name of the entities	Relationship	2017-18		
		Amount outstanding as at 31.03.2018	Maximum amount outstanding during the year	Investment by the loanee in the shares of the Company
		₹ in Lakh	₹ in Lakh	No. of shares
Loans where there is no repayment schedule:				
Sarda Metals & Alloys Limited	Subsidiary	1,166.94	4,079.13	
Parvatiya Power Limited	Subsidiary	2,206.23	2,236.70	
Mosh Varaya Infrastructure Limited	Others	4,350.55	5,680.51	
Kamal Trading Company	Others	0.10	0.10	
Chhatisgarh Investments Limited	Associate	6,442.18	6,442.18	1,37,88,760
Sarda Power & Steel Limited	Others	2,022.49	2,022.49	
Chhatisgarh Hydro Power LLP	Others	452.63	1,896.00	
Orient Press Limited	Others	-	500.00	
B K Infrastructure Private Limited	Others	-	187.46	
Manees Pipes Private Limited	Others	600.00	750.66	
Simplex Prefeb Infrastructure India	Others	38.26	38.26	
Earthsthal & Alloys Private Limited	Others	23.42	23.42	
Shiv Trading Company.	Others	99.88	100.12	
K K Vyas	Others	0.28	0.28	
Vyas & Co.	Others	-	0.40	
G R Mining and Logistics Private Limited	Others	66.02	475.03	
Shree Pariyojna Nirman Limited	Others	-	500.00	
Neha Devcon Private Limited	Others	67.31	105.10	
Aarti Sponge And Power Limited	Others	108.78	108.78	
Subh Raipur Vyapar Vihar Developers	Others	33.20	100.85	
Aryan Infra Services	Others	13.12	18.00	
Arihant Infrastructure	Others	25.94	35.00	
Loans where there no repayment schedule and no interest is charged:				
Natural Resources Energy Private Limited	Subsidiary	3.06	3.06	

The above loans were given for the business activities of the recipients and have been so utilised by them.

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

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

Sanjay Singhania
Partner
Membership No. 076961
Raipur
26th May, 2018

K. K. Sarda
Chairman & Managing Director
DIN: 00008170
Raipur
26th May, 2018

For and on Behalf of the Board

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

Manish Sethi
Company Secretary

CONSOLIDATED FINANCIALS

Independent Auditor's Report

To the Members of
Sarda Energy & Minerals Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Sarda Energy & Minerals Limited (“the Holding Company”) and its subsidiaries (collectively referred to as “the Company” or “the Group”), associates and its jointly controlled entities, which comprise the consolidated balance sheet as at 31st March, 2018, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

Management’s Responsibility for the Consolidated Ind AS Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company’s preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company’s Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group, as at 31st March, 2018 and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Other Matters

We did not audit the financial statements of nine subsidiaries, whose financial statements reflect total assets of

Independent Auditor's Report

₹ 1,448.16 crore and net assets of ₹ 845.03 crore as at 31st March, 2018, total revenues of ₹ 711.09 crore, net profit of ₹ 24.48 crore and net cash flows amounting to ₹ 559.14 crore for the year ended on that date and also the financial statements of one joint venture in which the share of profit of ₹ 5.86 crore as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiaries included in the group and jointly controlled companies including relevant records relating to the preparation of the consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries included in the group and jointly controlled companies including relevant records relating to the preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiaries and jointly controlled companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure - A.
and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated Ind AS financial statements disclose the impact of pending litigation on the consolidated financial position of the Group. Refer Note 38 to the consolidated Ind AS financial statements;
 - ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

Sanjay Singhania
Partner

Membership No.076961

Raipur, 26th May, 2018

Annexure A

to the Independent Auditor's Report

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of Sarda Energy & Minerals Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Annexure A

to the Independent Auditor's Report

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Sanjay Singhania
Partner

Membership No.076961

Raipur, 26th May, 2018

Consolidated Balance Sheet

as at 31st March, 2018

(₹ in Lakh)

Particulars	Note	As at 31.03.2018	As at 31.03.2017
ASSETS			
(1) Non-current Assets			
(a) Property, Plant & Equipment		1,27,499.77	1,09,977.46
(b) Capital work-in-progress		77,499.66	78,816.18
(c) Investment Property	2	4,868.73	4,561.13
(d) Other Intangible Assets		3,481.31	3,801.75
(e) Intangible Assets under development		845.97	1,085.40
(f) Financial Assets			
(i) Investments	3	5,479.07	2,246.16
(ii) Loans	4	1,653.36	1,498.49
(g) Other Non-current Assets	5	6,761.26	4,274.28
		2,28,089.13	2,06,260.85
(2) Current Assets			
(a) Inventories	6	41,125.62	34,261.99
(b) Financial Assets			
(i) Investments	7	23,253.97	20,348.79
(ii) Trade receivables	8	13,123.68	10,647.61
(iii) Bank, Cash & cash equivalents	9	2,102.11	1,000.01
(iv) Bank balances other than (iii) above	10	61.59	56.42
(v) Loans	11	20,971.85	25,617.73
(c) Current tax assets (net)		40.92	18.88
(d) Other Current Assets	12	12,492.44	13,299.42
		1,13,172.18	1,05,250.85
TOTAL ASSETS		3,41,261.31	3,11,511.70
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital		3,604.92	3,603.04
(b) Other Equity		1,54,041.62	1,32,155.83
Equity Attributable to owners of the company	13	1,57,646.54	135,758.87
Non Controlling Interests		8,847.85	8,308.30
Total Equity		166,494.39	144,067.17
Liabilities			
(1) Non-current Liabilities :			
(a) Financial Liabilities			
(i) Borrowings	14	98,320.25	92,318.92
(ii) Other financial liabilities	15	1,521.48	1,285.30
(b) Provisions	16	776.16	948.00
(c) Deferred tax liabilities (Net)	17	6,808.89	5,567.21
		1,07,426.78	1,00,119.43
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	32,672.35	34,834.26
(ii) Trade Payables		13,079.44	11,107.86
(iii) Other financial liabilities	19	16,227.74	18,579.12
(b) Other current liabilities	20	2,889.47	1,565.55
(c) Provisions	21	1,079.83	1,003.82
(d) Current tax liabilities (net)		1,391.31	234.49
		67,340.14	67,325.10
TOTAL EQUITY AND LIABILITIES		3,41,261.31	3,11,511.70

Significant Accounting Policies

1

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

For and on Behalf of the Board

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

26th May, 2018

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

26th May, 2018

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Consolidated Statement of Profit & Loss

for the year ended 31st March, 2018

(₹ in Lakh)

Particulars	Note	Year Ended 31.03.2018	Year Ended 31.03.2017
I. Revenue from operations	22	2,21,658.91	1,57,102.30
II. Other income	23	7,033.21	6,739.23
III. Total Revenue (I + II)		2,28,692.12	1,63,841.53
IV. Expenses:			
Cost of materials consumed	24	1,31,509.26	93,988.06
Purchases of Stock-in-Trade		15,663.31	3,450.40
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	606.91	(3,213.25)
Excise Duty		4,288.50	13,679.74
Employee benefits expense	26	7,711.99	7,539.72
Finance costs	27	9,668.20	9,376.79
Depreciation and amortization expense	2	7,317.91	6,865.46
Other expenses	28	21,717.24	19,954.09
Total Expenses		1,98,483.32	1,51,641.01
V. Profit before Exceptional Items and Tax (III - IV)		30,208.80	12,200.52
VI. Exceptional items (Income) / Expense		780.00	(2,815.77)
VII. Profit Before Tax (V - VI)		29,428.80	15,016.29
VIII. Tax expense:			
(1) Current tax		7,250.13	3,868.60
(2) Deferred tax		1,701.55	(1,548.92)
IX. Profit for the period (VII - VIII)		20,477.12	12,696.61
X. Add: Share of Profit of Joint Ventures		90.58	6.98
XI. Profit for the period (IX - X)		20,567.70	12,703.59
XII. Other comprehensive income for the year, net of tax	29		
Items that will not be reclassified to profit or loss		28.56	(42.03)
Income tax relating to items that will not be reclassified to profit or loss		(14.89)	14.87
Items that will be reclassified to profit or loss		(733.21)	(172.41)
Income tax relating to items that will be reclassified to profit or loss		285.74	(38.00)
XIII. TOTAL COMPREHENSIVE INCOME FOR THE YEAR		20,133.90	12,810.84
XIV. Net Profit /(loss) attributable to			
a/ Owner of the Company		20,295.77	13,187.91
b/ Non Controlling Interest		271.93	(484.32)
XV. Total Comprehensive income /(loss) attributable to			
a/ Owner of the Company		20,080.39	13,229.28
b/ Non Controlling Interest		53.51	(418.44)
XVI. Earnings per equity share:	30		
Basic		56.01	35.59
Diluted		56.01	35.58

Significant Accounting Policies

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

26th May, 2018

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

26th May, 2018

1

For and on Behalf of the Board

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2018

(₹ in Lakh)

a Equity Share Capital

For the year ended 31st March, 2017	Balance at April 1, 2016	Changes in equity share capital during the year	Balance at March 31, 2017
	3,597.83	5.21	3,603.04
For the year ended 31st March, 2018	Balance at April 1, 2017	Changes in equity share capital during the year	Balance at March 31, 2018
	3,603.04	1.88	3,604.92

b Other Equity

Particulars	Reserves and Surplus					OCI		Foreign Currency Translation Reserve	Total Other Equity	
	Capital Reserve	Securities Premium Reserve	Debt Redemption Reserve	General Reserve	Share option outstanding account	Retained Earnings	Remeasurements of the defined benefit plans			Equity instruments through Other Comprehensive Income
Balance as of April 1, 2016	224.71	19,321.66	2,084.00	15,098.75	55.86	81,269.48	102.16	40.15	935.62	1,19,132.38
Transfer to general reserve			(1,041.00)	1,041.00						-
Share based payment to employees		59.89			-					59.89
Other Comprehensive Income							(27.18)	68.55		41.37
ESOP Option Added/(lapsed)					(6.06)					(6.06)
Addition during the year	617.50								(1,201.29)	(583.79)
Profit for the year						13,187.91				13,187.91
Changes in control						324.13				324.13
Balance as of March 31, 2017	842.21	19,381.55	1,043.00	16,139.75	49.80	94,781.52	74.98	108.70	(265.67)	1,32,155.83
Balance as of April 1, 2017	842.21	19,381.55	1,043.00	16,139.75	49.80	94,781.52	74.98	108.70	(265.67)	1,32,155.83
Transfer to general reserve			(1,043.00)	1,043.00						-
Other Comprehensive Income							12.83	(228.21)		(215.38)
ESOP Option Added/(lapsed)					(49.80)					(49.80)
Addition during the year	(437.43)	21.66							453.62	37.85
Profit for the year						20,295.77				20,295.77
Final Dividend & Tax						(1,441.97)				(1,441.97)
Changes in control						3,259.31				3,259.31
Balance as of March 31, 2018	404.78	19,403.21	-	17,182.75	-	1,16,894.63	87.81	(119.51)	187.95	1,54,041.62

The accompanying notes are forming integral part of Financial Statements

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

26th May, 2018

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

26th May, 2018

For and on Behalf of the Board

P. K. Jain

Wholtime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Consolidated Cash Flow Statement

for the year ended 31st March, 2018

(₹ in Lakh)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Statement of Profit & Loss	29,428.80	15,016.29
Adjustments to reconcile profit before tax to cash generated by operating activities		
Depreciation and amortization expense	7,317.91	6,865.46
Finance Costs	9,668.20	9,376.79
Share of Profit of joint ventures	90.58	6.98
Coal Mining Assets written off	-	4,287.12
Loss pertaining to scraping of assets	-	417.04
Capital Advances written off due to non recoverability	-	1,538.27
Pre-operative expenses written off	-	318.35
Reversal of Coal Mine related provisions	-	(2,221.99)
Amortization/(Reversal) of Employee Stock Option Cost	(49.80)	(6.06)
Exchange differences on translation of assets & liabilities	(187.42)	(857.54)
Net (Gain)/Loss on investments pertaining to Fair valuation	(888.22)	(1,546.82)
Interest Income	(2,290.51)	(3,141.65)
Dividend income	(278.59)	(326.21)
(Profit) / Loss on sale of investments	(222.86)	(481.51)
(Profit) / Loss on sale of fixed assets	(902.52)	(204.34)
Effect of exchange difference on translation of subsidiaries	453.62	(1,201.28)
Changes in assets and liabilities		
Trade Receivables	(2,561.64)	1,683.03
Inventories	(6,863.63)	(12,075.82)
Trade Payables	2,176.85	2,046.95
Loans and advances and other assets	1,473.88	(1,675.49)
Liabilities and provisions	320.11	1,486.78
	36,684.76	19,304.35
Income Tax Paid	(6,263.30)	(1,591.88)
NET CASH (USED)/GENERATED IN OPERATING ACTIVITIES	30,421.46	17,712.48
B. CASH FLOW FROM INVESTING ACTIVITIES :		
(Increase)/decrease in Property, Plant and equipment including CWIP & Capital advances	(26,207.28)	(24,019.51)
Sale of Fixed Assets	1,098.24	417.58
Investment made in Joint Venture, MFs & Others	(5616.42)	(7,783.68)
Investment liquidated in Joint Venture, MFs & Others	3,115.51	3,423.42
Loan repaid by/(given to) related parties & others	4,317.87	(1,169.82)
Interest received	2,290.51	3,141.65
Dividend received	278.59	326.21
Increase in non-controlling interest	486.03	1,559.52
NET CASH (USED)/GENERATED IN INVESTING ACTIVITIES	(20236.95)	(24,104.63)

Consolidated Cash Flow Statement

for the year ended 31st March, 2018

(₹ in Lakh)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from fresh issue of shares	23.55	5.21
Proceeds from long term borrowings	25,916.25	8,553.69
Repayment of long term borrowings	(21,487.51)	(3,729.92)
Short term borrowings (net)	(2,201.09)	10,064.19
Interest Paid	(9,459.21)	(9,223.57)
Dividend & dividend tax paid	(1,441.97)	-
Increase in capital reserve	(437.43)	617.49
Capital Subsidy received	5.00	-
NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES	(9082.41)	6,287.09
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	1,102.10	(105.06)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,000.01	1,105.07
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,102.11	1,000.01
Supplementary Information:		
Restricted Cash Balance	61.59	56.42
Notes:		
(a) Cash and cash equivalent include the following :		
Cash on Hand	32.12	38.74
Balances with banks	2,069.99	961.27
	2,102.11	1,000.01
(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 **O. P. Singhania & Co.**
(ICAI FRN 002172C)
Chartered Accountants

Sanjay Singhania
Partner
Membership No. 076961
Raipur
26th May, 2018

K. K. Sarda
Chairman & Managing Director
DIN: 00008170
Raipur
26th May, 2018

For and on Behalf of the Board

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

Manish Sethi
Company Secretary

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

1.1 Basis of Preparation of consolidated financial statements:

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

1.2 Basis of Consolidation

The Consolidated Financial Statements comprise individual financial statements of Sarda Energy & Minerals Limited, its subsidiaries and jointly controlled entities as on 31st March, 2018. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns. Subsidiaries are consolidated from the date control commences until the date control ceases. The Consolidated Financial Statements have been prepared on the following basis:

- i) The consolidation of accounts of the Company with its subsidiaries has been prepared in accordance with (Ind AS) 110 - Consolidated Financial Statements. The financial statements of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and unrealized profits or losses are fully eliminated. Ind AS 12 - Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra group transactions. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company’s separate financial statements unless stated otherwise.

The assets and liabilities of foreign subsidiaries are translated at year end exchange rates and all other items in Statement of Profit and Loss are translated at average annual rate. The resultant gains and losses are shown separately as Foreign Currency Translation Reserve under the head Other Equity in the consolidated financial statements.

The carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary are eliminated.

- ii) The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group’s share of equity in the subsidiaries, is recognized as ‘Goodwill’ being an asset in the consolidated financial statements. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognized as ‘Capital Reserve’ and shown under the head Other Equity in the consolidated financial statements.
- iii) Investment in Associates and Joint Ventures have been accounted under the equity method as per Ind AS 28 - Investments in Joint Ventures.

Under the equity method, an investment in Associates and Joint Ventures are initially recognized at cost on the date of the investment, and inclusive of any goodwill/capital reserve embedded in the cost, in the Balance Sheet. The proportionate share of the Group in the net profits / losses as also in the other comprehensive income is recognized in the Statement of Profit and Loss and the carrying value of the investment is adjusted by a like amount. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Unrealized gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint venture.

- iv) The Audited financial statements of the subsidiaries and the jointly controlled entities used in the consolidation are drawn up to the same reporting date as of the Holding Company i.e. up to 31st March, 2018. The financial statement of associate of a subsidiary has been audited up to 31st December, 2017 and the period from 1st January, 2018 to 31st March, 2018 was unaudited considered in the consolidated financial statement.

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

- v) Non Controlling Interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- vi) Non-controlling interests in the net assets of consolidated subsidiaries is identified and is presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:
 - (a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
 - (b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

1.3 Other significant accounting policies

- i) Land-Right to use will be amortized over a period of 35 years from the date of commercial operation of the project in line with CERC Tariff Regulations notified for tariff fixation.
- ii) Service Concession Agreement.
Specific Hydro Power Project of the Group recognizes an intangible asset arising from Service concession agreements to the extent it has a right to charge for use of concession infrastructure as per Appendix A of IND AS 11. Such intangible asset is measured at cost less any accumulated amortization.
- iii) Revenue- Service Concession Arrangements-
Revenue related to construction or upgrade services under a service concession arrangement is recognized based on the stage of completion of the work performed. Operation or service revenue is recognized in the period the services are rendered by the group.
- iv) Free of Cost Materials issued to the Contractor
Materials for the purpose of being used in specific Hydro Power project of the Group are recognized at purchase cost by the Company. Since they are to be used in the project construction, they are immediately issued at cost to Contractor. Therefore no materials stock is separately disclosed in the Financial statements on the reporting date, as their cost forms part of the carrying value of Capital Work in Progress as soon as they are procured and issued. Materials issued to the Contractor and lying with it are reconciled periodically and differences identified, if any, are recovered from the Contractor or recognized appropriately according to the nature of difference and as per contractual obligations.

The rest of the Accounting Policies followed by the Group are set out under "Significant Accounting Policies" as given in the Parent Company's standalone financial statements.

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block			Depreciation			Net Block		
	As on 01.04.2017	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2018	Up to 01.04.2017	Depreciation for the year	Transfer / Adjustment	As on 31.03.2018	As on 31.03.2017
Freehold Land	2,852.51	-	-	2,852.51	-	-	-	2,852.51	2,852.51
Leasehold Land	980.95	55.68	-	1,036.63	21.36	12.95	-	1,002.32	974.39
Building	23,287.02	2,341.48	-	25,628.50	2,653.51	1,141.10	-	3,794.61	21,833.89
Plant & Machinery	95,758.79	21,738.53	505.49	1,16,991.83	10,804.11	5,817.93	356.94	16,265.10	84,941.08
Furniture, Fixture & Equipments	537.46	200.56	3.40	734.62	282.31	78.19	0.93	359.57	255.15
Vehicles	585.23	548.37	71.88	1,061.72	262.21	142.95	52.71	352.45	323.02
Total	1,24,001.96	24,884.62	580.77	1,48,305.81	14,023.50	7,193.12	410.58	20,806.04	1,27,499.77
Depreciation taken to Preoperative Expenses						20.50			
Net Depreciation during the year						7,172.62			
Previous Year	1,22,939.64	4,558.63	3,496.31	1,24,001.96	7,210.92	6,886.11	72.53	14,024.50	1,15,728.69
Capital Work in Progress (Including capital stock)				77,499.66					78,816.18
INVESTMENT PROPERTY									
Freehold Land-IP	3,346.90	644.87	41.82	3,949.95	-	-	-	-	3,949.95
Admin Bldg- IP	971.63	-	-	971.63	35.61	17.37	0.12	52.86	918.78
Total	4,318.53	644.87	41.82	4,921.58	35.61	17.37	0.12	52.86	4,868.73
Previous Year	4,318.53	-	-	4,318.53	17.83	17.77	-	35.60	4,282.93
Investment property under development				-					278.21
OTHER INTANGIBLE ASSETS									
Goodwill	383.03	0.11	251.89	131.25	-	-	-	-	131.25
Computer Software	116.21	70.41	-	186.62	57.90	27.17	-	85.07	101.55
Minig Rights & Development	308.42	-	-	308.42	37.20	18.60	-	55.80	252.62
Rights to use land	3,239.05	-	-	3,239.05	149.86	82.15	(11.15)	243.16	2,995.89
Total	4,046.71	70.52	251.89	3,865.34	244.96	127.92	(11.15)	384.03	3,481.31
Previous Year	6,937.89	721.36	3,612.54	4,046.71	116.45	128.51	-	244.96	3,801.75
Intangible assets under development				845.97					845.97

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

3 NON CURRENT ASSET - FINANCIAL ASSET - INVESTMENTS

	As at 31st March, 2018	As at 31st March, 2017
A Investments in Equity Instruments		
(Fully paid up with face value of ₹ 10/- each unless otherwise specified)		
Investment in In Joint Ventures	823.03	794.44
Investment in Associates of Subsidiaries	2,036.62	-
B Other Investments		
In Other companies-Carried at FVTOCI		
4,85,000 (P.Y. 4,85,000) Equity Shares of Chhattisgarh Ispat Bhumi Limited	87.30	87.30
39,80,000 (P.Y.11,20,000) Equity Shares of ₹.10/- each of Sarda Dairy & Food Products Limited	2,308.41	1,176.74
75 (P.Y.75) Equity Shares of ₹100/- each of Apex Equipment Private Limited	23.91	23.78
24000 Equity Shares of ₹ 10/- Kapa Properties Private Limited	158.88	158.88
Investments in Mutual Funds; (Carried at FVTPL)		
3,99,980 units (P.Y. 50,000 units) of KBC Mutual Fund	40.92	5.02
	5,479.07	2,246.16
Aggregate amount of quoted investment and market value thereof-		
Aggregate book value of quoted investments	40.92	5.02
Aggregate market value of quoted investments	40.92	5.02
Aggregate value of unquoted investments	5,438.14	2,241.14
Investment carried at cost	823.03	794.44
Investment carried at fair value through OCI	2,578.50	1,446.68
Investment carried at fair value through Profit & Loss	40.92	5.02

4 NON CURRENT ASSET - FINANCIAL ASSET - LOANS

	As at 31st March, 2018	As at 31st March, 2017
(a) Security Deposits		
Unsecured , considered good	796.16	641.29
(b) Other loans and advances		
Unsecured, considered good		
Other advances	857.20	857.20
	1,653.36	1,498.49

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

5 OTHER NON-CURRENT ASSETS

	As at 31st March, 2018	As at 31st March, 2017
(a) Capital Advances		
Unsecured, considered good	4,877.63	1,962.73
(b) Advances other than capital advances		
Unsecured, considered good		
(i) Security Deposits	314.67	500.04
Unsecured, considered good		
(ii) Other loans and advances	397.94	641.05
Advance income tax		
Prepaid expenses	1,171.02	1,170.46
	6,761.26	4,274.28

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

	As at 31st March, 2018	As at 31st March, 2017
(a) Raw Material	22,652.83	15,773.83
(b) Finished / semi finished goods	14,818.85	16,122.03
(c) Stock-in-Trade	719.46	23.19
(d) Stores and spares	2,525.23	2,342.94
(e) Material in Transit	409.25	-
	41,125.62	34,261.99

7 CURRENT ASSETS - FINANCIAL ASSETS - INVESTMENTS

	As at 31st March, 2018	As at 31st March, 2017
Investments in Equity Instruments-Carried at FVTPL		
In Other Companies (Quoted)		
Equity Shares of Abhishek Mills Limited	0.92	0.64
Equity Shares of Canfin Homes Limited	7,267.50	6,364.34
Equity Shares of Indian Metals & Ferro Alloys Limited	15.83	28.35
Investments in Mutual Funds- Union Liquid Fund	4,661.74	-
Investment held for trading	11,307.98	13,996.18
Less : Provision for diminution in the value of Investments	-	(40.72)
	23,253.97	20,348.79
Aggregate amount of quoted investments and market value thereof;	11,945.99	6,393.33
Aggregate amount of unquoted investments	-	-
Aggregate amount of investment held for trading	11,307.98	13,955.47

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

8 CURRENT ASSETS - FINANCIAL ASSETS - TRADE RECEIVABLES

	As at 31st March, 2018	As at 31st March, 2017
Trade Receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	13,111.36	10,647.61
Doubtful-	309.51	309.51
Less: Provision for doubtful debts	(297.19)	(309.51)
	13,123.68	10,647.61

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

	As at 31st March, 2018	As at 31st March, 2017
Balances with banks		
In current accounts	1,056.97	557.75
FDR with Bank (Bank Deposits with original maturity up to 3 months)	1,013.02	403.52
Cash on hand	32.12	38.74
	2,102.11	1,000.01

10 CURRENT ASSETS - FINANCIAL ASSETS - OTHER BANK BALANCE

	As at 31st March, 2018	As at 31st March, 2017
Unpaid dividend	61.59	56.42
	61.59	56.42

11 CURRENT ASSETS - FINANCIAL ASSETS - LOANS

	As at 31st March, 2018	As at 31st March, 2017
(a) Loans and advances to related parties		
Unsecured, considered good	8,939.43	8,004.36
(b) Other loans		
Unsecured, considered good		
(i) Earnest money deposit	510.96	568.55
(ii) Loans to employees	23.57	38.74
(iii) Loans and advances to other parties	10,576.69	15,829.62
(iv) Claims & recoverables	921.20	1,176.46
	20,971.85	25,617.73

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

12 OTHER CURRENT ASSETS

	As at 31st March, 2018	As at 31st March, 2017
Advances other than capital advances		
Other Advances		
Unsecured, considered good		
(i) Employee Advance	50.95	55.66
(ii) Advances to vendors	9,542.71	9,140.93
(iii) Advance royalty paid	38.54	13.18
(iv) Prepaid expenses	300.88	217.11
(v) Balances with tax authorities	1,368.87	2,901.23
(vi) Others	1,190.49	971.31
	12,492.44	13,299.42

13 EQUITY SHARE CAPITAL

	As at 31st March, 2018		As at 31st March, 2017	
	No.	₹ in lakh	No.	₹ in lakh
A Authorized				
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	3,60,49,235	3,604.92	3,60,30,398	3,603.04
	3,60,49,235	3,604.92	3,60,30,398	3,603.04

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

	As at 31st March, 2018		As at 31st March, 2017	
	No.	₹ in lakh	No.	₹ in lakh
Number of shares outstanding at the beginning of the period	3,60,30,398	3,603.04	3,59,78,319	3,597.83
Add: Increased during the year	18,837	1.88	52,079	5.21
Less: Decreased during the year	-	-	-	-
Number of shares outstanding at the end of the period	3,60,49,235	3,604.92	3,60,30,398	3,603.04

C Terms/rights attached to equity shares

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

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

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

Name of the shareholder	As at 31st March, 2018		As at 31st March, 2017	
	Number of shares	%	Number of shares	%
Chhatisgarh Investments Limited	1,37,88,760	38.25%	1,36,63,760	37.92%
Sarda Agriculture & Properties Private Limited	26,35,150	7.31%	26,35,150	7.31%
Asia Minerals Limited	16,84,891	4.67%	18,04,891	5.01%

14 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

	Non-Current portion		Current Maturities	
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2018	As at 31st March, 2017
	₹	₹	₹	₹
Bonds/debentures (Secured)				
1,250(1,250) 9.55 % Redeemable Non -convertible Debentures of ₹ 3.33 Lakh(P.Y. ₹ 6.67 Lakh) each	-	-	-	4,164.91
Term loans (Secured)				
<u>from banks</u>				
Indian Rupee Loan	61,411.72	65,265.54	7,558.62	4,836.90
<u>from other parties</u>				
Indian rupee loan from Financial institutions	36,873.78	27,053.38	-	-
Hire purchase loans	34.75	-	-	129.40
	98,320.25	92,318.92	7,558.62	9,131.21

15 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

	As at 31st March, 2018	As at 31st March, 2017
Security Deposit Received		
Deposits from Vendors	1,269.47	1,270.59
Other payables	252.01	14.71
	1,521.48	1,285.30

16 PROVISIONS

	As at 31st March, 2018	As at 31st March, 2017
(a) Provision for employee benefits		
Provision for Leave encashment	395.38	392.12
(b) Others		
Statutory liabilities	6.78	181.88
Site / Mines restoration expenses	374.00	374.00
	776.16	948.00

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

17 DEFERRED TAX LIABILITIES (NET)

	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Liabilities		
Deferred tax liability / (assets) at the beginning of the year	5,567.21	6,615.29
Deferred tax liability / (assets) during the year on account of timing difference	1,646.93	(1,438.82)
Deferred Tax MAT Credit	(405.25)	390.74
DEFERRED TAX LIABILITIES / ASSETS at the end of the year	6,808.89	5,567.21

18 CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

	As at 31st March, 2018	As at 31st March, 2017
Secured		
<u>From Banks (Secured)</u>		
Short term loans	363.12	10,308.21
Working capital loans (repayable on demand)	8,730.91	5,051.28
Working capital Buyers Credit loans	18,848.99	14,890.83
	27,943.02	30,250.32
<u>From Banks and Financial Institutions (Unsecured)</u>		
From banks	2,273.13	2,583.94
From Others	2,000.00	2,000.00
Other loans and advances		
Loans from Other Parties	0.50	-
Loans from Related Parties	455.70	-
	4,729.33	4,583.94
	32,672.35	34,834.26

19 CURRENT LIABILITIES - FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

	As at 31st March, 2018	As at 31st March, 2017
(a) Current maturities of long term debt	7,558.62	9,131.21
(b) Interest accrued but not due on borrowings	1,493.21	1,109.44
(c) Deposits from customers	454.41	1,484.85
(d) Expenses payable	2,197.62	1,508.91
(e) Salary & reimbursements	1,211.34	1,011.99
(f) Bill discounting (backed by LCs)	2,517.16	4,159.50
(g) INR payable to bank in forex account-on Financial Instruments at FVTPL-Level 1	2.55	23.64
(h) Unpaid Dividends	61.59	56.42
(i) Others	731.24	93.16
	16,227.74	18,579.12

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

20 OTHER CURRENT LIABILITIES

	As at 31st March, 2018	As at 31st March, 2017
(a) Others -		
Indirect taxes payable	531.37	413.22
Others	70.32	13.20
(b) Deposit from Employees	91.76	31.09
(c) Advances from customers	1,960.54	539.51
(d) TDS payables	179.21	295.71
(e) Open access UI charges payable	56.27	61.77
(f) Other expenses payable	-	211.05
	2,889.47	1,565.55

21 PROVISIONS

	As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits		
(a) Provision for gratuity	193.98	229.91
(b) Provision for Leave	36.84	35.13
Provision for expenses	849.01	738.78
	1,079.83	1,003.82

22 REVENUE FROM OPERATIONS

	2017-18	2016-17
Sale of products		
Sponge Iron	26,082.96	24,211.50
Ferro Alloys	1,05,324.98	69,396.59
Steel Billets	5,596.84	7,158.31
Wire Rod / HB Wire	38,191.46	30,480.39
Pellet	20,830.09	9,891.58
Power	9,035.37	9,444.66
Others	14,438.46	5,355.12
Other operating revenues	2,158.75	1,164.15
Revenue from Operations (Gross)	2,21,658.91	1,57,102.30

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

23 OTHER INCOME

	2017-18	2016-17
Interest Income	2,290.51	3,141.65
Dividend Income		
From Subsidiaries		
From Others	278.59	326.21
Net gain on sale of investments	222.86	481.51
Fair value gain on Financial Instruments at FVTPL	1,339.05	1,589.43
Other non-operating income (net of expenses directly attributable to such income)	2,902.20	1,200.43
Total	7,033.21	6,739.23

24 COST OF RAW MATERIAL CONSUMED

	2017-18	2016-17
Iron Ore	18,787.66	16,376.63
Mn Ore	40,903.89	25,338.55
Coal	56,414.56	39,200.13
Scrap	5,100.92	2,821.42
Other Material	10,302.23	10,251.33
Total	1,31,509.26	93,988.06

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

	2017-18	2016-17
Inventories at the end of the year		
Finished Goods / Semi-finished goods	14,818.85	16,122.03
Trading Goods	719.46	23.19
	15,538.31	16,145.22
Inventories at the beginning of the year		
Finished Goods / Semi-finished goods	16,122.03	12,765.26
Trading Goods	23.19	166.71
	16,145.22	12,931.97
Increase/(Decrease) in Inventories	(606.91)	3,213.25

26 EMPLOYEE BENEFIT EXPENSE

	2017-18	2016-17
Salaries, incentives & Managerial Remuneration	7,001.51	6,886.68
Contributions to -		
Provident fund	351.52	316.33
Superannuation scheme	17.24	7.00
Gratuity fund	148.19	139.84
Staff welfare expenses	193.53	189.87
Total	7,711.99	7,539.72

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

27 FINANCE COSTS

	2017-18	2016-17
Interest expense	8,256.54	8,003.65
Other borrowing costs	1,319.65	1,294.47
Amortization of ancillary borrowing costs	-	6.08
Exchange difference to the extent considered as an adjustment to borrowing costs	92.01	72.59
Total	9,668.20	9,376.79

28 OTHER EXPENSES

	2017-18	2016-17
Stores & Spares Consumption	5,895.50	5,565.87
Power	1,195.53	966.63
Manufacturing Expenses		
Plant process & services	2,201.47	2,223.72
Material handling expenses	2,852.29	2,649.44
Other Manufacturing Expenses	49.42	165.85
Increase/ (Decrease) of excise duty on inventory	(1,166.03)	491.00
Repairs & Maintenance		
Building	163.37	113.29
Plant & Machinery	1,037.84	934.49
Others	488.38	401.45
Rent	261.06	228.85
Rates & Taxes	1,700.51	911.47
Insurance Charges	374.07	208.35
Miscellaneous Expenses		
Travelling & Conveyance expenses	619.80	531.16
Legal & Professional Expenses	895.52	526.91
Administrative Expenses	677.49	631.63
Other Expenses	1,356.31	1,856.66
Selling Expenses		
Carriage Outward	2,369.00	1,400.03
Selling Commission & Brokerage	435.26	370.01
Other Selling Expenses	710.96	333.94
Exchange differences (net)	(443.63)	(594.55)
Payment to Auditors	43.12	37.89
Total	21,717.24	19,954.09

29 OTHER COMPREHENSIVE INCOME

	2017-18	2016-17
(i) Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	28.56	(42.03)
Income Tax relating to items that will not be reclassified to profit or loss	(14.89)	14.87
(ii) Items that will be reclassified to profit or loss		
Fair value of investment	(733.21)	172.41
Income Tax relating to items that will not be reclassified to profit or loss	285.74	(38.00)
Total Other Comprehensive Income	(433.80)	107.25

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

30 EARNINGS PER SHARE (EPS)

	2017-18	2016-17
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in Lakh)	20,295.77	13,187.91
Nominal Value of Equity Shares (₹)	10	10
Weighted average number of Equity Shares used as denominator for calculating basic EPS	360.49	359.75
Weighted average number of Equity Shares used as denominator for calculating Diluted EPS	360.49	362.02
Basic	56.01	35.59
Diluted	56.01	35.58

31 SEGMENT REPORTING

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

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

A) Business Segment Primary

Particulars	2017-18				2016-17			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
Revenue								
Sales & other income	92,337.28	1,05,918.09	4,779.68	2,03,035.05	64,368.75	68,010.12	872.11	1,33,250.98
Inter segment sales		1,086.70	17,774.71	18,861.41		701.07	22,380.28	23,081.35
Others Unallocated				(237.55)				769.97
Total Revenue	92,337.28	1,07,004.79	22,554.39	2,21,658.91	64,368.75	68,711.19	23,252.39	1,57,102.30
Result								
Segment Result	23,369.06	15,251.35	307.31	38,927.72	7,690.08	10,746.67	(866.93)	17,569.82
Unallocated Expenses net off unallocated income				(434.95)				6,237.86
Operating Profit				38,492.77				23,807.68
Interest & Forex fluctuation loss (Net)				(9,064.00)				(8,791.41)
Profit Before Tax & Extraordinary Item				29,428.77				15,016.27
Provision for taxation								
For Current Year				(7,250.13)				(3,868.60)
For Deferred Taxation				(1,701.55)				1,548.93
Profit After Taxation				20,477.09				12,696.60
Other Information								
Segment Assets	65,685.75	58,687.89	1,02,620.07	2,26,993.70	63,409.60	53,931.43	84,585.10	2,01,926.14
Unallocated Assets				1,14,267.60				1,09,585.56
Total Assets				3,41,261.30				3,11,511.70
Segment Liabilities	12,126.84	13,532.26	53,269.87	78,928.97	12,959.69	8,941.94	35,415.56	57,317.19
Unallocated Liabilities				2,62,332.33				2,54,194.51
Total Liabilities				3,41,261.30				3,11,511.70
Capital Expenditure	2,641.83	283.69	20,553.04	23,478.56	(6,546.94)	362.40	79,081.17	72,896.63
Depreciation / Amortization	3,234.44	1,232.38	2,213.62	6,680.44	3,398.09	1,181.53	1,605.18	6,184.80
Unallocated Capital Exp. & Depreciation				494.12				(1,302.26)

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

32 INTEREST IN SUBSIDIARIES

(The financial statements of the following subsidiaries have been considered in consolidation)

Name of Subsidiaries	Country of Origin	Proportion of ownership interest As at 31st March (%)	
		2018	2017
Sarda Energy & Minerals Hong Kong Limited	HongKong	100.00	100.00
Sarda Global Ventures Pte. Limited	Singapore	100.00	100.00
Sarda Metals & Alloys Limited	India	100.00	100.00
Sarda Energy Limited	India	100.00	100.00
Chhattisgarh Hydro Power LLP	India	60.00	60.00
Parvatiya Power Limited	India	51.00	51.00
Madhya Bharat Power Corporation Limited	India	77.96	80.88
Shri Ram Electricity LLP	India	51.00	51.00
Sarda Hydro Power Private Limited	India	60.00	60.00
Raipur Fabritech Private Limited	India	52.38	52.38
Raipur Industrial Gases Private Limited	India	51.00	51.00
Natural Resources Energy Private Limited	India	100.00	100.00

33

(a) Interest in Joint Ventures

The financial statements of the following Joint Ventures have been considered in consolidation:

Name of Company	Country of Origin	Proportion of ownership interest as at 31st March	
		2018	2017
Raipur Infrastructure Company Limited	India	33.33%	33.33%
Madanpur South Coal Company Limited	India	20.63%	20.63%
Godavari Natural Resources Limited.	India	-	29.98%

(b) Interest in Associates of Subsidiary company

The financial statements of the following Associate has been considered in consolidation :

Name of Company	Country of Origin	Proportion of ownership interest as at 31st March	
		2018	2017
PT. Tigadaya Minergy	Indonesia	49.00%	-

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

34 RELATED PARTY DISCLOSURE

a) Names of related parties and description of relationship

S.No.	Relationship	Name of Related Parties
1	Related Enterprises where significant influence exist	Chhatisgarh Investments Limited
		Sarda Solution & Technologies Private Limited
		Goldenlife Financial Services Private Limited
		Rishabh Mining and Transport Company Private Limited
		Sarda Dairy & Food Products Limited
		Jai Balaji Enterprises
		Vikas Associates
		R. R. Sarda & Co
		Chhattisgarh Metaliks and Alloys Private Limited
		Earthstahl & Alloys Private Limited
2	Key Management Personnel (KMP)	Mr. Kamal Kishore Sarda
		Mr. Pankaj Sarda
		Mrs. Uma Sarda
		Mr. Padam Kumar Jain
		Mr. Prabhakar Ram Tripathi
		Mr. Gajinder Singh Sahnii
		Mr. Jitender Balakrishnan
		Mr. C.K. Lakshminarayanan
		Mr. Asit Kumar Basu
		Mr. Rakesh Mehra
		Mr. Manish Sethi
		Mr. Manish Sarda
		Mr. Neeraj Sarda
		Mrs. Sonal Sarda
		Mr. Gaurav Thakkar
		Mr. Sanjay Sabat
		Mr. P. S. Duttagupta
		Ms. Shilpa Rathod
		Mr. Gaurishankar Patra (Power Fin. Cop. Ltd)
		Mr. Vipula Sarda
Mr.Praharsh Agarwal		
3	Relatives of KMP's	Mrs. Veena Sarda
		Mr. Mahesh Kumar Khator
		Mr. Satya Narayan Khator
		Mr. Anant Sarda
		Miss. Niharika Jain

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

b) Material Transactions with Related Parties

Particulars	Related Enterprises where significant influence exists	Key Management Personnel	Relatives of Key Management Personnel
Remuneration	-	841.52	7.84
	-	(726.26)	(2.43)
Rent Paid	161.63	-	2.40
	(152.35)	-	(2.40)
Loans Granted	26,959.80	-	-
	(21,639.44)	-	-
Loans Received Back	27,874.96	-	-
	(26,533.63)	-	-
Loans Taken	0.62	-	-
	(695.00)	-	-
Loans Repaid	450.12	-	-
	(437.01)	-	-
Interest Paid	41.77	-	1.44
	(44.53)	-	(1.44)
Interest Received	391.13	-	-
	(1,258.28)	-	-
Sale of Goods / Assets	1,172.24	-	1.33
	(69.45)	-	(0.86)
Purchase of Goods / Assets	956.73	-	-
	(33.09)	-	-
Services Received	205.88	-	-
	(191.57)	-	-
Commission Paid	-	-	8.30
	(5.11)	-	-
Investment made	1,865.00	-	-
	-	-	-
Outstanding as on 31st March, 2018			
Receivables	401.44	3.61	0.09
	(35.32)	(10.68)	-
Loans Receivable	7,082.07	-	-
	(7,645.22)	-	-
Loans Payable	-	1.50	-
	(450.00)	(1.00)	-
Payables	157.38	20.94	2.16
	(24.69)	(22.27)	-

* Figures in bracket represent balances of previous financial year 2016-17

35 COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account for the Group, net of advance given and not provided for as at 31st March, 2018 is ₹ 22,638.29 Lakh (31st March, 2017: ₹ 21,131.81 Lakh).
- Parent Company has commitments of ₹ NIL as at 31st March, 2018 (31st March, 2017: ₹ 1,100.00 Lakh) for further investment in controlled entity Chhattisgarh Hydro Power LLP and ₹ 1,092.73 Lakh as at 31st March, 2018 (31st March, 2017: ₹ 10,311.50 Lakh) in Madhya Bharat Power Corporation Limited.

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

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

The Group has not received any memorandum (as required to be filed by the supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2018 as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is ₹ NIL.

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

38 CONTINGENT LIABILITIES

(₹ in Lakh)

Particulars	Year ended	Year ended
	31st March, 2018	31st March, 2017
Guarantees given by group's bankers	5,501.93	2,769.62
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	221.33	318.21
Bills discounted with the group's bankers under Letters of Credit	1,972.13	3,738.86
Claims against the group not acknowledged as debt & disputed in appeals	5,099.01	9,761.57
Excise Duty & Service Tax Demand	1,720.63	416.19
VAT, CST & Entry Tax	724.42	451.82
Income Tax	174.08	225.42
Pending allotment on Equity subscription	36.40	-
Electricity Duty	776.94	776.94
Energy Development Cess	5,543.80	5,003.80
TOTAL	21,869.55	23,561.31

i) Guarantee given to Director General of Foreign Trade ₹ 98.88 Lakh (P.Y. ₹ 98.88 Lakh) and Assistant Commissioner of Customs ₹ 221.33 Lakh (P.Y. ₹ 318.21 Lakh) 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.

ii) **Claim against the group not acknowledged as debt comprises of:**

- a Suspension and damages claimed from Madhya Bharat Power Corporation Limited by erstwhile Electro Mechanical Contractor M/s. Voith Hydro Private Limited which is presently under arbitration and idle time claimed by main Civil Contractor M/s. SEW Infrastructures Limited which is presently under litigation in High Court amounting to ₹ 3,986.87 Lakh (P.Y. ₹ 3,940.95 Lakh) as on the Balance Sheet date. However, the Company has given advance to M/s. Voith Hydro Private Limited which has been reduced from the gross claim amount in pursuance of contractual terms and the Company is contesting the demand by counter claim on M/s. SEW Infrastructures Limited for breach of settlement agreement.
- b Commercial Tax demand from Sarda Metals & Alloys Limited for ₹ 423.61 Lakh (P.Y. ₹ 423.61 Lakh) on account of disallowance of Input Tax credit of ₹ 338.88 Lakh on equipments of Power Plant and Penalty of ₹ 84.72 Lakh. The Company has filed appeal challenging disallowance of input tax credit with Appellate Tribunal. The Company has filed a writ petition for stay of recovery proceedings of penalty with the Hon'ble High court of AP.
- c Besides this disputed claims of ₹ 688.54 Lakh (P.Y. ₹ 1,456.06 Lakh) are pending in various courts of law.

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

iii) Excise Duty & Service Tax

- a Excise duty demand of ₹ 20.57 Lakh (P.Y. ₹ 20.57 Lakh) raised on account of Cenvat credit availed, which the Company has disputed in High Court, Jabalpur (MP).
- b ₹ 6.97 Lakh (P.Y. ₹ 6.97 Lakh) on account of duty on VAT Collected by the Company against which the Company has filed an appeal before the High Court, Bilaspur (CG).
- c Excise Duty demand of ₹ 54.78 Lakh (P.Y. ₹ NIL) 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).
- d Excise Duty demand of ₹ NIL (P.Y. ₹ 17.49 Lakh) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the High Court, Bilaspur (CG).
- e Excise Duty demand of ₹ NIL (P.Y. ₹ 69.38 Lakh) raised on account of Cenvat credit availed which the Company has disputed and has filed appeal before the Central Excise & Service Tax Appellate Tribunal (CESTAT).
- f Excise Duty demand of ₹ 13.99 Lakh (P.Y. ₹ 65.52 Lakh) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- g Excise Duty demand of ₹ 7.62 Lakh (P.Y. ₹ 7.62 Lakh) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
- h Service Tax demand of ₹ 1,616.70 Lakh (P.Y. ₹ NIL) raised on account of Service Tax on amount received in an international arbitration case settled out of court, which the Company has disputed and has filed appeal before Central Excise & Service Tax Appellate Tribunal (CESTAT).
- i Service Tax demand of ₹ NIL (P.Y. ₹ 31.09 Lakh) raised on account of Service Tax on foreign services availed, which the Department has disputed and has filed appeal before CESTAT.
- j Service Tax demand of ₹ NIL (P.Y. ₹ 64.93 Lakh) raised on account of Cenvat credit availed on service Tax on construction services (Ready mix concrete) has been disputed and filed appeal by Company before CESTAT.

iv) Value Added Tax/Central Sales Tax/Entry Tax

Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 724.42 Lakh (P.Y. ₹.451.82 Lakh) are pending in appeal against assessment of various years.

v) Income Tax

- a ₹ NIL (P.Y. ₹ 95.97 Lakh) for the Assessment Year 2006-07 on account of penalty u/s 271(1)(C) of the Income Tax Act, 1961, for the same, the Company has filed appeals before Commissioner of Income Tax (Appeals), Raipur, which was rejected and upward by its order dated 08.12.2016, against the order of Commissioner of Income Tax (Appeals), application is filed before Income Tax Appellate Tribunal and the matter is decided in favour of Company vide order dated 07.03.2018.
 - b ₹ NIL (P.Y. ₹ 39.24 Lakh) TDS demand raised by the TRACES is on account of a matter disputed by Company. We have already been filed application before concerned AO for the correction and rectification, The application has been disposed off and the liability based on the order has been paid by the Company.
 - c During the financial year 2014-15, Income tax department has conducted a search operation U/s 132 of Income Tax Act, 1961, covering the block periods from AY 2009-10 to 2014-15. The assessment has been completed by the tax authorities and a demand has been raised for the A.Y. 2012-13 for ₹ 86.57 Lakh on account of disallowance of expenditure and addition of Forex gain. For Assessment year 2015-16 addition of ₹ 796.95 Lakh has been made on account of discrepancies in stocks and demand has been raised for ₹ 87.51 Lakh after adjustment of advance tax. The Company has filed appeals with Commissioner Appeals for both the assessment years which is pending.
- vi) Electricity Duty - ₹ 776.94 Lakh for the period from January 2013 to March 2016 for sale of Electricity. The Company has sought legal opinion from experts and has been advised that the same is not applicable to the Company and hence no liability provided.
- vii) Pursuant to the search operation carried out by the Income Tax Department during the financial year 2014-15 u/s 132 of Income Tax Act, 1961, the Company had filed an application before Hon'ble Income Tax Settlement

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

Commission. The Hon'ble Income Tax Settlement Commission was pleased to pass an order on 31.07.2017 and settled all the issue arose due to search operation related to A.Y. 2009-10 to 2015-16, accordingly the Company has passed due/necessary entries in the books of account and paid the tax liability on the same.

- viii) Energy Development Cess of ₹ 5,543.80 Lakh (P.Y. ₹ 5,003.8 lakh) net of amount deposited ₹ 294.34 Lakh (P.Y. ₹ 294.34 Lakh) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to January 2017. The Honorable High Court of Chhattisgarh has held the levy of Energy Development Cess as unconstitutional vide its Order dated 20th June, 2008. The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.
- ix) Bank Guarantee of ₹ 500.00 Lakh (P.Y. ₹ 500.00 Lakh) given as security deposit against contract for disposal of old power project awarded to the Company was invoked by M/s. West Bengal Power Development Corporation Limited. The Company has challenged the wrongful invocation in the High court of Kolkata. WBPDCCL has on the orders of the Hon'ble High Court deposited the amount of bank guarantee with the Court. The Company has been legally advised that it has a strong case in its favour, hence no liability provided.
- x) Company has subscribed for equity shares of M/s. Sarda Global Trading DMCC amounting to AED 200,000 (equivalent to ₹ 36.40 Lakh); payment and allotment of which was pending as on 31st March, 2018.
- xi) Bank Guarantee of ₹ NIL (P.Y. ₹ 780.00 Lakh) was invoked by M/s. Power Grid Corporation Limited after the Company notified force majeure for annulling the transmission corridor agreement for its proposed 350 MW power project. Implementation of the project became impossible as the land on which the power project was to come-up has been notified as coal bearing area and allocated to NTPC for development of coal mine. On Company's petition, CERC has asked PGCIL to keep the money in separate deposit account.

39 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

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

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

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

CREDIT RISK

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

Trade receivables

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

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

Loans and Advances

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

Cash and cash equivalents

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

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

(₹ in Lakh)

Particulars	31st March, 2018	31st March, 2017
Trade and other receivables	13,123.68	10,647.61
Loans and advances	22,625.21	27,116.23
Cash and cash equivalents	2,102.11	1,000.01

Impairment losses

Particulars	31st March, 2018	31st March, 2017
Trade and other receivables (measured under life time expected credit loss model)		
Opening balance	309.51	423.27
Provided during the year	(12.32)	(113.77)
Closing balance	297.19	309.50

Ageing analysis*

Particulars	31st March, 2018	31st March, 2017
Upto 3 months	10,901.68	8,999.43
3-6 months	119.08	892.35
More than 6 months	2,400.11	1,065.34
	13,420.87	10,957.12

*Gross trade receivables i.e. not including provision for doubtful debts/impairment.

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

LIQUIDITY RISK

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

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

Financing arrangements

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

Particulars	31st March, 2018	31st March, 2017
Term Loan - Union Bank of India (UBI)	1,616.78	4,390.00
Term Loan - Bank of Baroda (BOB)	-	325.00
Term Loan - PFC	12,340.78	22,593.68
Term Loan - PTC	6,501.74	6,691.11
Term Loan - IDBI	10,290.79	10,672.48
Cash Credit facility	4,769.09	3,374.72
Current investments	7,284.25	6,393.33

Maturities of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at 31st March, 2018	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	41,141.54	52,912.30	44,497.38	1,38,551.22
Trade payables	13,079.46	-	-	13,079.46
Security deposits	454.41	1,521.46	-	1,975.87
Other financial liabilities	8,214.71	-	-	8,214.71
	62,890.12	54,433.76	44,497.38	1,61,821.26

As at 31st March, 2017	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	43,965.48	39,876.44	52,442.49	1,36,284.41
Trade payables	11,107.84	-	-	11,107.84
Security deposits	1,475.06	1,295.08	-	2,770.14
Other financial liabilities	7,963.06	-	-	7,963.06
	64,511.44	41,171.52	52,442.49	1,58,125.45

INTEREST RATE RISK

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

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

MARKET RISK

a) Interest rate risk exposure

Particulars	31st March, 2018	31st March, 2017
Variable rate borrowings	1,09,199.87	1,05,224.34
Fixed rate borrowings	29,351.49	31,059.94

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

(₹ in Lakh)

b) Sensitivity analysis

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

Particulars	Impact on profit after tax	
	31st March, 2018	31st March, 2017
Interest rates - increase by 70 basis points	(603.70)	(766.66)
Interest rates - decrease by 70 basis points	603.70	766.66

CURRENCY RISK

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods in the respective currencies.

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

Currency in Lakh

Particulars	Currency	2017-18	2016-17
Bank Loans	USD	(20.07)	(74.88)
Trade & Other Payables	EURO	(74.11)	(112.79)
Trade & Other Payables	USD	(498.06)	(268.97)
Trade & Other Payables	CNY	-	(9.58)
Investment held for Trading	USD	173.52	215.53
Investment in associate	USD	31.25	-
Trade & Other Receivables	USD	141.28	147.50
Cash & Cash Equivalents	USD	6.19	3.42
Forward Contract to Sell/Receivable	USD	13.00	-
Forward Contract to Buy/Payable	USD	-	(26.44)

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

Particulars	Impact on profit after tax	
	31st March, 2018	31st March, 2017
Foreign exchange rates - increase by 1%	(159.52)	(81.58)
Foreign exchange rates - decrease by 1%	159.52	81.58

PRICE RISK

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

Sensitivity Analysis for Price Risk:

Equity Investments carried at FVTOCI are not listed on the stock exchange. For equity investments and mutual funds classified as at FVTPL, the impact of a 2% increase in the index at the reporting date on profit & loss would have been an increase of ₹ 465.90 Lakh (2016-17: ₹ 411.54 Lakh); an equal change in the opposite direction would have decreased profit and loss. For equity investments classified as at FVTOCI, the impact of a 2% increase in the index at

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

the reporting date on profit & loss would have been an increase of ₹ 1.75 Lakh (2016-17: ₹1.75 Lakh); an equal change in the opposite direction would have decreased profit and loss.

40 CAPITAL MANAGEMENT

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

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

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

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

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

(₹ in Lakh)

Particulars	31st March ,2018	31st March, 2017
Total liabilities	1,05,878.88	1,01,450.14
Less : Cash and cash equivalent	2,102.11	1,000.01
Net debt	1,03,776.77	1,00,450.13
Total equity	1,66,494.39	1,44,067.17
Net Debt to Equity ratio	0.62	0.70

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

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

41 FINANCIAL INSTRUMENTS

A. Accounting classification and fair values

(₹ in Lakh)

31st March, 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotized Cost*	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	2,163.70	2,163.70	-	-	-	-
Non-current investments								
Unquoted Equity Investments	-	2,619.41	2,859.66	5,479.07	-	2,619.41	-	2,619.41
Quoted Mutual Funds	-	-	-	-	-	-	-	-
Current investments								
Quoted Equity Investments	23,253.98	-	-	23,253.98	23,253.98	-	-	23,253.98
Financial Asset: Loans								
Trade and other receivables	-	-	13,123.68	13,123.68	-	-	-	-
	23,253.98	2,619.41	40,772.24	66,645.63	23,253.98	2,619.41	-	25,873.39
Financial liabilities								
Long term borrowings	-	-	98,320.24	98,320.24	-	-	98,320.24	98,320.24
Short term borrowings	-	-	32,672.35	32,672.35	-	-	32,672.35	32,672.35
Trade and other payables	-	-	13,079.46	13,079.46	-	-	-	-
Other financial liabilities	2.55	-	17,746.68	17,749.23	2.55	-	-	2.55
	2.55	-	1,61,818.73	1,61,821.28	2.55	-	1,30,992.59	1,30,995.14

March 31, 2017	Carrying amount			Total	Fair value			Total
	FVTPL	FVTOCI	Amotized Cost*		Level 1	Level 2	Level 3	
Financial assets								
Cash and cash equivalents	-	-	1,056.44	1,056.44	-	-	-	-
Non-current investments								
Unquoted Equity Investments	-	1,451.72	794.44	2,246.16	-	1,451.72	-	1,451.72
Quoted Mutual Funds	-	-	-	-	-	-	-	-
Current investments								
Quoted Equity Investments	20,348.78	-	-	20,348.78	20,348.78	-	-	20,348.78
Financial Asset: Loans								
Trade and other receivables	-	-	10,647.60	10,647.60	-	-	-	-
	20,348.78	1,451.72	39,614.72	61,415.22	20,348.78	1,451.72	-	21,800.50
Financial liabilities								
Long term borrowings			92,318.93	92,318.93			92,318.93	92,318.93
Short term borrowings			34,834.27	34,834.27			34,834.27	34,834.27
Trade and other payables			11,107.86	11,107.86				-
Other financial liabilities			19,864.42	19,864.42				-
	-	-	1,58,125.48	1,58,125.48	-	-	1,27,153.20	1,27,153.20

* The carrying value and the fair value approximates.

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

B. Measurement of fair values

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

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

C. Valuation techniques

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

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

42 PREVIOUS YEAR FIGURES HAVE BEEN RE-CASTED / REGROUPED / RESTATED WHEREVER NECESSARY TO MAKE THEM COMPARABLE

Signature to Notes 1 to 42

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

26th May, 2018

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

26th May, 2018

For and on Behalf of the Board

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Joint Ventures.

(₹ in Lakh)

Name of enterprise	Net Assets i.e. total assets minus total liabilities		Share in Profit and Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Sarda Energy & Minerals Limited	56.73	1,36,871.02	81.83	17,045.31	0.23	(1.48)	84.49	17,043.83
Subsidiary								
Indian								
Sarda Metals & Alloys Limited	9.72	23,439.47	7.96	1,658.92	(2.08)	13.65	8.29	1,672.58
Sarda Energy Limited	3.00	7,247.88	0.09	19.52	-	-	0.10	19.52
Chhattisgarh Hydro Power LLP	3.29	7,927.34	2.22	461.74	(0.41)	2.68	2.30	464.42
Madhya Bharat Power Corporation Limited	15.29	36,879.39	(2.41)	(501.27)	0.36	(2.38)	(2.50)	(503.65)
Parvatiya Power Limited	1.29	3,104.16	2.50	521.64	67.86	(446.27)	0.37	75.37
Sarda Hydro Power Private Limited	0.01	35.04	-	(0.78)	-	-	-	(0.78)
Shri Ram Electricity LLP	0.14	327.71	0.04	8.25	-	-	0.04	8.25
Rajpur Fabritech Private Limited	-	2.10	-	-	-	-	-	-
Rajpur Industrial Gases Private Limited	-	1.00	-	-	-	-	-	-
Natural Resources Energy Private Limited	-	(0.18)	-	(0.07)	-	-	-	(0.07)
Foreign								
Sarda Energy & Minerals Hongkong Limited	6.77	16,343.80	6.85	1,427.13	-	-	7.07	1,427.13
Sarda Global Venture Pte. Limited	0.09	226.90	(0.78)	(163.30)	-	-	(0.81)	(163.30)
Joint Venture								
Rajpur Infrastructure Company Limited	-	-	0.37	77.97	0.54	(3.55)	0.37	74.42
Madanpur South Coal Company Limited	-	-	0.02	3.73	0.28	(1.85)	0.01	1.88
Minority Interest in all subsidiaries	3.67	8,847.85	1.31	271.93	33.21	(218.42)	0.27	53.51

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

Statement pursuant to section 129(3) of the Companies Act, 2013 read with rule 5 part A of Companies (Accounts) Rules, 2014 in respect of the Subsidiary Companies and Joint venture

Summary of Financial Information of Subsidiary Companies as on 31.03.2018

S.No.	Particulars/Name of the Subsidiary Company	SEMHLK Hongkong	SGV Singapore	SMAL India	CHP LLP India	PPL India	MBPCL India	SEL India	SRE LLP India	SHPLL India	RPPL India	RIGPL India	NREPL India	(₹ in Lakh)	
														31.03.2018	31.03.2018
1	Financial year of the Subsidiary Company/LLP ended on	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018
2	Date from which it became Subsidiary Company/LLP	17th Sep. 2007	12th June, 2008	15th June, 2009	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	1st March, 2011	21st Sept. 2010	25th Aug. 2011	13th Dec. 2011	10th Feb. 2015	10th Feb. 2015	10th Feb. 2015
3	Capital	84.04	707.16	2,101.60	7,920.40	153.57	16,270.40	71.63	351.88	27.45	2.10	1.00	1.00	1.00	1.00
4	Reserves & Surplus	16,259.76	(480.26)	21,337.87	6.94	2,950.60	20,608.99	7,176.25	(24.17)	7.59	-	-	-	(1.18)	(1.18)
5	Total Assets	17,431.85	3,406.30	75,093.36	22,001.26	5,121.09	86,409.23	7,274.41	391.92	35.20	2.69	2.09	2.09	1.78	1.78
6	Total Liabilities	16,343.80	226.90	23,439.47	7,927.34	3,104.16	36,879.39	7,247.88	327.71	35.04	2.10	1.00	1.00	(0.18)	(0.18)
7	Investments	10,068.18	3,276.42	0.28	-	2,491.19	4,661.74	5,000.00	-	-	-	-	-	-	-
8	Turnover	1,563.23	193.44	72,792.90	2,599.48	850.78	-	47.37	8.48	0.19	-	-	-	-	-
9	Profit before Taxation	1,427.13	(162.97)	2,304.87	772.58	231.59	(309.51)	26.30	8.25	(0.78)	-	-	-	(0.10)	(0.10)
10	Provision for Taxation	-	0.34	645.95	310.84	(290.06)	191.76	6.78	-	-	-	-	-	(0.04)	(0.04)
11	Profit After Taxation	1,427.13	(163.30)	1,658.92	461.74	521.64	(501.27)	19.52	8.25	(0.78)	-	-	-	(0.07)	(0.07)
12	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	% of Shareholding	100.00%	100.00%	100.00%	60.00%	51.00%	77.96%	100.00%	51.00%	60.00%	52.38%	51.00%	100.00%	100.00%	100.00%
14	Whether commenced operation	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No

The Indian rupee equivalents of the figures given in the foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31.03.2018, i.e. 1US\$ = ₹ 65.17 [SGV and SEMHLK]

Notes :

1. SEMHLK - Sarda Energy & Minerals Hongkong Limited
2. SGV - Sarda Global Venture Pte. Limited
3. SMAL - Sarda Metals & Alloys Limited
4. SEL - Sarda Energy Limited
5. CHPPL - Chhattisgarh Hydro Power LLP
6. MBPCL - Madhya Bharat Power Corporation Limited
7. PPL - Parvatiya Power Limited
8. SHPLL - Sarda Hydro Power Private Limited
9. SRE LLP - Shri Ram Electricity LLP
10. RPPL - Raipur Fabritech Private Limited
11. RIGPL - Raipur Industrial Gases Private Limited
12. NREPL - Natural Resources Energy Private Limited

Significant Accounting Policies and Notes

to consolidated financial statements for the year ended 31st March, 2018

Statement pursuant to section 129(3) of the Companies Act, 2013 read with rule 5 part B of Companies (Accounts) Rules, 2014 in respect of the Subsidiary Companies / associates/ Joint venture

Summary of Financial Information of Joint Ventures as on 31.03.2018

(₹ in Lakh)

S.No.	Particulars/Name of the Joint Ventures	RICL	MSCCL
		India	India
1	Financial year of the Subsidiary Company/LLP ended on	31st March, 2018	31st March, 2018
2	Share of Joint Ventures held by the company on the year end		
	No.	1,30,800	1,30,742
	Amount of Investment	210.70	243.20
	Extend of Holding %	33.33%	20.63%
3	Networth	-	-
4	Profit/(Loss) for the year		
	i. Considered in Consolidation	74.42	1.88
	ii. Not Considered in Consolidation	-	-
5	Whether commenced operation	Yes	No

Notes :

- 1 RICL- Raipur Infrastructure Company Limited
- 2 MSCCL- Madanpur South Coal Company Limited

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

26th May, 2018

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

26th May, 2018

P. K. Jain

Wholetime Director & CFO

DIN: 00008379

Manish Sethi

Company Secretary



Sarda Energy & Minerals Limited
www.seml.co.in