SARDA
SARDA ENERGY & MINERALS LTD.

Four reasons why...

Sarda Energy & Minerals Limited | 36th Annual Report, 2008-09

Disclaimer

In this annual report, we have disclosed forward-looking information to help investors comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is 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. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Four reasons why we reported a superior performance despite one of the most turbulent economic periods in living memory

Reason 1: Through our presence in the ferro alloys, steel and energy sectors, we catalyse the growth of India's fastest growing core sectors.

Result: Our net profit – a critical financial metric – grew at a CAGR of 30% (last five years ending 2008-09), vindicating our presence in the right space, place and phase.

Reason 2: Through our extensively integrated business – mining to manufacture to marketing – we create opportunities at every intermediate point.

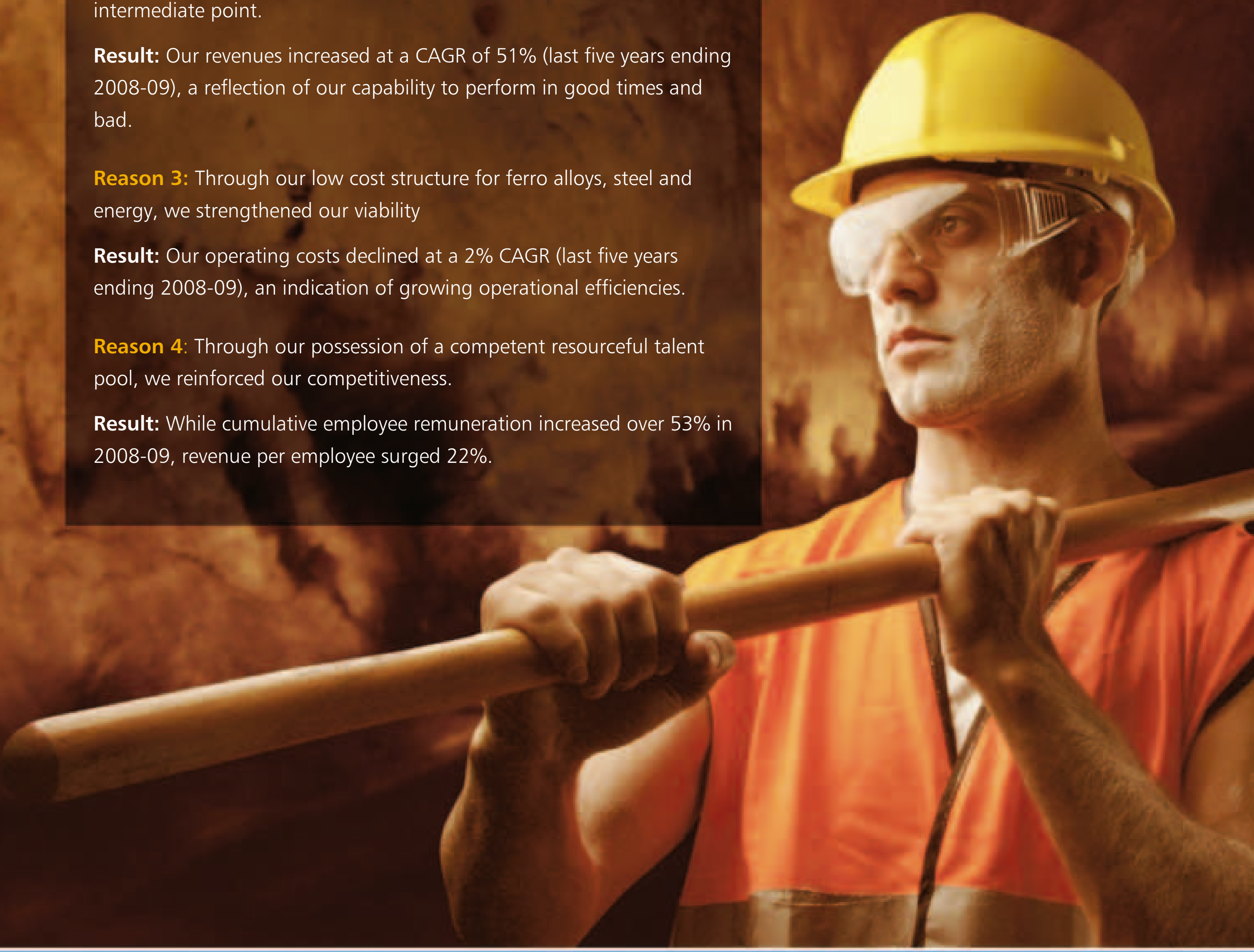
Result: Our revenues increased at a CAGR of 51% (last five years ending 2008-09), a reflection of our capability to perform in good times and bad.

Reason 3: Through our low cost structure for ferro alloys, steel and energy, we strengthened our viability

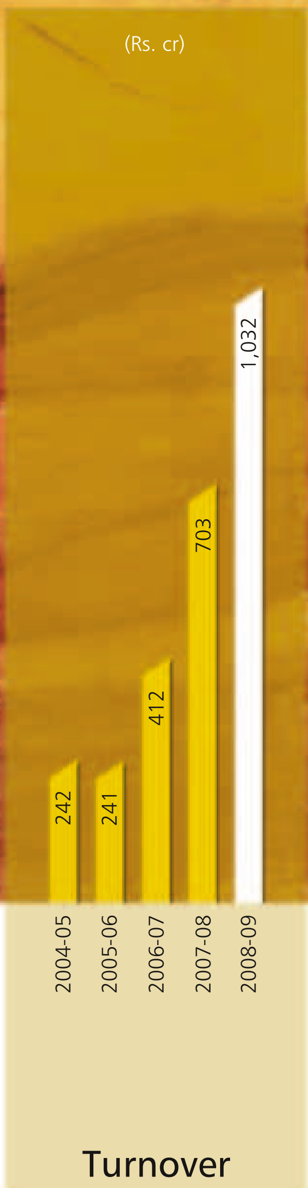
Result: Our operating costs declined at a 2% CAGR (last five years ending 2008-09), an indication of growing operational efficiencies.

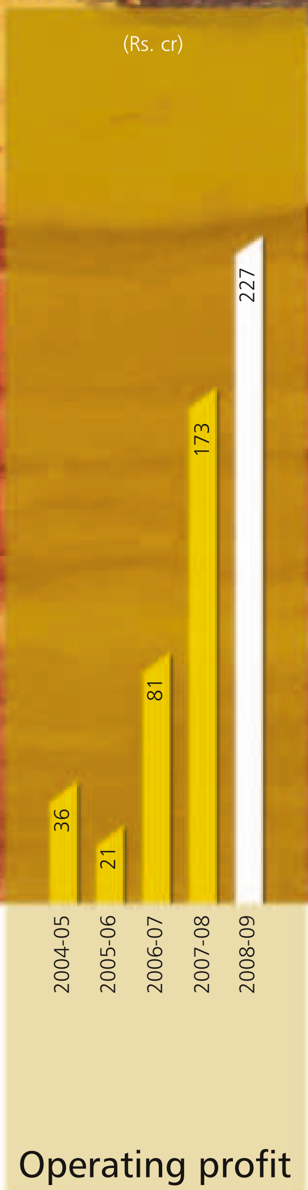
Reason 4: Through our possession of a competent resourceful talent pool, we reinforced our competitiveness.

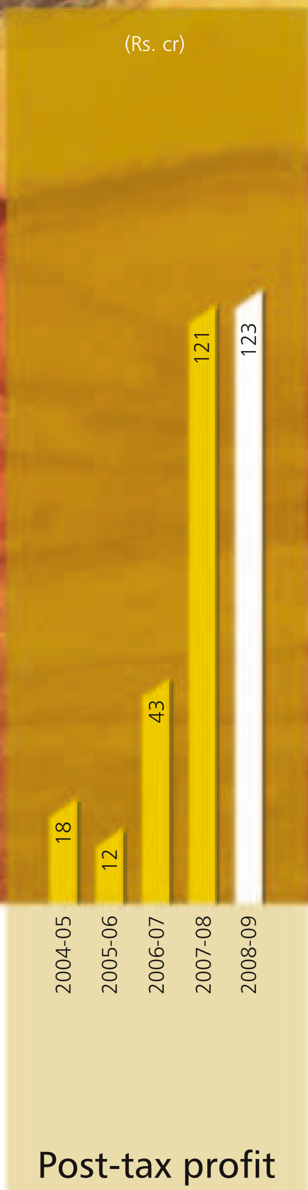
Result: While cumulative employee remuneration increased over 53% in 2008-09, revenue per employee surged 22%.

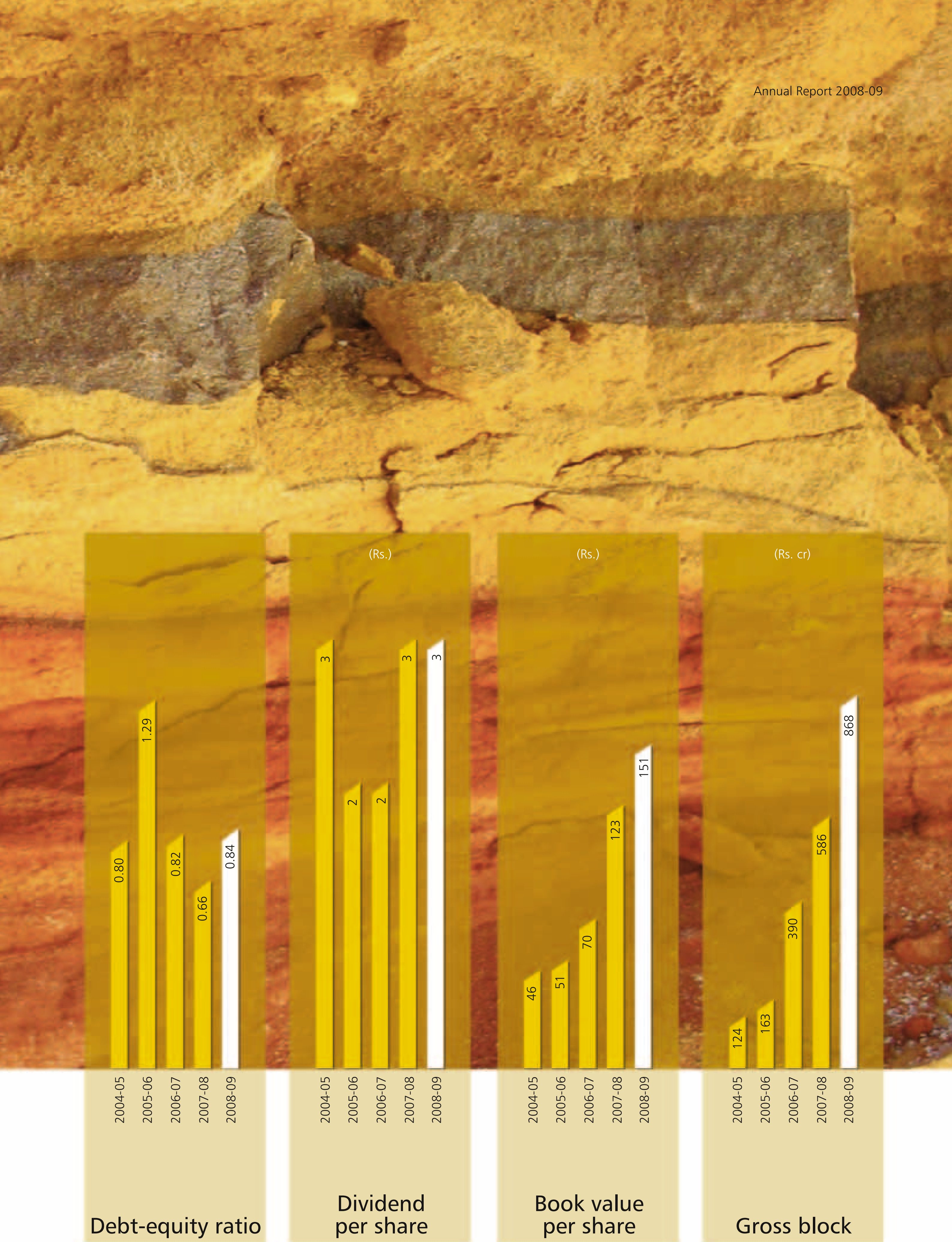


Challenging market.
Credible performance.







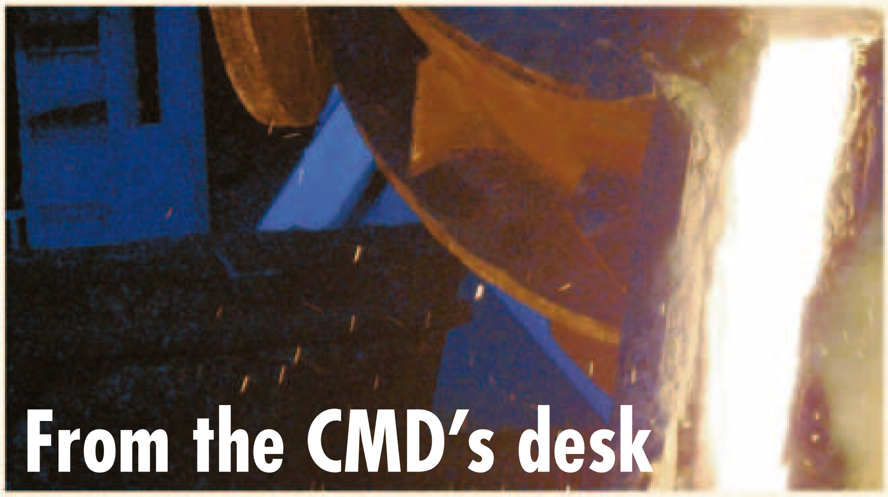


Debt-equity ratio

Dividend per share

Book value per share

Gross block



From the CMD's desk

Dear Shareholders,

The year 2008-09 saw unprecedented volatility and turmoil in the global markets, especially during the last quarter. The after-effects of the financial tsunami that hit the western economies first, were slowly felt by the entire world. Even though the scale of the crisis seen in 2008-09 was beyond anybody's imagination, I am pleased that the team at SEML posted its fifth consecutive year of record sales and net earnings.

Key financial highlights

In 2008-09, net sales increased 47% to Rs. 1,032 cr, as compared with Rs. 703 cr in 2007-08. Post tax profit stood at Rs. 123 cr in 2008-09 as compared with Rs. 121 cr in the previous year. Besides, export income rose from Rs. 119 cr in 2007-08 to Rs. 212 cr in 2008-09, an increase of 78%. Although, the Company had record quarterly earnings for the first three quarters, the last quarter was a complete reversal in commodity markets leading to an erosion of profits.

Sarda's strong financial performance in 2008-09 helped reward shareholders with a proposed dividend of Rs. 3 per equity share of Rs. 10 face value.

Countering ferro alloys instability

At Sarda, ferro alloys remained our mainstay with sales of Rs. 440 cr accounting for 43% of our total income in 2008-09. During the year under review, average ferro alloy prices climbed to USD 2,542 per tonne during the first half of the fiscal before collapsing to USD 750 per tonne during the second half.

We countered this extreme price volatility through the following measures:

- We curtailed ferro alloys production in the third quarter and discontinued operations in the fourth quarter of 2008-09; our average annual capacity utilisation declined to 71.86% (86.22% in 2007-08)
- We widened our multi-geography presence by remaining India's largest ferro alloy exporter with an income of Rs. 212 cr (Rs. 119 cr in 2007-08)

There was a sharp correction in manganese ore costs from USD 18 per tonne to an all-time low of USD 3 per tonne followed by stabilisation (USD 5 per tonne) and enhanced viability, while ferro alloy realisations settled at around USD 950 per tonne. Following the acquisition of manganese mine assets in Goa – commercial production is expected to commence by Q4 2009-10 – we are advantageously positioned to enhance raw material security and reduce resource costs.

Sponge iron and steel products providing solidity

At Sarda, sponge iron remains central to our operations for two reasons: it is a vital raw material in steel manufacture; its by-product (waste heat gas) feeds our power plant. Besides, incremental sponge iron is sold, creating a revenue stream. While sales of sponge iron contributed 20% to our total income (nearly 75% captively consumed) steel products comprising ingots, billets and TMT bars added 23% to the total income in 2008-09. I am pleased to note that we exported Rs. 22 cr worth of steel products for the first time. However, on account of a sharp correction in prices, we curtailed steel production from December 2008 onwards and expect to limit it until realisations become more remunerative than power even as we expect to maximise sponge iron output.

Power – the core of our business

At Sarda, power and fuel account for nearly 0.70% of our operating costs. The ability to generate low-cost power will enhance our margins. In the wake of a sharp decline in steel prices, we curtailed production from 2008-end and switched to merchant power sales. With Chhattisgarh's 13% peak power deficit, we realised between Rs. 6 and 9.50 per unit from merchant sales. Consequently, income from power sales surged from Rs. 2.80 cr in 2007-08 to Rs. 35.20 cr in 2008-09, largely out of what we did during the last quarter. Unfortunately, on 29 March 2009, a major fire disrupted power operations for a large part of the first and second quarter of 2009-10. However, operations have now stabilised and we have filed for the necessary insurance claims. Over 2009-10, we expect to dedicate nearly 40% of our 61.5 MW capacity for merchant sales, translating into revenue of Rs. 100 cr, strengthening our bottomline.

Going forward

To recover from the present financial crisis, governments all over the world have pumped in huge amounts of money for stimulating the economy. Only time will tell how effective these bailout packages actually turn out. However, one good thing is that the worst is over. Although it will take some time for the steel sector to see the highs of 2008-09, Sarda is gearing to capitalize the next boom by undertaking the following initiatives:

- Ferro alloys plant with a captive power plant: We have acquired 281 acres of contiguous land near Visakhapatnam for setting up a 66 MVA ferro alloys plant with a 60 MW power plant. Operated through a 100% subsidiary, this facility will be proximate to the Visakhapatnam port (35 kms), facilitating the import of ore and export of the finished product. The Rs. 450-cr project cost (project debt–equity of 70:30) is cheaper when compared with prevailing benchmarks. The financial closure is expected by the end of this fiscal.

- **Iron ore pelletisation plant:** The 6 lac TPA iron ore pelletisation facility and railway siding is expected to go on stream by the third quarter of 2009-10, utilising low cost iron ore.

- **Coal washery:** The 1 lakh TPA coal washery near our coal mines in Raigarh (Chhattisgarh) – to beneficiate coal and reduce costs – will be commissioned by the end of 2009-10.

- **Wire rod mill:** The 1.8 TPA wire rod mill is expected to go on stream in the third quarter of 2009, enriching our value-added steel portfolio.

- **Mining assets:** Our coal mines (reserves of around 30 million tonnes) can feed our capacities for the next 30 years; these were operationalised in 2008-09. An enhanced quantity of captive coal will enable us to grow our power generating capacities. Operations at our iron ore mines in Chhattisgarh remained suspended on account of miscreant activities, but should soon resume normal activity. However, iron ore and manganese ore – with reserves of 3 million tonnes and 6 million tonnes respectively – mining in Goa are expected to be on full stream from the third quarter of 2009-10.

Acknowledgement

In closing, I would like to reaffirm that the Sarda brand survived and thrived in a challenging business environment only due to the trust of its stakeholders. We expect to repay that trust going ahead.

We thank…

- Our members for their cooperation when it meant so much

- Our Directors for their deep conviction in our ability to weather the crisis

- Our family of shareowners, bankers and other financiers for their belief in our organisational vision

In the days ahead, we will continue to travel the extra mile to make this journey mutually rewarding.

My very best regards,

Kamal K. Sarda
Chairman and Managing Director
Sarda Energy & Minerals Limited

CSR activities at Sarda

Greenery around our operations

At Sarda, social responsibility is at the heart of our existence. The pursuit of welfare activities is as important as managing business operations. The zeal for uplifting living conditions is as critical as the pursuit of profits.

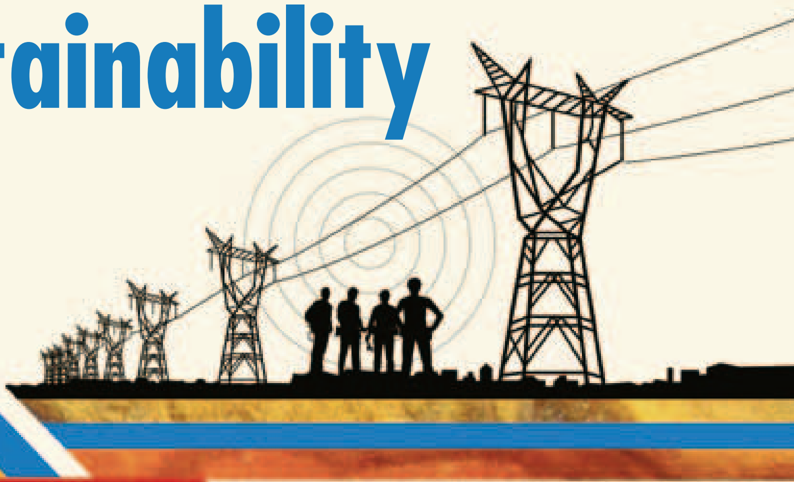
Linking learning and livelihood

At Sarda, we have created a dedicated budget for welfare and upliftment. Putting a smile on faces represents the most critical return on our investment!

Rural development initiatives

At Sarda, our CSR activities focus on education, health, sanitation and hygiene and providing basic infrastructural facilities including roads, schools and housing units, among others.

Sarda's six codes for corporate sustainability



1. Pursue constructive change

We dwell on the endless possibilities for the future. Notwithstanding the limitations of today, we can choose what we want to be and drive the change.

2. Embrace success and failure with a smile

We know if we do not aim high, we can never attain excellence. At the same time, we accept the freedom to fail, because we believe failure often precedes progress.

3. Measure your performance

We believe if something cannot be measured, it doesn't get done. We set benchmarks against which we measure our performance, keeping us ahead.

4. Be customer savvy

We owe our existence to our customers. Our corporate blueprint is directed to servicing and delighting customers.

5. Encourage transparency

We have created a culture of openness based on mutual respect and trust. We welcome disagreement in our pursuit for the right perspective.

6. Give back generously

We recognise that a single business entity can start a responsible socio-economic cycle.

Directors' Report

Dear Shareholders,

We are delighted to present the 36th Annual Report on business and operations of your Company for the financial year ended 31st March, 2009. This year your Company crossed Rs. 1,000 crore mark in turnover.

Financial results

(Rs. in lacs)

Particulars	2008-09	2007-08
Gross sales	1,03,214	70,286
Less: Excise duty	8,338	7,804
Net sales	94,876	62,482
Export	21,176	11,900
EBIDTA	22,668	17,358
Interest and forex fluctuation	4,950	1,236
Depreciation	2,789	2,214
Profit before tax	14,919	13,918
Provision for taxation	2,595	1,775
	12,324	12,143
Appropriations:		
Transfer to general reserve	1,500	1,500
Transfer to debenture redemption reserve	-	175
Dividend (including tax on dividend)	1,195	1,195
Balance carried over to next year	9,629	9,273

Dividend

Your Directors recommend a dividend of Rs. 3 per share (30%) for the year ended 31st March, 2009. The total outgo on account of dividend including tax thereon will be Rs. 1,195 lacs. The register of members will remain closed from 20th July, 2009 to 25th July, 2009, both days inclusive. The Annual General Meeting is scheduled for 30th September, 2009.

Operations

Members are requested to refer to the Management Discussion and Analysis, forming a part of this Annual Report for information on the operation of the year ended 31st March, 2009.

Projects

Sponge iron

During 2008-09, your Company successfully commissioned second 500 TPD sponge iron plant and third turbine of 30 MW capacity and 90 TPH FBC boiler at the existing site.

Pellet plant

The installation of the 6 lac tones iron ore pelletisation plant at Mandhar, Raipur, with complete infrastructure for integrated steel plant including railway siding is nearing completion. Trial run is expected to start in the second quarter of the current financial year.

Wire rod mill

The work on the 1.8 lac tones wire rod mill at Siltara, Raipur, is in full swing. Most of the equipments have been received at site. The commissioning is expected in October, 2009.

Fly ash bricks plant

Your Company is installing state-of-the-art fly-ash manufacturing facility with an installed capacity of 6 crores bricks per annum. This will use a substantial part of fly ash generated from the thermal power plant and slag generated in ferro alloys plant of the Company. The plant will become operational by December 2009. This will enable your Company to maintain and improve the clean and green environment.

Visakhapatnam complex

Your Company has planned major greenfield expansion near Visakhapatnam through a subsidiary for which it has already acquired 281 acres of land from APIIC. In the first phase, the Company is going to put up a ferro alloys plant and a captive thermal power plant based on imported coal. The work on development of the site and statutory clearances is going on in full swing.

Coal mines

Your Company started receiving coal from its captive coal mines at Raigarh. During the current year (2009-10), we expect to produce 2,50,000 MT of coal. Steps have been taken to step-up the production capacity of coal.

The Company started work on installation of 1 MT coal washery in coal mines to make it suitable for use in sponge iron plant.

Manganese ore / iron ore mines

Your Company acquired manganese ore and iron ore mines in Goa and steps are being taken to operationalise the mines. The mining lease was registered in the name of the Company. Applications for seeking various clearances were made and the consent is expected. The mining is expected to commence from third quarter of the current financial year.

The exploration work on the reconnaissance permits and prospecting license received for other iron ore/coal/manganese ore mines is going as per schedule. These mines will ensure long-term sustainable and uninterrupted availability of raw materials to the Company. The Company is also exploring other avenues in the mining sector.

Manganese ore - sinter plant

Your Company installed manganese (Mn) ore sinter plant of 6 lakhs TPA capacity in its ferro alloys plant at Siltara, Raipur, to use more Mn ore fines in production of ferro alloys. This will substantially reduce the raw material cost of the Company and reduce dependence on scarce availability of lump ore. The trial runs will start in July, 2009.

Iron ore beneficiation

The construction of iron ore beneficiation plant of 6 lac TPA capacity at Dhruvatola, Dist. Durg, Chhattisgarh, near iron ore mines of your Company is progressing well and is expected to be commissioned by December, 2009. This will enable your

Company to get the desired quality of iron ore for its pellet and sponge iron plant from own mines.

Awards/appreciation

Your Company was awarded the Certificate of Appreciation by the Commissioner of Central Excise and Customs, Raipur, for outstanding contribution made by the Company in collection of Central Excise Revenue in the Raipur Central Excise Commissionerate among the large sector units during 2008-09.

Your Company won Highest Export Award among the large sector units in the region which was conferred by the Principal Secretary, Govt. of Chhattisgarh.

The Dongarbore iron ore mines of your Company received the following prizes at the mines safety week celebrations:

1.	**Transportation of material**	**First prize**

This was achieved for maintenance of good road on hilly terrain as per the specification and norms of the maintenance of road as per the guidelines of DGMS

2.	**Mine Lighting**	**Second prize**

This was achieved for maintaining the lighting system as per the specified norms of the DGMS

These awards are the proof of our commitment towards safety at work.

Subsidiary companies

- Sarda Energy & Minerals Hongkong Ltd, Hongkong (SEMHK), a wholly-owned subsidiary of your Company, was incorporated in the year 2007 as international trading and investment arm of the Company. During 2008-09, it posted a profit of HK$ 11495311 equivalent to Rs.6.78 cr (unaudited).
- Sarda Global Ventures Pte. Ltd Singapore (SGV), a wholly-owned subsidiary of your Company, was incorporated during the year 2008 in Singapore for global acquisitions. SGV acquired economic interest in coal mines in Indonesia. The work on development of the mine is going on as planned. The mining is expected to start by January, 2011.
- Sarda Metals & Alloys limited, incorporated during FY 2008-09 was converted into wholly-owned subsidiary of the Company during the current financial year. It took up greenfield project at Kantakapalli, District Vizag in Andhra Pradesh.

Joint ventures

- Raipur Infrastructure Company Ltd operates a private railway siding in Mandhar near manufacturing facility of the Company and the joint venture partners for movement of their goods, which are transported through the railways. We have one third share in the joint venture. Other joint venture partners are Godawari Power & Ispat Ltd and Vandana Global Ltd. The Company is expanding its rake handling capacity. The Company has also applied for another railway siding in Orissa. To meet requirement of funds for these projects, the Company made additional capital contribution of Rs. 2.17 crores during the year.
- Madanpur South Coal Co. Ltd was allotted a coal block in Madanpur area of District Korba of Chhattisgarh in consortium. The Company is in the final stages of receiving the various clearances and permissions to commence its operations. During the year, pursuant to the joining of the sixth member in the consortium as per terms of original allotment of the Govt. of India, the share of your Company went down from 24.91% in the previous year to 20.63%. The work on the coal mine is progressing as per schedule and mine is expected to become operational by July, 2010.

Associates

- Parvatiya Power Limited installed a hydro electric project of 4.8 MW in Uttaranchal, which commenced operations in 2007-08. The plant is a run of the river scheme and utilises flow of Sarju River for generation of power. Net electricity generated from the plant in the financial year was 19 MU which was supplied to Uttaranchal Power Corporation Limited.

- Madhya Bharat Power Corporation Limited was allotted a hydro-electric project of 96 MW in Sikkim. The project secured most clearances including forest clearance and permission to start work on the site. The land acquisition process has been started by the state government. We have extended loans to the Company. We will also be participating into equity capital of the project as main promoter.
- Chhattisgarh Hydro Power Pvt. Ltd was allotted a hydro-electric project of 24 MW in Chhattisgarh, which is in the advanced stage of various clearances. The forest clearance for the hydro project in Chhattisgarh is in the final stages. Land acquisition also started. The Company has 50 percent stake in Chhattisgarh Hydro Power Pvt. Ltd

  The Company was also awarded 24 MW Rehar-I SHP in Ambikapur district of Chhattisgarh, which obtained several statutory clearances in the year under review. Draft DPR of the project was submitted to CREDA for approval.

Consolidated accounts

Your Company consolidated its accounts after including the subsidiaries, associates and joint ventures, as per the Accounting standard 21, 23 and 27. The Auditor's Report on the consolidated accounts is made a part of this Annual Report.

Fixed deposits

Your Company did not accept any fixed deposits within the meaning of Section 58 (A) of the Companies Act, 1956, and the rules made thereunder, during 2008-09.

Environmental protection and pollution control

Your Company is not only committed to sustainable economic growth but is also cautious towards protecting environment by relentlessly pursuing the development of cleaner production processes while reducing pollution levels.

Electrostatic Precipitators (ESPs), Multiclone, Bagfilters and Dust Suppression System, among others, were installed to maintain the pollution within the prescribed limits. The dust from the product house equipments and cooler discharge are sucked through an induce draft and put in Kiln inlet ABC where the carbon particles are further burnt out and later the dust laden gas goes to the ESP. The above pollution control system is supported by bag houses. The Company installed waste heat recovery boilers (WHRB) to use the waste heat of its sponge iron unit for generating power. These boilers are also fitted with high efficiency ESPs to keep the emission within the limits. To ensure full utilisation of increased generation of fly ash from the power plant, your Company is installing a state-of-the-art fly ash brick-making facility with a capacity of 30 million bricks annually, which is expected to be commissioned in the second half of the current financial year. The slag generated in the ferro alloys plant is used for land filling and road construction.

To further control the pollutants from moving into the atmosphere, the roads and yards were concretised. Water sprinklers were provided at the raw material yards. Extensive plantation was done in and around the plant premises of your Company and also at the mining site to ensure and maintain environmental purity.

Various measures were taken to optimise the water consumption. The waste water of DM plant is used for cooling of slag of ferro alloy division. Besides this, rain water harvesting was also adopted by your Company. A big pond has been developed in the plant premises for water harvesting.

Corporate social responsibility

Being a corporate citizen, your Company has the responsibility to contribute to the welfare of the society in which it operates. Your Company organises various awareness programmes for its employees and the general public to ensure a better, sustainable way of life for the weaker sections of the society.

Education

Your Company continues to support 270 Ekal Vidhyalayas benefiting about 7,000 tribal students from class 1 to 3 and has contributed to various trusts engaged in arranging/providing education to the tribal students. Your Company is among the founder members of 'Siksha Deep Trust', to extend financial assistance to the deserving, needy students for higher education. Your Company contributed for upgrading infrastructure in rural schools near its production and mining site, which include providing of computers, furniture and construction/expansion of school building, among others. Apart from the above, the Company also contributed by providing financial aid and donation of sports kit.

As a step in the direction for ensuring quality school education in the area of its operations, your Company has already donated 2.87 acres of land to Bhartiya Vidhya Bhawans for setting up and operation of the school at Raipur. Your Company agreed to provide the land and also financial assistance as donation and interest free loan for construction of the building. The land has already been transferred to Bhartiya Vidhya Bhawan and construction of school is in full swing. The primary school will become operational from next session.

Healthcare

The mobile dispensary service of your Company operating in the deep tribal areas, deprived of the basic medical facilities, continues to render its services in the interior area for the benefit of the backward classes. Your Company is providing free medical aid and medicines to the tribals/ other weaker sections. Various health camps were also organised in the areas near your Company's plant and mining site.

Your Company provided for drinking water facility through borewell at its plant and mining sites and also constructed overhead water tank at the Siltara village to meet the water requirements. Your Company also provided for the sanitation facilities for the villagers at siltara.

Community development

Your Company contributed for the betterment of the villagers in and around the plant and mining sites. Your Company constructed hall at Siltara village for use by the villagers for various occasions – like marriages and meetings, among others. Your Company also constructed boundary wall at the Siltara village. Your Company organised mass marriage function near its mining site through the district collector.

Apart from the above, your Company also contributed for various social activities of the villagers, like marriages, fairs and entertainment, among others, by providing financial assistance.

Directors

Mr. G. K. Chhanghani, Mr. Rakesh Mehra and Mr. A. K. Basu, Directors of your Company, retire by rotation and being eligible, offer themselves for reappointment. The brief resume/details of Directors who are to be appointed / reappointed are given in the Corporate Governance Report.

Directors' responsibility statement

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

i) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation;

ii) That the Directors have selected such accounting policies and applied them consistently and made 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 at the end of the financial year and of the profit of the Company for that year;

iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) That the Directors have prepared the annual accounts on a going concern basis.

Auditors

Mr. M. M. Jain, Chartered Accountant, the retiring auditor of the Company, will hold office till the conclusion of the ensuing Annual General Meeting and is eligible for reappointment. However, Mr. M. M. Jain suggested to appoint M/s. M. M. Jain and Associates, a firm in which he is a partner as the statutory auditor of the Company.

In view of the above, it is proposed to appoint M/s. M.M. Jain & Associates, Chartered Accountants, Nagpur as the statutory auditors of the Company for the year 2009-10. The Company received a letter from M/s. M.M. Jain & Associates, Chartered Accountants, Nagpur to the effect that their appointment as auditors, if made, would be within the limits under Section 224

(1-B) of the Companies Act, 1956.

Auditor's Report

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

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

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

Particulars of employees

The particulars of employees, as required under Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975, are given as annexure to this Report.

Corporate Governance

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

Acknowledgement

Your Directors express their thanks and record appreciation for the cooperation they received from various government authorities, financial institutions, bankers, suppliers and customers of your Company. Your Directors place on record, their sincere appreciation for the devoted services rendered by the employees at all levels of your Company and look forward to their continued cooperation.

On behalf of the Board of Directors,

Place: Raipur
Dated: 31st July, 2009

(K. K. Sarda)
Chairman and Managing Director

Annexure 'A' to the Directors' Report

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

A. Conservation of energy

a) Energy conservation measures taken	i) VVVF Drives installed for Kiln A and B, lobe compressor ii) Modification and upgradation of injection coal feeding system iii) Modification in pipe line layout and distribution iv) Reduction in differential pressure across the fed control valve from 90ksc. to 85ksc. v) Modification of cooling water pipe line vi) Installation of sodium vapour lamps in place of hydrogen lamps and installation of timers for plant and yard lighting for switching on and off the power supply.
b) Additional investment and proposals if any, being implemented for reduction of consumption of energy.	i) 2 nos. compressors (reciprocation type) to be replaced by rotary screw compressor. This will ensure power saving. ii) Installation of Sinter plant iii) Metix design lower electrode assembly
c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.	i) Reduction in energy consumption by 13,00,814 Kwh per year ii) Reduction in auxiliary energy consumption iii) Reduction in coal consumption in Sponge iron manufacturing by more than 10 percent
d) Total energy consumption and energy consumption per unit of production in prescribed Form 'A'.	As per 'Form A' attached

B. Technology absorption

Research and development

1. Specific areas in which R & D was carried out by the Company	Coal feeding system to coal hoppers modified by installing the live grizzly system
2. Benefits derived as a result of above R & D	Reduction in man power and reduction in plant running hours
3. Future plan of action	Replacement of energy efficient pumps
4. Expenditure on R & D	Departmental persons engaged to carry out the modifications. Expenditure not accounted for separately.
5. Technology absorption adaptation and innovation	
a) Efforts in brief made towards technology absorption, adaptation and innovation	Due to aging of machine, existing system exciter was not functioning properly. Static excitation is latest technology and the same was adopted.
b) Benefits derived as a result of above efforts	Availability of turbine has increased resulting in increased generation of power.
c) Information regarding technology imported during the last five years	NIL

C. Foreign exchange earnings and outgo

1. Activities relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans.	Steps were taken to develop market of billets. First consignment of 5,000 MT of billets exported during the year. Efforts are being made to capture new markets and maintain the existing customers.
2. Total foreign exchange used and earned (Rs. in lacs)	
a) Foreign exchange used	14,810.77
b) Foreign exchange earned	19,846.94

On behalf of the Board of Directors,

Place: Raipur **(K. K. Sarda)**

Dated: 31st July, 2009 *Chairman and Managing Director*

FORM 'A'

Form of disclosure of particulars with respect to conservation of energy

Particulars	Steel	
	2008-09	2007-08
A. Power and fuel consumption		
1 Electricity		
a) Purchase		
Units (Kwh)	Nil	Nil
Total amount (Rs. in lacs)	Nil	Nil
(Rs./Kwh)	Nil	Nil
b) Own generation		
i) Through diesel generator		
Units (Kwh)	Nil	Nil
Units per litre of diesel	Nil	Nil
Cost/unit (Rs.)	Nil	Nil
ii) Through steam turbine/generator		
Units	6,55,49,710	6,88,46,336
Units per litre of fuel - oil/gas	N.A.	N.A.
Cost/unit (Rs.)	1.84	1.94
2. Coal for domestic use		
Quantity (M.T.)	Nil	Nil
Total cost (Rs.)	Nil	Nil
Average rate (Rs.)	Nil	Nil
3. Furnace oil		
Quantity (K. litres)	Nil	Nil
Total cost (Rs. in lacs)	Nil	Nil
Average rate (Rs./K. litre)	Nil	Nil
4. Other internal generation		
Units	Nil	Nil
Total cost (Rs. in lacs)	Nil	Nil
Rate unit	Nil	Nil
B. Consumption per unit of production		
Electricity (units)	893	838
Coal	Nil	Nil
Furnace oil	Nil	Nil
Other (specify)	Nil	Nil
Own power	Nil	Nil

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

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, and forming part of the Directors' Report for the year ended 31st March, 2009

Employed throughout the financial year under review and were in receipt of remuneration for the financial year in the aggregate of not less than Rs. 24,00,000 per annum:

a) Name	Mr. K. K. Sarda
b) Age	57
c) Qualification	B.E. (Mech.)
d) Designation	Chairman and Managing Director
e) Nature of duties	Overall management and administration
f) Commencement of employment	16th December, 1978
g) Experience (years)	35
h) Remuneration (gross)	Rs. 2,98,63,080
i) Particulars of last employment, last post, employer (number of years)	–

Notes:

1. The employment is contractual in nature.
2. Other terms and conditions are as per Company's Rules/Scheme
3. Remuneration, as shown above, includes salary, allowance, commission, contribution to provident fund and other perquisites as per Company's Rules

Management discussion and analysis

Industry structure and development

Sponge iron and steel industry

In 2008-09, the Indian and the global economy witnessed extreme uncertainty and volatility. While the year began on a reasonably optimistic note, the sentiment reversed completely in the second half. Financial meltdown – triggered by the sub-prime crisis in the US and other developed countries in the west – adversely affected the steel industry due to postponement/ cancellation of many projects, resulting in much lower construction activity, the major area of steel consumption.

During 2008-09, in the wake of increasing demand, steel companies continued to run their plants at the optimum level till September 2008, but soon after, the global economic slowdown triggered a decline in steel demand and prices and increase in inventories. Since September, inventories kept rising till December 2008, when companies managed to clear their stocks through exports.

Globally, prices of steel and several commodities fell sharply owing to inadequate demand and confidence. The benchmark prices of steel billets on the LME, which were hovering in excess of USD 1,100/MT fell sharply to USD 265/MT. On the other hand, prices of inputs like minerals, coal and basic metal alloys, among others, corrected marginally, directly affecting margins and financial performance. The sharp price fall resulted in huge inventory value losses for manufacturers.

In the backdrop of piling inventories, during the fourth quarter of 2008-09, steel production grew marginally at 1.2 per cent as compared with the same period last year.

During 2008-09, for the first time, the gas-based sponge iron producing units showed a negative growth of (9.66%) against 11% positive in 2007-08. The growth of coal-based units also declined to 13.49% against 28.42% last year. The overall industry growth was at 6.72% against 22.80%.

The National Steel Policy targets to boost steel production up to 110 MT by 2019–20; however, with the current rate of ongoing greenfield and brownfield projects, the Ministry of Steel has projected that India's steel capacity could touch 124.06 MT by 2011–12 and could further touch 293 MT by 2020.

On the raw material front, out of India’s total iron ore production of over 200 mn tonnes, about 50 per cent is exported. The government reduced export duty on iron ore lumps from 15 per cent to 5 per cent, giving a further fillip to exports.

Coal, in 2008-09, witnessed an 8.7% increase in production to 487.3 million tonnes owing to demand increase. During the year till October 2008, rising domestic demand pushed up imports; a decline in production by major coal consuming industries like steel, resulted in a sharp drop in imports in the remaining months. Coal production is expected to increase in 2009-10, driven by a sharp rise in electricity generation and capacity addition targets set by the government.

Considering the industry scenario and to protect Indian producers, effective November 2008, the Indian government announced some changes in customs duty and excise rates. The government fully exempted customs duty on some industrial and agricultural commodities and reduced the excise duty to 8%. To boost the economy, the government has planned investments of over US$350 billion in the infrastructure sector which will give a fillip to the steel sector.

Looking at the growing opportunity, steel companies have lined up major investment proposals. Furthermore, with an expanding consumer market, the Indian steel industry is likely to receive huge domestic and foreign investments.

Ferro alloys industry

The year 2008-09 represented mixed fortunes for ferro alloy producers. While their order books were full in the first half of the financial year, the next six months saw orders drying up owing to a near-halt in shipments to the US, Europe, Korea and Japan, India's four main export destinations accounting for almost 80-85 per cent of its ferro alloy output. The halt was triggered by the global economic meltdown. The sudden onset of recession hit the manganese market hard, coupled with shrinking demand, sliding prices and sweeping cutbacks.

During the four months' slackening period between November and February, nearly 30 per cent of domestic ferro alloys producers halved their capacity from the normal production level of 70 per cent to 35 per cent. The period also saw about 20 per cent of the existing 150 furnaces shutting down. Surprisingly, the demand rebounded slightly in February, indicating revival in steel and stainless steel productions and thereby, in the global economy.

With the signs of an economic rebound, the slump-hit manufacturers are slowly resuming operations. The scale of capacity utilisation enhanced to an average 60 per cent from the level of 35 per cent. Last year, India exported about 9 lakh tonnes of ferro alloys, including ferro manganese, ferro chrome and silico manganese. This year, however, the shipment declined because of the production cut announced by steel and stainless steel producers in Europe.

The prices of ferro manganese which had crossed USD 2700/MT fell sharply to the levels of USD 900/MT. The prices of manganese ore and coke, the basic raw material for ferro alloys production, also fell drastically, but not to the extent the ferro alloys price decline. Manganese Ore (India) Limited, which controls most of the country's manganese ore output, also corrected the prices by 55 to 65% but with a huge time gap. The cost of power remained high. All these factors badly impacted the ferro alloys; works and operations became unviable. Owing to sudden fall in prices, the industry had to book huge losses on inventories.

Opportunities and threats

With the near majority mandate to the ruling UPA from the Indian people in the recent parliamentary elections, the process of long awaited reforms will speed up, ultimately enhancing infrastructure development spending and increasing GDP growth rate. This will present opportunities to the steel industry, increasing steel demand.

The Company is well set to exploit this opportunity. Commissioning of the pellet plant and coal mines will give the Company an edge over its competitors. The captive availability of key raw materials will hedge the Company against raw material price volatility. Further, the commissioning of the ongoing projects will improve the Company's performance and help it optimise resource utilisation.

As regards the ferro alloys market, China levied a 20 per cent export tariff on most ferro alloys, likely to create a good opportunity for Indian ferro alloys exporters to tap markets in Europe, Korea, the US and a host of other countries at competitive price. This will further open up an opportunity for the Company to increase its ferro alloys production and ultimately, its exports.

However, the Company feels that the economy will remain sluggish till the first half of the current financial year, impacting the industry and thereby the Company. But with the available infrastructure and scale of operations, the Company expects to overcome the present condition smoothly.

Risks and concerns

Recessionary trends in the global economic scenario adversely affected demand and pricing of commodities including steel.

The raw material resources at the global level are controlled or influenced by a few. In India also major explored mines are controlled by limited players. This puts severe pressure on margins. Infrastructural bottlenecks in raw material and finished goods transportation remains a serious concern.

However, captive mine availability and the flexibility to sell power in an adverse market scenario mitigates the Company's risks.

Product-wise performance

The Company's overall performance improved during the year, reflected in the operational and financial figures reported in the annual accounts. From December 2008 onwards, considering the adverse market conditions for manufactured goods, the Company curtailed production and started selling power.

Sponge iron

During the year under review, the Company produced 1,76,292 MT of sponge iron compared with 1,54,796 MT in the previous year, growing 13.89%. For steel manufacture 71,679 MT of sponge iron was captively consumed as against 76,046 MT in the previous year. The average realisation for sponge iron was Rs.17,429 per MT compared with Rs. 13,723 per MT in the previous year. The second 1,50,000-TPA kiln commenced operations during the year.

Steel

During 2008-09, the Company produced 20,187 MT of ingots and 53,190 MT of billets against 23,486 MT ingots and 58,667 MT billets in 2007-08 because of Limited power availability and curtailed steel production. The enhanced power plant capacity will be commissioned in the current year, which will help in enhancing production. The average realisation for ingots was Rs. 25,663 per MT and that of billets was Rs. 29,448 compared with Rs. 20,754 per MT and Rs.22,060 in the previous year. During the year, the Company also executed its first steel export order worth Rs. 22.61 crores.

Ferro alloys

The Company produced 47,432 MT of ferro alloys (18,881 MT silico manganese and 28,551 MT ferro manganese) compared with 56,910 MT in the previous year (30,117 MT silico manganese and 26,793 MT ferro manganese). The average realisation was Rs. 77,581 per MT against Rs. 54,545 per MT in the previous year. The Company exported ferro alloys worth Rs. 212 crores as opposed to Rs. 119 crores in the previous year, growing 78%. Ferro alloys production was also curtailed in the last four months as margins turned unremunerative.

Power

During the year, the power plant generated 357.94 million Kwh power against 339.73 million Kwh in the previous year, a growth of 5.6%. The third turbine became operational during the year. From December 2008 onwards, the Company also started selling surplus power to maximise revenues.

Iron ore mines

During 2008-09, the Company produced 4,05,277 MT of iron ore against 1,43,285 MT in 2007-08. The operations in the mines remain suspended since December, 2008 owing to agitation by villagers supported by external miscreants.

Coal mines

The Company's captive coal mines started operation and started supplying Coal from 28th March 2009. During the year, the Company produced 8,150 MT of coal.

Outlook

The outlook from the present levels appears to be positive. The government undertook various initiatives to accelerate the GDP and infrastructure spending, which is expected to boost steel demand. The Company's captive coal mine commenced operations recently. Various expansion projects undertaken by the Company will become operational during the current financial year. The Company took initiatives for assured and long-term raw material availability including acquisition of mineral resources overseas, which will ensure sustainable growth.

Internal control systems and their adequacy

Adequate internal controls have been put in place, providing reasonable assurance that transactions in significant areas are properly authenticated and monitored to prevent any misuse. The SAP ERP system implemented in the Company since 1st April, 2008 proved beneficial and has smoothened operations, ensuring real time monitoring.

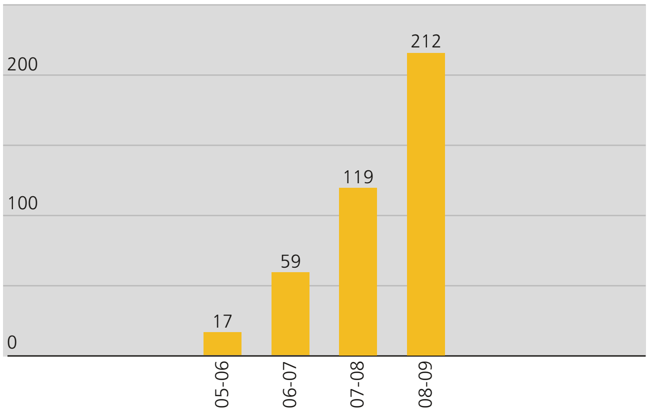
Operations are closely monitored through budgets, costs and variance analysis. Authorities, responsibilities and job descriptions have been properly defined. Proper policies, rules and workflows have been defined, through exceptional reporting, for smooth functioning and adequate internal controls. The control systems are regularly reviewed by the Company's independent internal auditors and Audit Committee and corrective measures are taken wherever necessary.

Exports

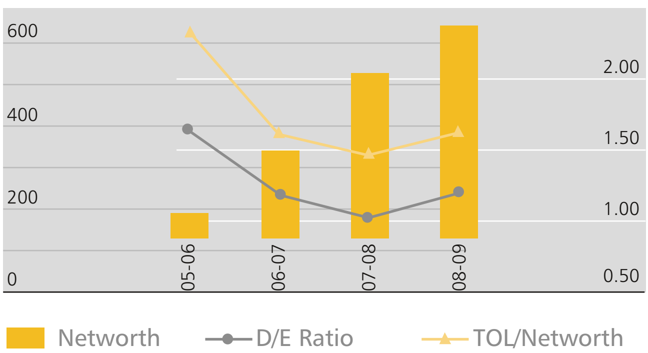
The Company enjoys the Star Export House status. During 2008-09, the Company achieved exports of Rs. 212 crores as against Rs. 119 crores in the previous year, spread across 14 countries. The Company also started exporting steel, successfully executing an order worth Rs. 22.61 crores.

Exports

Rs in crores



Rs in crores



Finance

During the year, the Company forfeited Rs. 50 lakhs, being 10% of the amount due on 2,63,158 convertible warrants issued at Rs.190 per warrant. The forfeiture was done owing to non-payment of the balance amount due on warrants and the forfeiture was done in compliance with the applicable SEBI guidelines.

During the year, the balance amount of External Commercial Borrowing (ECB) of USD 28 Million and JPY 1070 Million was availed by the Company, part of which was utilised for the projects.

During the year, the Company repaid term loans of Rs. 18.42 crores and non-convertible debentures of Rs. 22.50 crores. All the loans and the interest payment commitments were met on time.

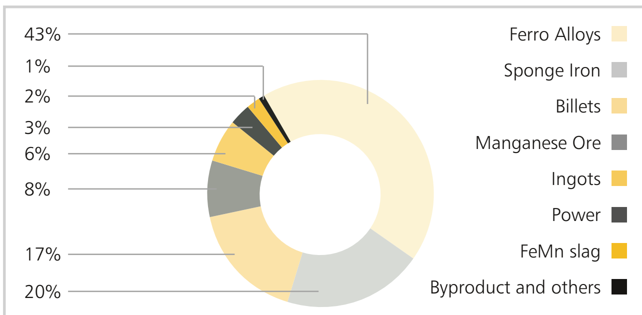
Fire incident

A major fire took place in the Company's power plant on 29th March, 2009, damaging the control room and vital records, resulting in complete shutdown of all manufacturing facilities. However, the untiring efforts of the entire plant team made it possible to restart one unit of the power plant within a month of the accident and other units also restarted in May and June 2009. Currently, plants are operating at normal level. The Company filed the necessary insurance claims.

Discussion on financial performance with respect to operational performance

A brief discussion on the Company's financial performance is given in the following paragraphs.

Sales breakup



Revenue

The Company, for the first time, crossed the Rs. 1,000-crores mark in turnover with sales touching Rs. 1,032 crores. The major revenue generating streams are ferro alloys and steel. While ferro alloys revenue accounted for 43% of total revenue, steel accounted for 44%. During the year, the Company also traded in manganese ore, imported to capitalise on the market conditions. From December, 2008, the Company also started selling power in the open market when manufactured products' prices were beaten by sluggish economic conditions. The remaining revenue was shared by fly ash bricks and by-products.

Exports revenue rose from 15.98% to 20.54% owing to better realisations on ferro alloys export.

Product-wise revenue: The Company's product-wise revenue is as under:

Product-wise revenue

(Rs. in crores)

Products	2008-09	% of total income	2007-08	% of total income
Ferro alloys	439.54	42.58	325.72	46.34
Sponge iron	211.36	20.48	125.72	17.89
Steel	240.20	23.27	226.27	32.19
Power	35.20	3.41	2.80	0.40
Manganese ore	84.78	8.22	--	--
Others	21.07	2.04	22.37	3.18

Cost analysis

Operational cost, as a percentage of revenue, went down owing to focus on the value-added products, improved average price realisation and strict cost control.

Interest

The Company's interest cost declined from Rs. 12.11 crores to Rs. 4.59 crores owing to use of internal accruals, cheaper export finance and financing of imports in foreign currency at lower cost. The repayment of term loans taken for operating facilities and downward revision in interest rate on floating rate borrowings also helped reduce interest cost.

Forex fluctuation

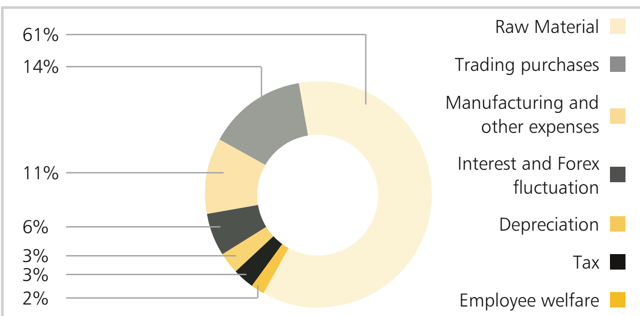
The Company incurred a loss of Rs. 44.91 crores owing to fluctuating foreign exchange rates, which includes, mark to market losses of Rs. 27.98 crores, mainly on borrowing in foreign currency for projects and credit in foreign currency availed on import of raw materials. Project loans are repayable from January 2011 to January 2015 and the Company expects that normal global markets will help the rupee recover and a major part of mark to market losses will reverse. The losses are also expected to be partially compensated owing to saving in the interest cost due to lower rate of interest.

Break-up of key expenses (as a % of total cost*)

Expenses	2008-09	2007-08
Raw material consumed	69.23	77.37
Employee cost	2.40	2.41
Manufacturing and other expenses	12.63	13.37

*excluding interest and depreciation

Cost breakup



Depreciation

Expenses on depreciation increased from Rs. 22.14 crores to Rs. 27.89 crores. The increase was owing to commissioning of the second 500-TPD sponge iron plant, the third turbine and other assets.

Tax expense

The Company made a tax provision of Rs. 16.80 crores as current tax liability after considering exemption of income from power undertaking under Section 80IA of the Income Tax Act, 1961. A provision of Rs. 8.85 crores was made towards deferred taxation owing to timing differences, mainly related with allowability of depreciation and forex losses.

Share capital

The Company's authorised share capital increased from Rs. 35 crores to Rs. 50 crores with your approval in the last AGM. There was no change in the paid-up capital during the year.

Reserves and surplus

(Rs. in crores)

Particulars	2009	2008
a) Capital reserve	4.05	3.55
b) Securities premium	101.43	101.43
c) General reserve	40.58	25.58
d) Debenture redemption reserve	25.00	25.00
e) Profit and loss account	308.22	211.93

During the year, the Company earned a net profit of Rs. 123.31 crores, out of which Rs. 11.95 crores has been provided for payment of dividend. Out of the balance, Rs.15 crores has been transferred to general reserve.

The addition to the capital reserve is owing to forfeiture of Rs. 50 lakhs from the equity warrant holders who did not exercise their right to subscribe to the Company's equity shares.

Secured loan

(Rs. in crores)

Particulars	2009	2008
a) Term loans from banks	384.83	191.39
b) Non-convertible debentures	29.38	51.88
c) Term loan from financial institutions	9.25	16.65
d) Term loan from others	0.03	0.36

The Company was sanctioned ECB of USD 66 million (including JPY equivalent of USD 10 million), out of which disbursement of USD 33 million was received in the previous year and balance during the year. The Company repaid NCDs of Rs. 22.50 crores. During the year, the Company repaid term loans of Rs. 18.42 crores.

Unsecured loans

The unsecured loan went up from Rs. 4.39 crores to Rs. 8.27 crores owing to interest free sales tax loan against VAT collected by the Company. During the year, the Company repaid Rs. 0.31 crores against the deferment of earlier years.

Fixed assets

During 2008-09, the Company incurred a capital expenditure of Rs. 210 crores on the ongoing expansion projects. The addition was mainly owing to expansion of the sponge iron plant, power plant, coal mines, iron ore pelletisation plant, fly-ash bricks plant, rolling mill, manganese sinter plant and implementation of the SAP ERP software and related infrastructure.

The Rs. 0.97 crores decrease in the gross block was owing to retirement, impairment and disposal of assets.

As on 31st March, 2009, the Company had a capital commitment of Rs. 73 crores against Rs. 50 crores as on 31st March, 2008 for various ongoing projects mainly related to pellet, rolling mill and coal washery projects.

Investments

During the year, the Company paid Rs. 10 lakhs to its Hong Kong subsidiary, Sarda Energy & Minerals Hong Kong Ltd towards unpaid equity share capital.

During the year, the Company also incorporated a wholly-owned subsidiary in Singapore for global acquisitions and made a Rs. 79-lakhs investment. The subsidiary acquired economic interests in Indonesian coal mines.

The Company made an additional investment of Rs. 80 lakhs in Chhattisgarh Hydro Power Pvt. Ltd, which was allotted multiple hydro projects in Chhattisgarh; the first project of 24 MW capacity will soon reach financial closure.

The surplus funds were invested in debt mutual funds.

Current assets

(Rs. in crores)

Particulars	2009	2008
a) Inventories	99.63	149.89
b) Sundry debtors	18.25	66.88
c) Cash and bank balances	35.26	98.23
d) Loans and advances	199.10	67.66

Inventory of raw material and finished goods and sundry debtors declined mainly due to curtailment in steel and ferro alloy production in the last quarter in view of very low margins. In FY2007-08, the loans disbursed against projects were deposited with banks which were subsequently utilised for projects. The loans and advances include advances given to suppliers for ongoing projects, the unutilised cenvat credit mainly related to the projects under execution, ECB proceeds not yet brought in India pending utilisation and invested abroad and amount deposited against disputed tax demands.

Current liabilities and provisions

(Rs. in crores)

Particulars	2009	2008
a) Current liabilities	45.36	111.48
b) Provision for dividend	11.95	11.95

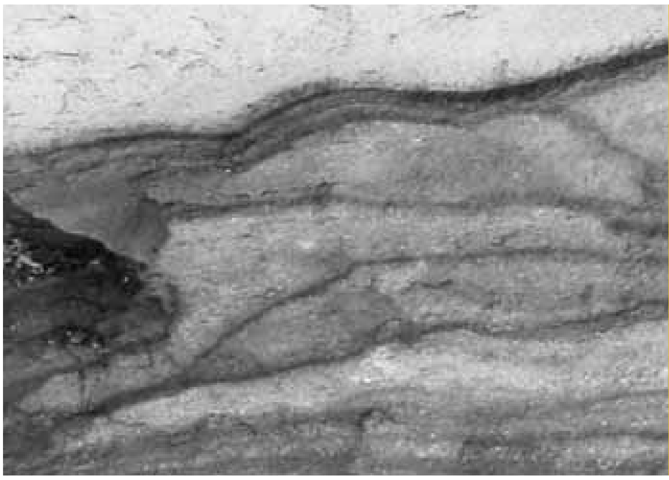
Current liabilities include the vendor balances for procurement of capital goods for ongoing projects of Rs. 7.92 crores.

Material developments in human resources/industrial relations front

Human resource grabbed our attention consequent to the rapid industrial growth in this region. The HR practices have been geared towards creating a performance-driven organisation. Various steps -- including revision of salary structure and performance appraisal and rewards system -- were taken for attraction and retention of talent and attrition reduction. Several initiatives were taken for enhancing employees' morale. The management pool was also strengthened in view of the organisation's projected growth. Rigorous and structured training programmes were designed for all employees.

Cautionary statement

Statements in the 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. The economic conditions affecting demand/supply and price conditions in the domestic market, changes in raw material prices, changes in the government regulations, tax laws, other statutes and other incidental factors, could make a difference to the Company's operations.



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 the Company. The Company stresses upon the following core values:

- **Quality:** We believe in setting benchmark through the quality of our products.
- **Customer focus:** We believe in high customer satisfaction and becoming a part of our customers' success story.
- **People centric:** We believe in our people and constant upgradation of their skills and leadership capabilities.
- **Integrity and ethics:** We believe in our commitments and strive to set high ethical standards.
- **Corporate and social responsibilities:** We believe in caring for our environment and our communities.

The Company believes in transparency, professionalism and accountability, the basic principles of Corporate Governance and constantly endeavours to improve these aspects.

2. Board of Directors

Composition

The Board of Directors comprises nine Directors, including five Non-Executive as well as Independent Directors. The Board composition is in accordance with the requirements of the Listing Agreement. The Non-Executive and Independent Directors are eminent professionals having rich and sound experience in business, industry and finance.

The names and categories of the Directors on the Board and also the number of Directorships and committee memberships held by them in other companies are as under:

Names of the Directors	Category	Number of other Director-ships held*	Number of other Board committees member/ Chairman	Number of Board Meetings attended	Last AGM attended
Mr. K. K. Sarda	Promoter Executive	5	-	6	No
Mr. G. K. Chhanghani	Wholetime Director Executive	2	-	5	No
Mr. Pankaj Sarda	Wholetime Director Executive	4	-	5	No
Mr. G. D. Mundra	Wholetime Director Executive	1	-	5	No
Mr. Rakesh Mehra	Independent Non-Executive	1	-	4	No
Mr. A. K. Basu	Independent Non-Executive	1	-	4	No
Mr. P. R. Tripathi	Independent Non-Executive	7	9	3	No
Mr. G. S. Sahni	Independent Non-Executive	-	-	3	No
Mr. C. K. Lakshminarayan#	Independent Non-Executive	-	_	2	No

* Excluding Pvt. Ltd companies, # w.e.f 28th January, 2009

As required by the Companies Act, 1956 and Clause 49 of the Listing Agreement, none of the Directors hold directorship in more than 15 public companies, membership of Board Committees (Audit/Investors' Grievance Committees) in excess of 10 and Chairmanship of Board Committees as aforesaid in excess of five.

2.2 Number of Board meetings held

Six meetings of the Board of Directors were held during the year ended 31st March, 2009 as under:

Date of meeting	Number of Directors present
7th April, 2008	3
27th June, 2008	6
31st July, 2008	5
31st October, 2008	6
28th January, 2009	9
28th March, 2009	8

Particulars of Directors seeking appointment/ reappointment

As required under Clause 49 VI (A), particulars of Directors seeking appointment/ reappointment at the ensuing Annual General Meeting are as under:

1	a)	Name	**Mr. G. K. Chhanghani**
	b)	Age	57
	c)	Qualification	B. E. (Mech.)
	d)	Director of the Company	Since November, 1997
	e)	Experience	He has more than 35 years experience in the iron and steel industry.
	f)	Other directorships	1. Raipur Infrastructure Co. Ltd 2. Madanpur South Coal Co. Ltd 3. Krishna Synergy Pvt. Ltd
	g)	Member of committees	Nil
2	a)	Name	**Mr. Rakesh Mehra**
	b)	Age	57
	c)	Qualification	Cost Accountant

	d) Director of the Company	Since July, 1986
	e) Experience	He is Ex-General Manager of MPAKVN and has 30 years of outstanding experience in the field of finance.
	f) Other directorships	1. Econotech Services Pvt. Ltd 2. Minwool Rock Fibres Ltd 3. Shiv Solvent Extractions Products Pvt. Ltd
	g) Chairman/member of committees	Member of Audit Committee and Remuneration Committee of Sarda Energy & Minerals Ltd
3	a) Name	Mr. A. K. Basu
	b) Age	60
	c) Qualification	BME
	d) Director of the Company	Since January, 2003
	e) Experience	He is Ex-Chief General Manager IDBI. He has more than 40 years experience in the field of finance and industry.
	f) Other directorships	1. Online Capital Markets Ltd 2. EM Financial Advisory Services (India) Pvt. Ltd 3. ICRA Online Ltd
	g) Chairman/member of committees	Chairman of the Audit Committee and member of the Remuneration Committee of Sarda Energy & Minerals Ltd
4	a) Name	Mr. C. K. Lakshminarayanan
	b) Age	61
	c) Qualification	B. Tech.
	d) Director of the Company	Since January, 2009
	e) Experience	Over 38 years in the finance/ banking and power sector
	f) Other directorships	Juniper Hotels Pvt. Ltd
	g) Chairman/member of committees	Member of the Audit Committee of Sarda Energy & Minerals Ltd

2.4 Remuneration

Executive Directors were paid remuneration as per terms of their appointment as explained in note 8 of Notes to Accounts of Schedule Q, showing all elements of remuneration.

3. Audit Committee

During the year, the Company's Audit Committee was reconstituted by inducting Mr. C. K. Lakshminarayanan as a member of the Audit Committee. At present, the Audit Committee comprises four Directors. Mr. A. K. Basu is the Chairman of the Committee and Mr. Rakesh Mehra, Mr. C. K. Lakshminarayanan and Mr. G. D. Mundra are the members of the Committee. The terms of reference of the Committee are as per the provisions of Section 292 (A) of the Companies Act, 1956, read with Clause 49 of the Listing Agreement. The Company Secretary acts as the secretary to the Audit Committee.

Five meetings of the Committee were held during the year 2008-09 on 27th June, 2008, 31st July, 2008, 31st October, 2008, 28th January, 2009 and 27th March, 2009. The attendance particulars were as under:

Name of Chairperson/member	Meetings	
	Held	Attended
1. Mr. A. K. Basu – Chairman	5	4
2.Mr. Rakesh Mehra – Member	5	4
3.Mr. G. D. Mundra – Member	5	5
4.Mr. C. K. Laksminarayanan - Member	1#	1#

Since his appointment as member of Audit Committee

4. Remuneration Committee

The Remuneration Committee of the Company consists of three Directors, with Mr. Rakesh Mehra as its Chairman. Mr. P. R. Tripathi and Mr. A. K. Basu are the members. All the members of the Committee are Non-Executive Independent Directors. A meeting of the Committee was held on 27th June, 2008.

5. Shareholders'/Investors' Grievance Committee

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

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

The number of complaints received during the year	82 complaints were received which were attended to in time. Apart from the above, requests for issue of duplicate shares, share transmissions, revalidation of warrants and change in bank account details, were also received and were attended promptly.
The number of complaints not redressed at the end of the year.	All the complaints were attended satisfactorily and no complaints were pending at the end of the year.
Number of pending share transfers	All the requests for transfer received during the year were duly attended.

General Body Meetings

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

Date	Time	Location
30th September, 2006	4.30 pm	73-A, Central Avenue, Nagpur 440018
29th September, 2007	3.30 pm	Same as above
30th September, 2008	2:30 pm	Same as above

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

- Resolution for substitution of Article 5 of the Articles of Association of the Company to ensure that the authorised share capital of the Company is equal to the amount authorised by the Memorandum of Association of the Company – Section 31 in the AGM held on 30th September, 2006.
- Resolution for alteration of Articles of Association to give the right to appoint Directors on the Board of Company to M/S LB India Holdings Mauritius II Ltd & Infrastructure Development Finance Company Ltd, to whom the Company issued equity shares on private placement—Section 31 in the AGM held on 29th September, 2007
- Resolution for approval of ESOP Scheme – Section 81(1A) in the AGM held on 29th September, 2007
- Resolution for alteration of Article 102 of the Articles of Association to increase the retirement age of Directors from 65 years to 75 years – Section 31 in the AGM held on 30th September, 2008
- Resolution for deletion of Articles 103 of the Articles of Association of the Company - Section 31 in the AGM held on 30th September, 2008
- Resolution authorising the Company to take up the business as mentioned in item no. 40 and 41- Section 149 (2A) in the AGM held on 30th September, 2008.

In the AGM held on 30th September, 2008, the following resolution was passed through postal ballot:

- Resolution for alteration in object Clause in the other objects clause of the Memorandum of Association of the Company by adding two new clauses i.e Clause 40 and 41 – passed by 99.99 percent majority

Mr. S. G. Kankani, practicing Company Secretary, was appointed as the scrutiniser for conducting the postal ballot exercise.

No special resolution is proposed to be conducted through postal ballot in the ensuing AGM.

Disclosure

Related-party transactions during the year are disclosed in detail in note 17 of Schedule Q, required under Accounting Standard 18, issued by the Institute of Chartered Accountants of India. These transactions are not likely to have any conflict with the Company's interest.

Compliance of SEBI, stock exchange requirements: The Company complied with all the requirements of Companies Act, 1956, the Regulations of the Securities Exchange Board of India (SEBI) and the Listing Agreements with the stock exchanges. The Company's application for delisting is pending with the Calcutta Stock Exchange, for long. The matter has been reported to the SEBI. In view of the pendency of delisting application with the Calcutta Stock Exchange, the Company has stopped sending the information to the Calcutta Stock Exchange. There were no defaults or non-compliance related to any of the statutory requirements.

8. Means of communication

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

9. General shareholder information

Annual General Meeting	Date: 30th September, 2009
	Time: 2.00 pm
	Venue: 73-A, Central Avenue, Nagpur- 440018
Financial calendar for 2009-10 (tentative)	
Financial results for the quarters ended:	
30th June, 2009	4th week of July, 2009
30th September, 2009	4th week of October, 2009
31st December, 2009	4th week of January, 2010
31st March, 2010	4th week of April, 2010 (if unaudited)
	4th week of June, 2010 (if audited)
Annual General Meeting	September, 2010
Book Closure Date	20th July, 2009 to 25th July, 2009 (both days inclusive)
Dividend payment date	On or after 30th September, 2009

Listing on stock exchanges	
Equity shares	The shares of the Company are listed on the following exchanges:
	i The Bombay Stock Exchange Ltd., Mumbai (504614)
	ii The Calcutta Stock Exchange Association Ltd
	ISIN no. NSDL & CDSL INE385C01013
	The Company's application for delisting of its shares from the Calcutta Stock Exchange Association Ltd is pending and the matter has been reported to SEBI
Non-convertible debentures	The non-convertible debentures of the Company are listed on the Bombay Stock Exchange Limited, Mumbai.

Particulars	8.00% NCDs	7.90% NCDs
Market Lot	1	1
Code Number	945237	945033
Scrip ID on Bolt	RASL20FEB06	CECL21MAR05
ISIN Number	INE385C07010	INE934G07016
Credit Rating	CARE AA-	CARE AA-

The Company has paid annual listing fees to the Bombay Stock Exchange Ltd., Mumbai, for the financial year 2009-10 for equity shares and also for the NCDs.

Trustees for NCDs (8% and 7.90%)	Axis Bank Limited, 111 Maker Tower F, Cuffe Parade, Colaba, Mumbai 400 005
Registrar and share transfer agents (for physical and electronic) (for equity shares and NCDs)	Sharepro Services (India) Pvt. Ltd. 13 A-B, Sam Hita Warehousing Complex, Warehouse no.52 &53, Plot No.13AB, 2nd floor, Sakinaka Mumbai 400 072
Share transfer system	Share transfers in physical form can be lodged with the R&T agents at the above address. Transfers are processed within the stipulated time, if the documents are complete in all respects. All share transfer requests are approved by the Share Transfer Committee or the persons authorised by the Board.

Shareholding pattern as on 31st March, 2009

Serial number	Category	Number of shares	%
1	Promoters	2,35,67,492	69.22
2	Banks/mutual funds	37,22,893	10.94
3	Foreign institutional investors	31,08,055	9.13
4	Bodies corporate	7,47,470	2.2
5	Others	28,99,199	8.51
	Total	3,40,45,109	100

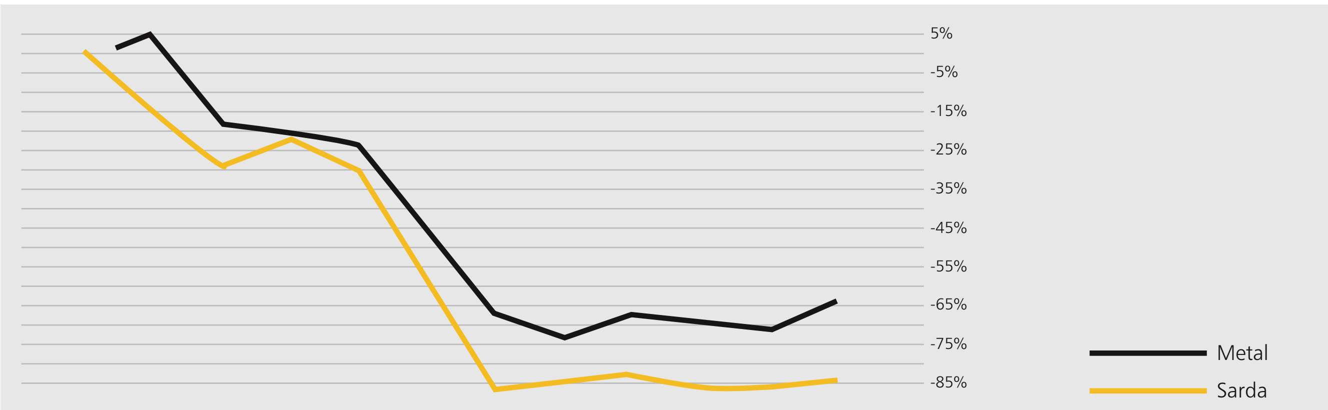
Distribution of shareholding as on 31st March, 2009

Shareholding of nominal value (Rs.)	Shareholders		Share amount	
	Number	% to total	Rs.	% to total
Up to 5,000	10,684	93.60	1,16,96,510	3.44
5,001 – 10,000	340	2.98	27,54,560	0.81
10,001 – 20,000	181	1.59	27,85,040	0.82
20,001 – 30,000	59	0.52	15,09,410	0.44
30,001 – 40,000	18	0.16	6,41,330	0.19
40,001 – 50,000	33	0.29	15,63,410	0.46
50,001 – 1,00,000	42	0.37	34,12,080	1.00
1,00,001 and above	56	0.49	31,60,88,750	92.84
Total	11,413	100.00	34,04,51,090	100.00

Market price data: High/low during the year 2008-09

Month	SEML on the Bombay Stock Exchange (in Rs.)		BSE Sensex	
	High	Low	High	Low
Apr 2008	450.00	293.05	17,480.74	15,297.96
May 2008	423.00	335.00	17,735.70	16,196.02
Jun 2008	351.00	255.00	16,632.72	13,405.54
Jul 2008	335.00	242.20	15,130.09	12,514.02
Aug 2008	350.00	270.00	15,579.78	14,002.43
Sep 2008	306.95	148.25	15,107.01	12,153.55
Oct 2008	169.00	52.00	13,203.86	7,697.39
Nov 2008	89.95	56.65	10,945.41	8,316.39
Dec 2008	82.70	57.00	10,188.54	8,467.43
Jan 2009	87.35	55.25	10,469.72	8,631.60
Feb 2009	73.55	53.15	9,724.87	8,619.22
Mar 2009	70.80	50.00	10127.09	8,047.17

Performance of the share price vs the BSE metals index



Dematerialisation of securities	The Company has an arrangement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for demat facility. As on 31st March, 2009, of total 3,40,45,109 equity shares held by about 11,413 shareholders, approximately 3,27,72,440 equity shares held by 6,511 shareholders representing 96.26% of the total paid-up equity capital were dematerialised. Debentures were also in dematerialised form.
Outstanding convertible instrument	In compliance with the SEBI guidelines for preferential issues, in 2008-09, the Company forfeited Rs. 50.00 lakhs received by it towards 2,63,158 convertible warrants. As on 31 March 2009, there were no outstanding convertible instruments.
Plant location	The plant of the Company is located at Industrial Growth Centre' Siltara, Raipur.
Address for correspondence	Sarda Energy & Minerals Limited Industrial Growth Centre, Siltara Raipur [C.G.] 493 111 Ph: 07721-264204-09 Fax: 07721-264214 e-mail: cs@seml.co.in

CERTIFICATE

To the members of

Sarda Energy & Minerals Limited

I have examined the compliance of conditions of Corporate Governance by Sarda Energy & Minerals Limited, for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In my opinion and to the best of my information and according to the explanation given to me and the representations made by the Directors and the management, I certify that the Company complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

Place: Nagpur
Date: 30 June 2009

(M. M. JAIN)
Chartered Accountant

Auditor's Report

To
Member of
Sarda Energy & Minerals Limited

I have audited the attached balance sheet of Sarda Energy & Minerals Limited as at 31st March, 2009 and also the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

1. I have conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

2. As required by the Companies (Auditor's Report) Order,2003 (as amended) issued by the Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, I enclose in the Annexure, a statement on the matter specified in paragraphs 4 and 5 of the said order.

3. Further to my comments in the Annexure referred to above, I report that :

   i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit;

   ii) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.

   iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv) In my opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   v) On the basis of written representations received from the directors as on 31st March 2009, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts read together with the significant accounting policies and notes appearing thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the balance sheet, of the state of the affairs of the Company, as at 31st March, 2009.

      b) in the case of the profit and loss account, of the profit for the year ended on the date; and

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

M. M. Jain
Chartered Accountant
Membership No. 5727

Place: Nagpur
Dated: June 30, 2009

Annexure to Auditor's Report

ANNEXURE TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 2 OF MY REPORT OF EVEN DATE

On the basis of such checks as I considered appropriate and in terms of information & explanations given to me I state that:

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, however the records related to the period under consideration are to be updated.

b) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in my opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

c) The fixed assets disposed off are not substantial so as to affect its going concern status.

ii) a) The inventories have been physically verified at reasonable intervals by the management.

b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c) The company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii) a) The company has granted interest bearing unsecured loan to two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 11548.79 lacs and the year end balance of loans granted to such company was Rs 11548.79 lacs.

b) In my opinion, the rate of interest and other terms and conditions of loans given by the company are prima facie not prejudicial to the interest of the company.

c) As per information and explanation given to me the repayment of principal and interest amount are regular.

d) There is no overdue amount of loan advanced to the companies covered in the register maintained under section 301 of the Companies Act, 1956

e) The company has not taken any loan secured or unsecured from any of the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.Accordingly the provisions of sub clause (f) and (g) of clause 4 (iii) are not applicable to the company.

iv) In my opinion and according to the information & explanations given to me, there is adequate internal control system commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. There is no major weakness in internal control system requiring correction.

v) a) According to the information & explanations given to me, the transactions that need to be entered into a register in pursuance of section 301 of the companies Act, 1956 have been so recorded.

b) In my opinion and according to the information & explanations given to me, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5 Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi) The company has not accepted any deposits from the public.

vii) The company is having an internal audit system, which is commensurate with the size of the company and nature of its business.

viii) I have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Govt. for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and I am of the opinion that prima facie the prescribed accounts and records have been made and maintained. I have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

ix) a) According to the information and explanations given to me, the company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, Service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to me, no undisputed amount payable were in arrears as at 31/3/2009, for a period of more than six months from the date they become payable.

b) According to the information and explanation given to me dues of income tax, Excise Duty, Service tax and Sales tax have not been deposited on account of dispute, the particulars of which and the forum where the dispute is pending are given below :

Name of the Statute	Nature of the Dues	Amount not deposited (Rs.in Lacs)	Period to which it relates	Forum where dispute is pending
Central Excise Act	Excise Duty	19.51 1.06 7.62	1989 1995 1990	High Court High Court Commissioner Appeals
Central Excise Act	Excise Duty Penalty	63.42 63.42	2001 to 2003	CESTAT, Delhi
Central Excise Act	Excise Duty Penalty	41.24 10.00	2004-05 to 2005-06	CESTAT
Central Excise Act	Excise Duty Penalty	165.30 165.30	2006-07 TO 2007-08	CESTAT
Central Excise Act	Excise Duty Penalty	5.36 0.11	2006-07	CESTAT
Central Excise Act	Service Tax Penalty	6.50 2.12	2005	Commissioner Appeals
Income Tax Act	Income Tax	341.23	A Y 2003-04	ITAT, Mumbai Bench
Income Tax Act	Income Tax	823.15	A Y 2004-05	ITAT, Mumbai Bench
Income Tax Act	Income Tax	1069.22	A Y 2005-06	ITAT, Mumbai Bench
Sales Tax & Entry Tax Act	Sales Tax (including Local and Central sales tax) and entry tax	0.96 1.43 0.61 0.34 0.16	1992-93 1992-93 1995-96 1997-98 2000-01	Appellate Authority-upto Commissioner's level

x) The company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.

xi) In my opinion and according to the information and explanations given to me, the company has not defaulted in repayment of dues to any financial institutions or banks or debenture holders.

xii) According to the information and explanations given to me, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) On the basis of information and explanation given to me the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly the provision of clause 4 (xiii) of the companies (Auditor's Report) order 2003 are not applicable to the company.

xiv) On the basis of information and explanation given to me, the company has maintained proper records of the transactions related to dealing or trading in shares, securities, debentures, mutual funds and other investments, and timely entries have been made therein. The shares, securities, debentures, mutual funds and other investments have been held by the company in its own name except to the extent of exemption granted under section 49 of the Companies Act, 1956.

xv) According to the information and explanations given to me, the company has given corporate guarantee for loans taken by a joint venture company from banks/financial institutions, the terms and conditions of which in my opinion is not prima facie prejudicial to the interest of the company.

xvi) On the basis of information and explanation given to me, the term loans have been applied for the purpose for which the loans were obtained except the funds deployed temporarily else where.

xvii) According to the information and explanations given to me and on an overall examination of balance sheet of the company, I report that funds raised on short-term basis have not been used for long-term investment.

xviii) The company has not made any preferential allotment of shares during the year to any of the parties or companies covered in the register maintained u/s 301 of the Companies Act,1956

xix) According to the information given to me the required security or charge has been created in respect of debentures issued by the company.

xx) The company has not raised any money by way of public issue during the year.

xxi) According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of my Audit.

M. M. Jain
Chartered Accountant
Membership No. 5727

Place: Nagpur
Dated: June 30, 2009

SARDA
SARDA ENERGY & MINERALS LTD

Balance Sheet As at

(Rupees in Lacs)

Particulars	Schedule	31.03.2009	31.03.2008
I. SOURCES OF FUNDS			
1. **Shareholders' Funds**			
a) Share Capital	A	3,404.51	3,404.51
b) Share Warrants		–	50.00
c) Reserves & Surplus	B	47,928.05	36,748.99
		51,332.56	**40,203.50**
2. **Loan Funds**			
a) Secured Loans	C	52,470.24	31,890.03
b) Unsecured Loans	D	826.83	439.43
		53,297.07	32,329.46
3. **Deferred Tax Liability(Net)**		**2,824.50**	**1,939.98**
Total		**107,454.13**	**74,472.94**
II. APPLICATION OF FUNDS			
1. **Fixed Assets**	E		
a) Gross Block		49,840.68	33,121.71
b) Less : Depreciation/Amortisation		14,678.17	12,137.89
c) Net Block		35,162.51	20,983.82
d) Add : Capital Work in Progress		35,535.03	25,521.18
		70,697.53	46,505.00
2. **Investments**	F	7,263.13	2,044.85
3. **Current Assets, Loans &Advances**			
a) Inventories	G	9,962.62	14,988.84
b) Sundry Debtors	H	1,825.34	6,687.74
c) Cash & Bank Balances	I	3,525.87	9,823.38
d) Loans & Advances	J	19,909.81	6,765.73
		35,223.64	38,265.70
Less : Current Liabilities & Provisions	K		
a) Current Liabilities		4,535.74	11,148.40
b) Provisions		1,194.93	1,194.93
		5,730.67	12,343.33
Net Current Assets		29,492.97	25,922.37
4. **Miscellaneous Expenditure** (To the extent not written off or adjusted)			
Preliminary Expenses		0.49	0.73
		0.49	0.73
Total		**107,454.13**	**74,472.94**
Accounting Policies and Notes to Accounts	Q		

As per my report of even date attached

M. M Jain
Chartered Accountant
Membership No. 5727

K. K. Sarda
Chairman & Managing Director

G. D. Mundra
Director

P. K. Jain
CFO & Company Secretary

Place: Nagpur
Date: June 30, 2009

Place: Mumbai
Date: June 30, 2009

Profit and Loss Account For the year ended

(Rupees in Lacs)

Particulars	Schedule	31.03.2009	31.03.2008
INCOME			
Sales (Gross)		103,214.60	70,286.24
Less: Excise Duty		8,338.50	7,804.49
Sales (Net)		94,876.10	62,481.75
Other Income	L	368.54	521.59
Increase/(decrease) in Stocks	M	(618.03)	2,286.86
Total		**94,626.62**	**65,290.21**
EXPENDITURE			
Purchase of Trading Goods		11,331.00	3,345.75
Raw Materials Consumed	N	49,815.18	37,108.19
Stores & Spares Consumed		1,965.71	1,454.53
Power		528.85	376.06
Payments & Other benefits to employees	O	1,725.43	1,127.06
Manufacturing & Other Expenses.	P	6,592.38	4,520.52
Total		71,958.55	47,932.12
Profit Before Interest, Depreciation & Tax		22,668.06	17,358.08
Interest (net)		459.12	1,140.82
Forex Fluctuation loss (net)		4,491.28	95.00
Depreciation / Amortisation		2,789.34	2,213.83
		14,928.31	13,908.43
Add : Prior-Period Items		(9.25)	9.94
Profit Before Tax		14,919.06	13,918.36
Provision for Taxation			
Current Tax		1,680.00	1,594.33
Deferred Tax		884.52	231.58
Fringe Benefit Tax		23.25	17.50
Total Tax		2,587.77	1,843.41
		12,331.29	12,074.95
Income Tax Related to Earlier Years		(7.30)	67.95
Profit After Tax		**12,323.99**	**12,142.90**
Balance brought forward from last year		21,192.99	11,920.02
Profit Available for Appropriation		**33,516.98**	**24,062.92**
Appropriations			
Proposed Dividend		1,021.35	1,021.35
Dividend Distribution Tax		173.58	173.58
Transfer to Debenture Redemption Reserve		–	175.00
Transfer to General Reserve		1,500.00	1,500.00
		2,694.93	2,869.93
Surplus Carried to Balance Sheet		**30,822.05**	**21,192.99**
Basic Earning Per Share		36.20	37.34
Diluted Earning Per Share		36.20	37.15
Accounting Policies and Notes to Accounts	Q		

As per my report of even date attached

M. M Jain
Chartered Accountant
Membership No. 5727

Place: Nagpur
Date: June 30, 2009

K. K. Sarda
Chairman & Managing Director

G. D. Mundra
Director

P. K. Jain
CFO & Company Secretary

Place: Mumbai
Date: June 30, 2009

Cash Flow Statement For the year ended

(Rupees in Lacs)

Particulars	31.03.2009	31.03.2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit & Loss Account	14,919.06	13,918.36
Adjustment for :		
Depreciation	2,789.34	2,213.83
Interest (Net)	459.12	1,140.82
Unrealised Forex Fluctuation (Gain)/Loss	4,174.29	107.28
Dividend Income	(126.38)	(37.35)
(Profit) / Loss on sale of fixed assets	(0.24)	1.96
	7,296.13	3,426.54
Operating Profit before Working Capital changes	22,215.20	17,344.91
Adjustment for :		
Inventories	5,026.22	(8,160.65)
Trade and other receivable	4,862.40	(1,932.73)
Loans and Advances	(3,352.06)	(3,288.12)
(Increase)/Decrease in Fixed deposits with scheduled banks under lien	222.00	(2,222.00)
Trade Payable	(6,657.68)	5,776.62
	100.88	(9,826.88)
Cash generated from Operations	22,316.08	7,518.03
Amalgamation expenses paid	-	(110.54)
Direct Taxes (Net)	(2,201.88)	(1,169.24)
Net cash from Operating Activities	**20,114.20**	**6,238.24**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Fixed Assets including Capital WIP	(23,435.25)	(19,740.14)
Sale of Fixed Assets	41.55	22.18
(Increase) / Decrease In Investments	(5,218.29)	140.37
Loan given to Subsidiary	(8,512.76)	-
Interest Received	1,063.84	234.15
Dividend Received	126.38	37.35
Net Cash used in Investing Activities	**(35,934.54)**	**(19,306.08)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	–	8,550.00
Interest & Forex Fluctuation (Net)	(1,522.96)	(1,374.98)
Dividend & dividend tax paid	(1,194.93)	(54.88)
Term loans received	13,166.28	19,693.01
Repayment of Term Loans	(4,104.08)	(9,138.52)
Unsecured Loan	-	(1,254.20)
Sales tax Defferment	387.40	70.94
Bank Borrowings	3,013.12	2,014.46
Net Cash from financing Activities	**9,744.83**	**18,505.84**
Increase/(decrease) in Cash and Cash equivalents (A+B+C)	**(6,075.51)**	**5,438.00**
Unrealised Exchange (Gain)/Loss on Cash & Cash Equivalents	**–**	**18.72**
Net Increase/(decrease) in Cash and Cash equivalents	**(6,075.51)**	**5,456.72**
CASH AND CASH EQUIVALENTS AS AT 01/04/2008 (as per Schedule 'I')	**7,601.38**	**2,144.66**
CASH AND CASH EQUIVALENTS AS AT 31/03/2009 (as per Schedule 'I') 1,525.87	**7,601.38**	
Increase/(decrease) in Cash and Cash equivalents	**(6,075.51)**	**5,456.72**

Cash Flow Statement *(Contd.)* For the year ended

(Rupees in Lacs)

Particulars		31.03.2009	31.03.2008
Notes:			
a) Cash and cash equivalent include the following :			
Cash on Hand		19.29	33.27
Balances with Scheduled banks	27.73		
Fixed deposits	3,478.85		
Less: Fixed Deposits Under lien	(2,000.00)	1,506.58	7,568.11
		1,525.87	7,601.38
Notes:			
b) Previous year figures have been recast/restated wherever necessary.			
c) Figures in brackets represent outflows.			

As per my report of even date attached

M. M Jain
Chartered Accountant
Membership No. 5727

Place: Nagpur
Date: June 30, 2009

K. K. Sarda
Chairman & Managing Director

Place: Mumbai
Date: June 30, 2009

G. D. Mundra
Director

P. K. Jain
CFO & Company Secretary

Auditor's Certificate

I have examined the attached Cash flow Statement of M/s Sarda Energy & Minerals Limited for the year ended 31st March, 2009.The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the company.

M. M. Jain
Chartered Accountant
Membership No. 5727

Place: Nagpur
Date: June 30, 2009

Schedules "A" to "Q" annexed to and forming part of the Accounts

(Rupees in Lacs)

	As at 31.03.2009	As at 31.03.2008
Schedule A SHARE CAPITAL		
Authorised		
5,00,00,000 Equity shares of Rs.10/- each	5,000.00	3,500.00
(P Y 3,50,00,000 Equity Shares of Rs 10/- each)		
Issued, Subscribed and Paid Up		
3,40,45,109 (3,40,45,109)Equity shares of Rs.10/- fully paid up	3,404.51	3,404.51
Out of the above:		
1. 6,00,000 (6,00,000)shares are alloted as fully paid-up by way of bonus shares by capitalisation of reserves.)		
2. 1,95,64,229 (P Y 1,95,64,229) shares are allotted as fully paid up shares to the shareholders of erstwhile Chattisgarh Electricity Company Ltd and Raipur Gases Pvt. Ltd on amalgamation with the company		
Total	**3,404.51**	**3,404.51**

	As at 31.03.2009	As at 31.03.2008
Schedule B RESERVES & SURPLUS		
A. Capital Reserve		
Opening Balance	354.78	354.78
Add:Addition during the year	50.00	–
	404.78	**354.78**
B. Securities Premium Account		
Opening Balance	10,143.48	2,090.85
Add : Recd During The Year	–	8,052.63
	10,143.48	**10,143.48**
C. Debenture Redemption Reserve		
Opening Balance	2,500.00	2,325.00
Add : Transfer from Profit and Loss Account	–	175.00
	2,500.00	**2,500.00**
D. General Reserve		
Opening Balance	2,557.75	1,168.29
Add : Transfer from Profit and Loss Account	1,500.00	1,500.00
Less: Amalgamation expenses	–	110.54
	4,057.75	**2,557.75**
E. Profit And Loss Account		
Balance carried forward	30,822.05	21,192.99
Total	**47,928.05**	**36,748.99**

	As at 31.03.2009	As at 31.03.2008
Schedule C SECURED LOANS		
A) Debentures		
i) 500 - Secured Redeemebale Non -Convertible		
Debentures of Rs 4 Lac each (P.Y. F.V. Rs.6 lac each)	2,000.00	3,000.00
ii) 500 - 7.9% Secured Redeemebale Non -Convertible		
Debentures of Rs. 1,87,500/- each (P.Y. F.V. Rs.4,37,500/- each)	937.50	2,187.50
B) Term Loan		
i) From Banks	38,482.74	19,138.72
ii From Financial Institutions	925.00	1,665.00
ii) From others	2.78	36.36
	42,348.02	26,027.58
C) Working Capital & Demand Loans From Banks	10,122.21	5,862.45
Total	**52,470.24**	**31,890.03**

Schedules "A" to "Q" annexed to and forming part of the Accounts

(Rupees in Lacs)

	As at 31.03.2009	As at 31.03.2008
Schedule D UNSECURED LOANS		
Sales Tax Defferment Account	826.83	439.43
Total	**826.83**	**439.43**

Schedule E FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Addition	Transfer/ Sale	As on 31.03.2009	Upto 01.04.2008	During the Year	Transfer/ Adjustment	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Freehold Land	913.99	1,374.42	8.25	2,280.16	–	–	–	–	2,280.16	913.99
Leasehold Land	246.40	583.42	–	829.82	3.33	0.83	–	4.16	825.65	243.07
Iron Ore Mine	462.91	–	–	462.91	52.16	9.31	–	61.47	401.43	410.74
Building	6,197.01	1,423.79	–	7,620.80	1,164.76	282.44	–	1,447.20	6,173.60	5,032.25
Plant & Machinery	24,009.49	13,312.73	377.54	36,944.68	10,283.87	2,247.12	207.70	12,323.29	24,621.38	13,725.62
Furniture, Fixture & Equipments	448.57	126.10	4.70	569.97	238.88	87.58	3.94	322.52	247.45	209.69
Vehicles	843.34	188.42	74.94	956.82	394.88	135.30	37.42	492.77	464.05	448.45
Intangibles	–	175.53	–	175.53	–	26.75	–	26.75	148.77	–
Total	**33,121.71**	**17,184.41**	**465.43**	**49,840.68**	**12,137.88**	**2,789.34**	**249.06**	**14,678.17**	**35,162.51**	**20,983.82**
Previous Year	29,544.86	3,748.10	171.25	33,121.71	9,991.60	2,213.83	67.54	12,137.89	20,983.82	19,553.26
Capital Work in Progress (Including advances for Capital Expenditure and Stock of Capital items)	–	–	–	35,535.03					35,535.03	25,521.18

	As at 31.03.2009	As at 31.03.2008
Schedule F INVESTMENTS		
Long Term Investments (at Cost)		
Investment in Wholly Owned Subsidiary (Unquoted)		
10,00,000 (PY 10,00,000) Equity Shares of HK$ 1.00 of Sarda Energy & Minerals Hongkong Limited (Partly paid up)	21.08	11.13
100 (PY NIL) Equity shares of US$ 100 each of Sarda Global Venture Pte. Ltd.	4.30	–
Total	**25.38**	**11.13**
Trade Investments Unquoted (of Rs.10/- each fully paid up unless otherwise stated)		
46,200 (PY 46,200) Equity Shares of Raipur Infrastructure Co.Ltd.	41.70	41.70
6,12,500 (PY 6,12,500) Equity Shares of Parvatiya Power Ltd.	612.50	612.50
39,640 (PY 39,640) Equity Shares of Chhattisgarh Hydro Power Pvt.Ltd.	55.60	55.60
4,000 (PY 4,000) Equity Shares of Chhattisgarh Bricks Pvt. Ltd.	0.40	0.40
4,85,000 (PY 4,85,000) Equity Shares of Chhattisgarh Ispat Bhumi Ltd.	48.50	29.10
1,72,654 (PY 1,48,548) Equity Shares of Madanpur South Coal Co. Ltd.	206.63	158.49
5000 (PY NIL) Equity Shares of Sarda Energy Ltd.	0.50	–
5000 (PY NIL) Equity Shares of Sarda Metals & Alloys Ltd.	0.50	–
5000 (PY NIL) Equity shares of Rs.10/– each of Natural Resources Energy Private Limited.	0.50	–
Total	**966.83**	**897.79**

SARDA
SARDA ENERGY & MINERALS LTD

Schedules "A" to "Q" annexed to and forming part of the Accounts

(Rupees in Lacs)

	As at 31.03.2009	As at 31.03.2008
Schedule F INVESTMENTS *(Contd.)*		
Other Investments (at Cost)		
Quoted Investments (of Rs.10/- each, fully paid up, unless otherwise stated)		
32813 (PY 32813) Equity Shares of Abhishek Corporation Ltd.	32.81	32.81
10,00,000 (PY 10,00,000) Equity Shares of Can Fin Homes Ltd.	496.58	496.58
10000 (PY 10,000) Equity Shares of GIC Housing Ltd.	5.60	5.60
1,52,440 (PY 1,52,440) Equity Shares of Gujarat Industries Power Co. Ltd.	103.72	103.72
NIL (PY 22,185) Equity Shares of Re.1/- each of Hindalco Industries Ltd.	–	21.30
4219 (PY 4219) Equity Shares of Indian Metals & Ferro Alloys Ltd.	13.63	13.63
NIL (PY 2500) Equity Shares of ITC Ltd.	–	4.64
47679 (PY 47679) Equity Shares of Kanoria Chemicals Ltd.	20.07	20.07
12400 (PY 12400) Equity Shares of Mangalam Cement Ltd.	24.46	24.46
22332 (PY 22332) Equity Shares of Pix Transmission Ltd.	8.70	8.70
Total	**705.58**	**731.52**
Investments in Mutual Funds (please refer note '4' in schedule Q)	**4,200.00**	–
Total	**4,200.00**	–
Share Application Money Pending Allotment		
Parvatiya Power Ltd.	513.52	227.00
Chhattisgarh Hydro Power Pvt. Ltd.	221.40	141.90
Chhattisgarh Bricks Pvt. Ltd.	1.00	1.00
Madanpur South Coal Co. Ltd.	0.01	34.51
Raipur Infrastrucutre Company Ltd.	217.00	–
Sarda Metals & Alloys Ltd.	1.59	–
Sarda Global Venture Pte Ltd	74.81	–
Sarda Energy Ltd.	336.02	–
Total	**1,365.35**	**404.41**
Aggregate Long Term investments	**7,263.13**	**2,044.85**
Aggregate book value of quoted investments	705.58	731.52
Aggregate book value of unquoted investments	6,557.56	1,313.33
Aggregate market value of quoted investments	607.82	911.64

Schedule G INVENTORIES		
(As certified by the management)		
Stores and Spares	1,308.51	928.89
Raw materials	4,093.61	8,275.69
Finished goods	4,560.51	5,784.26
Total	**9,962.62**	**14,988.84**

Schedule H SUNDRY DEBTORS		
Exceeding six months	250.68	292.65
Other Debts	1,654.75	6,425.53
	1,905.42	6,718.18
Less : Provision for Doubtful Debts	80.08	30.44
Total (Unsecured and considered good)	**1,825.34**	**6,687.74**

Schedules "A" to "Q" annexed to and forming part of the Accounts

(Rupees in Lacs)

	As at 31.03.2009	As at 31.03.2008
Schedule I CASH AND BANK BALANCES		
Cash in hand	19.29	33.27
Balance with Scheduled Banks		
In Current accounts	27.73	173.55
In Deposit accounts	3,478.85	9,616.55
Total	**3,525.87**	**9,823.38**

	As at 31.03.2009	As at 31.03.2008
Schedule J LOANS AND ADVANCES		
(Unsecured and considered good)		
Loans to Employees	155.98	66.83
Advances recoverable in cash or in kind or for value to be received :		
To Suppliers net of Doubtful Advances	1,315.64	4,489.88
To Others	5,711.10	1,262.80
To Subsidiary Company	9,300.69	–
Cenvat Credit & PLA (unutilised)	2,296.00	512.47
Security and other deposits	411.26	205.95
Income-tax advance and TDS (Net of provision)	719.13	227.81
Total	**19,909.81**	**6,765.73**

	As at 31.03.2009	As at 31.03.2008
Schedule K CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	570.73	8,679.10
Other liabilities	3,000.92	1,049.88
Interest accrued but not due	188.34	7.42
Unclaimed Dividend	35.70	27.39
Advances and deposits	740.04	1,384.60
	4,535.74	**11,148.40**
Provisions		
For Proposed Dividend	1,021.35	1,021.35
For Tax on dividend	173.58	173.58
	1,194.93	1,194.93
Total	**5,730.67**	**12,343.33**

(Rupees in Lacs)

	Year ended 31.03.2009	Year ended 31.03.2008
Schedule L OTHER INCOME		
Miscellaneous Income	159.98	81.33
Profit From Sale of other investments	16.68	118.44
Surplus on sale of Fixed assets (Net)	0.24	–
DEPB,DDB Claim on exports	65.43	279.67
Dividend	126.38	37.35
Sundry balances written back (Net)	(0.15)	4.79
Total	**368.54**	**521.59**

Schedules "A" to "Q" annexed to and forming part of the Accounts

(Rupees in Lacs)

	Year ended 31.03.2009	Year ended 31.03.2008
Schedule M INCREASE/(DECREASE) IN STOCKS		
Closing Stock of Finished Goods	4,560.51	5,784.26
Opening Stock of Finished Goods	(5,784.26)	(3,144.77)
Excise duty on (Increase)/Decrease in Stock of finished Goods	605.73	(352.64)
Total	**(618.03)**	**2,286.86**

Schedule N RAW MATERIAL CONSUMED		
Opening Stock	8,275.69	2,341.51
Add:Purchases	44,960.77	42,668.06
Add:Cost of Material Produced (Mining expenses)	672.32	374.31
	53,908.79	45,383.88
Less : Closing Stock	4,093.61	8,275.69
Total	**49,815.18**	**37,108.19**

Schedule O PAYMENTS AND OTHER BENEFITS TO EMPLOYEES		
Salaries, Wages, Bonus and Other allowances	1,584.47	961.75
Staff Welfare expenses	40.96	27.65
Contribution to Provident and other funds	100.01	137.67
Total	**1,725.43**	**1,127.06**

Schedule P MANUFACTURING AND OTHER EXPENSES		
Plant Operation Expenses	365.79	144.39
Conversion Charges	640.20	401.53
Material Handling expenses	931.78	646.38
Travelling and Conveyance	248.65	128.44
Rents, rates and taxes	159.07	138.40
Insurance	64.81	81.39
Repairs and Maintenance to -		
Building	18.53	32.16
Plant and Machinery	186.62	216.80
Others	86.01	41.75
Bank charges and commission	282.44	218.28
Carriage outwards	1,038.05	1,485.95
Commission and Brokerage	173.25	130.28
Taxes & Duties	1,378.01	84.92
Professional & legal charges	173.83	105.15
Loss on sale of Fixed Assets(Net)	–	1.96
Establishment and other Expenses	367.07	268.78
Charity & Donation	12.38	13.54
Social Welfare & development expenses	67.54	49.24
Directors remuneration	314.92	288.99
Provision for Doubtful Debts	63.65	23.05
Irrecoverable balances and bad debts written off(net)	9.12	12.24
Payment to Auditors	10.66	6.91
Total	**6,592.38**	**4,520.52**

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I) SIGNIFICANT ACCOUNTING POLICIES

1. **Accounting Convention**

   The accounts of the Company are prepared under the historical cost convention using the accrual method of accounting in accordance with the generally accepted accounting principles in India, mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

2. **Use of Estimates**

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

3. **Fixed Assets**

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

   Intangibles

   Intangible assets are carried at its cost less accumulated amortization and impairment losses if any.

4. **Impairment of Fixed Assets**

   The carrying amount of the Company's fixed assets is reviewed at each balance sheet date and If any indication of impairment exists based on internal /external factor Impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

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

5. **Depreciation / Amortization**

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

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

   Leasehold lands are amortised over the period of lease.
   Intangible Assets are amortized over technically useful life of the asset.

6. **Investments**

   Long term investments are stated at cost. Current investments are stated at lower of cost and fair value determined by category of investment. Provision for diminution in value of current investments is made and charged to Profit and Loss Account on the basis of market price of such investments as on the Balance Sheet date, however as a conservative and prudent policy, the company does not provide for increase in value of such investments.

7. **Valuation of Inventories**

   i) Stores and Spares are carried at cost (net of CENVAT & VAT Credit availed) on moving average basis.

   ii) Raw Materials are carried at cost (net of CENVAT & VAT credit availed) on moving average basis and net realizable value whichever is lower.

   iii) Finished and semi finished products produced and purchased by the company are carried at lower of cost and net realizable value.

8. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalization is determined in accordance with Accounting Standard 16 (AS 16) on "Borrowing Costs". Other borrowing costs are recognized as an expense in the period in which they are incurred. Interest earned is reduced from interest and finance charges.

9. Employee Benefits

i) Retirement benefits in the form of Provident fund contributed to the Statutory Provident Fund is a defined contribution scheme and the payments are charged to the Profit and Loss Account of the year when the payments to the respective funds are due. There are no obligations other than contribution payable to Provident Fund Authorities.

ii) Retirement benefits in the form of Gratuity is a defined benefit obligation and is covered under group gratuity scheme. The company contributes the ascertained gratuity liability to the approved Gratuity Trust which is charged to revenue on accrual basis. Gratuity Liability at each balance sheet date is ascertained on Actuarial Valuation basis using projected unit credit method. Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

iii) The liability for encashable leaves as estimated is provided on accrual basis.

10. Revenue Recognition

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

Sale of Goods

Sale is recognized, on dispatch of goods to customers which includes excise duty and excludes VAT .Exchange Fluctuation arising on export transactions upto F Y 2007-08 was included in Gross Sales and from FY 2008-09 the company has accounted such differences under a separate head "Forex Fluctuation Gain/Loss Account", this change in method of disclosure does not have any impact on Profit for the year and Reserves as on 31.03.2009. Excise Duty to the extent included in the gross turnover is deducted to arrive at the net turnover. Excise duty incurred on finished goods as at balance sheet date is disclosed separately and adjusted with changes in stock of finished goods in the profit & loss account.

Dividends

Revenue is recognized when the shareholder's right to receive the payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if the same are recognized after the balance sheet date but pertains to the period on or before the date of balance sheet as per the requirement of Schedule VI to the Companies Act,1956.

11. Foreign Currency Transactions

I. Monetary Items

Year end balance of foreign currency monetary items except transactions covered by foreign exchange forward contracts is translated at the closing rates as on Balance Sheet date.

Foreign exchange forward contracts are marked to market at Closing Rate as on Balance Sheet date and the premium/discount is amortized over the life of the forward contract.

All exchange differences including mark to market losses/gains are dealt with in the profit and loss account and disclosed under the head "Forex Fluctuation Gain/Loss Account", except to the extent that they are regarded as an adjustment to the interest costs and capitalized to fixed assets as per AS 16.

II. Non Monetary Items

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

III. The Companies (Accounting Standard) Amendment Rules 2009 has permitted to capitalize the exchange losses on foreign currency loans acquired for acquisition of fixed assets, however these provisions being optional are not exercised by the company in the light of Consistency Principle. The Exchange Losses not capitalized and charged to Revenue amounts to Rs. 2882.63 Lacs (Prev Year 69.72 lacs)

12. Taxes on Income

Current Tax (Considering MAT) payable in respect of taxable income and FBT payable are calculated as per the provisions of the Income Tax Act, 1961.

Schedules “A” to “Q” annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

Deferred tax is recognized subject to consideration of prudence, on timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax can be realized.

13. Capital Work in Progress / Project Expenses

Projects under commissioning including other capital work in progress are carried at cost, comprising direct cost, related incidental expenses, attributable cost and advances for capital goods. Expenses incurred on exploration of new projects are capitalized in the relevant project on materialization. If project does not materialize, expenditure incurred till date is charged to Profit & Loss Account.

14. Earnings per Share

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

15. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

16. 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

II) NOTES TO ACCOUNTS

1. Estimated amount of contracts remaining to be executed on Capital Account, net of advance given – Rs. 7312.79 lacs (Prev. year Rs. 4983.86 lacs).

2. Contingent Liabilities not provided for in respect of:

   i) Guarantee given by Company’s bankers – Rs. 873.37 lacs (Prev. year Rs. 491.47 lacs).

   ii) Guarantee (equal to Company’s share in Joint Venture) given by the Company to IDBI Bank Ltd against guarantee issued by the Bank in favour of Government of India on behalf of Madanpur South Coal Company Ltd (The Joint Venture Company for Coal Mining) – Rs. 900.00 lacs (Prev. year Rs 1096.04 lacs)

   iii) Outstanding Letters of Credit – Rs.1169.00 lacs (Prev. year – Rs.14289.11 lacs)

   iv) Bills discounted with the Company’s bankers under Letters of Credit – Rs. 569.99 lacs (Prev. year – Rs.1725.85 lacs)

   v) Claim against the Company not acknowledged as debt & disputed in appeal – Rs. 46.93 lacs (Prev. year Rs. 37.11 lacs)

   vi) Uncalled amount on partly paid shares of Sarda Energy & Minerals Hongkong Limited Rs. 44.20 Lacs (Prev. year – 41.24 lacs)

   vii) Excise Duty & Service Tax

      a) Excise duty demand of Rs. 20.56 lacs (Prev. year Rs. 20.56 lacs) raised on account of modvat credit availed, which the company has disputed in High Court.

      b) Excise Duty demand of Rs.7.62 lacs (Prev. year Rs.7.62 lacs) raised on account of modvat credit availed which the company has disputed and has filed appeal with Commissioner Appeals, Raipur.

      c) Excise Duty demand of Rs. 508.71 lacs (Prev. year Rs.168.09 lacs) raised on account of sale of electricity and Rs 5.48 Lacs (Prev. year NIL) on account of VAT Collected By the company which the company has disputed and has already received stay from CESTAT.

d) Cenvat Credit availed on Service Tax paid on transportation of goods from Depots disallowed Rs. 8.62 Lacs (Prev. year NIL), which the company has disputed and filed appeal with Commissioner (Appeals), Raipur.

viii) Commercial Tax/Entry Tax

Sales Tax / Entry Tax demand (Net of amount already deposited) of Rs.3.51 lacs (Prev. year Rs.16.35 lacs) are pending in appeal against assessment of various years.

ix) Income Tax

Rs 2233.60 lacs including interest of Rs 713.37 lacs (Prev Year NIL) pursuant to reopening of assessments of erstwhile Chhattisgarh Electricity Company Limited (merged with the company) for the financial year 2002-03 to 2004-05 on the issue of allowing of excessive deduction u/s 80 IA of Income Tax Act,1961 to the company by the Assessing officer. The company has challenged reopening of assessment u/s 263 of the Income Act,1961 and as advised has a good chance of getting the decision in its favour.

x) Energy development cess of Rs. 478.77 lacs net of amount deposited of Rs 294.34 lacs (Prev. year 478.77 lacs) demanded by the Chief electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to September 2007. The Honorable High Court of Chhattisgarh has held the levy of cess as unconstitutional vide its order dated 20th June 2008.The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.

xi) Lenders of External Commercial Borrowings have demanded Excess interest of JPY 43.80 Lacs and USD 2.68 Lacs , total amount in INR Rs 158.28 Lacs (prev. year NIL) on the grounds of increase in fund raising costs of the lenders. The company has disputed the matter with the respective lenders and has not provided for the same in the books as the contention of the company is most likely to be accepted by the lenders.

xii) Excess Interest Charged by the Bankers in contravention of the terms of the sanction amounting to Rs.63.48 Lacs (Prev year NIL) has not been accounted for by the company as the company has disputed the same and the claim of the company is most likely to be accepted.

3. Notes to Schedule 'C' – Secured Loans

i) Term Loans from Banks and Financial Institutions, External Commercial Borrowings, 8% Debentures and 7.9% Debentures are secured by first pari-passu charge by way of hypothecation of entire movable assets of the company situated at Industrial Growth Centre, Siltara, Raipur and by way of joint equitable mortgage of immovable properties of the company situated at Industrial Growth Centre, Siltara.

In case of 8% Debentures, there is stipulation of additional security by way of assignment of all rights, title & interest into and/or exclusive mortgage of captive iron ore mines subject to prior consent of State Government in this regard. Pending creation of assignment, the company has created a negative lien on all movable and immovable assets of captive iron ore mines. These Debentures are redeemable in twenty equal quarterly installments commencing from June 2006.

7.9% Secured Redeemable Non Convertible Debentures are redeemable in sixteen equal quarterly installments commencing from March 2006.

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

ii) Working Capital loans from banks are secured by first charge on stocks & book debts and second charge on all present and future movable Plant & Machinery and by joint equitable mortgage of immovable properties located at Industrial Growth Centre, Siltara, Raipur, for which credit facilities have been sanctioned. These facilities are also secured by irrevocable personal guarantees of Mr. K.K. Sarda and Mr. Manish Sarda.

iii) Other Loans are secured by hypothecation of related vehicles.

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

4. Notes to Schedule 'F' – Investments

Details of Investments in Mutual Funds

(Rupees in Lacs)

SL No.	Name	Opening Value	Purchase Value	Sale Value	Closing	
					Units	Value
1	IDFC Dynamic Bond Fund Plan B - Growth	–	1075.00	579.69	4574649.124	500.00
2	Birla Sunlife Gilt plus – Regular Qtly. Div pay out	–	75.00	811.44	–	–
3	ICICI Prudential Institutional Income Plan - Growth	–	1125.00	946.93	802774.389	225.00
4	Birla Sunlife Income Plus	–	1100.00	–	5527269.355	1100.00
5	HDFC High Interest Fund – Growth	–	1000.00	501.78	1612861.604	500.00
6	Birla Sunlife	–	500.00	499.50	–	–
7	Reliance Income fund Retail Plan - Growth	–	1000.00	–	3335846.338	1000.00
8	ICICI Prudential	–	500.00	–	1636420.167	500.00
9	Birla Sunlife Income Plus – Growth	–	150.00	–	377210.454	150.00
10	IDFC Dynamic Fund Plan – A - Growth	–	225.00	–	1258727.175	225.00
11	Birla Sunlife Cash Plus Collection (Part)	–	400.00	401.96	–	–
12	Birla Sunlife Short Term Fund	–	100.00	100.00	–	–
13	Principal Cash Management Fund (Part)	–	500.00	501.29	–	–
14	Tata Liquid fund	–	1250.00	1251.06	–	–
15	Reliance Mutual Fund	–	300.00	300.50	–	–
	Total		9300.00	5894.15		4200.00

5. Retirement Benefit Plans

i) Defined contribution plans

The Company makes provident fund contributions to defined contribution retirement benefit plans for qualifying employees. The contributions are made to the statutory provident fund of the Govt. of India. During the year the Company recognized Rs. 76.99 Lacs (previous year Rs. 47.33 Lacs) for provident fund contributions in the Profit & Loss Account.

ii) Defined Benefit Plans

The Company makes annual contributions to the approved Gratuity Trust, which in turn contributes to the Employees Group Gratuity cum Life Insurance Scheme of the Life Insurance Corporation of India and SBI Life Insurance Company Ltd. The Scheme provides for lumpsum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

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

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's balance sheet as at 31st March 2009.

		As at 31.03.2009	As at 31.03.2008
1	Assumptions		
	Discount Rate (beginning of the year)	7.50%	7.50%
	Discount Rate (end of the year)	7.50%	7.50%
	Rate of increase in Compensation levels	10.00%	10.00%
	Rate of Return on Plan Assets	7.50%	7.50%
	Expected Average remaining working lives of employees (years)	24.04	22.83
2	Table showing changes in present value of obligations		
	Present Value of Obligation as at the beginning of the year	116.58	85.14
	Acquisition adjustment	–	–
	Interest Cost	8.74	6.37
	Current Service Cost	21.81	17.15
	Curtailment Cost / (Credit)	–	–
	Settlement Cost / (Credit)	–	–
	Benefits paid	(4.46)	(3.59)
	Actuarial (gain) / loss on obligations	14.01	11.48
	Present Value of Obligation as at the end of the year	156.69	116.58
3	Table showing changes in the Fair value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the year	152.76	57.53
	Acquisition Adjustments	–	–
	Expected Return of Plan Assets	12.73	7.65
	Contributions	38.41	92.64
	Benefits paid	(4.46)	(3.59)
	Actuarial Gain / (loss) on Plan Assets	0.25	(1.48)
	Fair Value of Plan Assets at the end of the year	199.69	152.75
4	Tables showing Fair Value of Plan Assets		
	Fair value of plan asset at the beginning of year	152.76	57.53
	Acquisition adjustments	–	–
	Actual return on plan assets	12.98	6.17
	Contributions	38.41	92.64
	Benefits paid	(4.46)	(3.59)
	Fair value of plan assets at the end of year	199.69	152.75
	Funded status	43.00	36.17
	Excess of actual over estimated return on plan assets	0.25	(1.48)
5	Actuarial Gain / Loss Recognized		
	Actuarial (gain) / loss for the year – Obligation	14.01	11.49
	Actuarial (gain) / loss for the year – Plan Assets	(0.25)	1.48
	Total (gain) / loss for the year	13.76	12.97
	Actuarial (gain) / loss recognized in the year	13.76	12.97
	Unrecognized actuarial (gains) / losses at the end of year	13.76	–
6	The amounts to be recognized in Balance Sheet and Statements of Profit & Loss		
	Present value of obligation as at the end of the year	156.69	116.58
	Fair value of Plan Assets as at the end of the year	199.69	152.76
	Funded status	43.00	36.17
	Net Asset / (Liability) Recognized in Balance Sheet	43.00	36.17

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

		As at 31.03.2009	As at 31.03.2008
7	**Expense recognized in the Statement of Profit & Loss**		
	Current Service Cost	21.81	17.14
	Interest Cost	8.74	6.39
	Expected Return of Plan Assets	(12.73)	(7.65)
	Curtailment Cost / (Credit)	–	–
	Settlement Cost / (Credit)	–	–
	Net actuarial (gain) / loss recognized in the year	13.76	12.97
	Expenses recognized in the Statement of Profit & Loss	31.59	28.85

6. Cost of iron ore produced from captive iron ore mines excludes amounts charged to various revenue heads in Profit & loss account.

7. The company has implemented SAP w.e.f 01.04. 2008 and consequent to this, the inventories have been valued on moving weighted average as against the FIFO basis and weighted average basis which were being adopted in earlier years. Due to such change, the impact on profit is not significant as estimated by the management.

8. **Directors remuneration is as under:** *(Rupees in Lacs)*

		2008-09	2007-08
i)	Salary, Allowances etc. to Managing Director & Whole Time Director	95.00	65.11
ii)	Perquisites	5.40	2.91
iii)	Contribution to Provident Fund	9.50	5.77
iv)	Commission to Managing Director	240.00	240.00
v)	Sitting Fees	2.15	1.75
	Total	**352.05**	**315.54**

Notes:

1. The above amount does not include contribution to gratuity fund, as separate figures are not available for the Managing Director and Whole Time Directors.
2. Out of the above figures Salary, Allowances & Perquisites amounting to Rs.20.08 Lacs (Prev. year Rs.17.05 Lacs) and Employer's Contribution to Provident Fund amounting to Rs.1.44 lacs (Prev. year Rs.1.08 Lacs) of Mr. G.K.Chhanghani, Executive Director (Coal Mines) has been debited to Coal Mines Capital Work in Progress.

9. **Computation of net profit in accordance with section 198 and 349 of the Companies Act, 1956** *(Rupees in Lacs)*

	2008-09	2007-08
Net Profit as per profit & loss account	12323.99	12142.90
Add:		
Managerial Remuneration Paid (including sitting fees paid to independent directors)	352.05	315.54
Depreciation Charged in the accounts	2789.34	2213.83
Provision for doubtful debts	63.65	23.05
Loss on sale of fixed assets	–	1.96
Total	**15529.03**	**14697.28**
Less:		
Depreciation as per section 350 of the Companies Act,1956	2789.34	2213.83
Profit on sale of assets	0.24	–
Excess provision of income tax written back	–	67.95
Net Profit as per section 349 of the Companies Act,1956	**12739.45**	**12415.50**
Maximum Remuneration payable @ 10% of net profit	1273.95	1241.56
Maximum Remuneration payable @ 5% of net profit to each director	**636.97**	**620.78**

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

10. Payment to Auditor represents:

(Rupees in Lacs)

		2008-09	2007-08
i)	Audit Fees	7.00	4.00
ii)	Taxation Matters	0.60	0.45
iii)	Other Services	0.28	0.08
iv)	Reimbursement of traveling and out of pocket exp.	0.79	1.38
v)	Tax Audit Fees (paid to a firm in which the statutory auditor is partner)*	2.00	1.00
	Total	10.66	6.91

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

11. The company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises development Act, 2006) claiming their status as on 31st March, 2009 as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is nil.

12. Interest includes

(Rupees in Lacs)

		2008-09	2007-08
i)	Interest on Term Loan and Debentures*	1584.31	896.12
ii)	Interest on others*	669.08	478.85
iii)	Less: Interest received	1794.27	234.15
	Total	459.12	1140.82

* Net of interest Capitalized Rs. 985.23 lacs (Prev. year Rs. 649.12 Lacs)

13. Capacity, Production, Sales and Stock Particulars of each class of Goods (as certified by the Management):

i) Capacity and Production

	Items	Licensed	Unit	Installed	Production
i)	Steel Ingots / Runner Riser	N.A. N.A.	MT	40,000 (40,000)	20,909 (24,327)
ii)	Steel Billets	N.A.	MT	2,00,000 (2,00,000)	53,190 (58,667)
iii)	Sponge Iron	N.A. N.A.	MT	3,60,000 (2,10,000)	1,76,292 (1,54,796)
iv)	Iron Ore	N.A. N.A.	MT	N.A. N.A.	4,05,277 (1,43,285)
v)	Power	N.A.	MW/ KWH	61.50 MW (48 MW)	35,79,45,200 (33,97,33,360)
vi)	Ferro Alloys	N.A.	MT	66,000 (66,000)	47,432 (56,910)
vii)	Fly Ash Bricks, Blocks & Tiles	N.A.	Nos	6,000/Day (6,000/Day)	20,01,556 (16,93,145)

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

ii) Purchases and Sales Particulars *(Rupees in Lacs)*

	Items	Unit	Purchases		Sales	
			Qty.	Amount	Qty.	Amount
i)	Steel Ingot / Runner & Riser	MT	NIL (NIL)	NIL (NIL)	20,358 (23,037)	5,934.04 (5575.27)
ii)	Steel Billets	MT	NIL (NIL)	NIL (NIL)	53,001 (49,525)	17,368.32 (13005.10)
iii)	Rolled products	MT	0.66 (93)	0.20 (25.86)	1,889 (13,200)	717.86 (4,046.14)
iv)	Sponge Iron	MT	NIL (NIL)	NIL (NIL)	1,07,084 (79,825)	21,135.61 (12,571.57)
v)	By-products	MT	NIL (NIL)	NIL (NIL)		59.87 (518.11)
vi)	Ferro Alloys	MT	4,754 (4,353)	4,476.07 (2,398.39)	51,061 (57,118)	43,954.09 (31,785.69)
vii)	Ferro Mn Slag	MT	(–) (2,968)	(–) (192.30)	23,080 (6,470)	1,982.93 (786.20)
viii)	Manganese Ore	MT	30,214 (7,852)	6,774.90 (921.49)	30,214 (7,852)	8,477.79 (1,668.20)
ix)	Power	KWH	NIL (NIL)	NIL (NIL)	7,76,51,937 (1,76,07,033)	3,519.64 (279.68)
x)	Fly Ash Bricks, Blocks & tiles	Nos.	NIL (NIL)	NIL (NIL)	19,67,348 (22,47,610)	64.46 (50.29)

Notes:

1. Sale of Runner Riser is exclusive of 778 MT (Prev. year 824 MT) of Runner Riser consumed internally for manufacturing of Steel Ingots.
2. Rolled products obtained on conversion of steel ingots & billets through rerollers 2,007 MT (Prev. year 14,340 MT).
3. Sale of Rolled Products includes 1,718 MT of material valued at Rs 653.32 lacs consumed in various projects of the company.
4. Sale of Sponge Iron is exclusive of 71,679 MT (Prev. year 76,046 MT) of Sponge Iron consumed internally for manufacturing of Steel Ingots / Runner Riser & Billets.
5. Sale of Ferro Alloys is exclusive of 1034 MT (Prev. Year 1,156 MT) consumed internally for manufacturing of Steel Ingots / Runner Risers and Billets.
6. Purchase of Ferro Manganese Slag and Manganese Ore does not include purchase made for self consumption which is included in the raw material.

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

iii) Stock Particulars of Goods *(Rupees in Lacs)*

	Items	Opening Stock		Closing Stock	
		Qty. (MTs)	Value	Qty. (MTs)	Value
i)	Steel Ingots / Runner Riser	692 (2,217)	152.07 (398.75)	465 (692)	94.60 (152.07)
ii)	Steel Billets	2,852 (7,252)	608.64 (1,335.70)	465 (2,852)	93.30 (608.64)
iii)	Sponge Iron	6,313 (6,849)	872.75 (757.52)	3,575 (6,313)	465.64 (872.75)
iv)	Iron Ore (at mines)	1,53,710 (1,05,029)	391.96 (283.58)	4,25,235 (1,53,710)	573.23 (391.96)
v)	Ferro Alloys	5,305 (2,316)	2,666.78 (645.42)	5,395 (5,305)	2312.13 (2666.78)
vi)	Semi Finished Goods & By Products		1,089.28 (–)		1014.59 (1089.28)
vii)	Fly Ash Bricks, Block & Tiles		2.78 (7.35)		7.02 (2.78)

Notes:

i) The Closing Stock of Steel Ingot includes 39.65 MT (prev year NIL) in transit as on 31.03.2009 and 401.19 MT (prev year 262 MT) transferred to sub contractor for conversion into rolled products.

ii) The Closing Stock of Steel Billets includes 113.305 MT (Previous Year NIL) in transit and 39.991 MT (Prev. Year 758 MT) transferred to sub contractor for conversion into rolled products.

14. Consumption of Important Raw Materials

	Items	2008-09			2007-08		
		Quantity (MT)	Value (Rs. in lacs)	%	Quantity (MT)	Value (Rs. in lacs)	%
(a)	Indigenous						
i)	Iron & Steel scrap	10913.910	2853.67		18729	3090.10	
ii)	Iron Ore	226105.900	13861.91		323970	12492.89	
iii)	Manganese Ore	43432.1600	7391.25		45638	4067.38	
iv)	Coal/Coke/Char Coal	641305.9000	14174.34		583031	9061.84	
v)	Others	–	645.40		–	695.45	
	Total (A)		38926.58	78.14%		29407.66	79.25%
(b)	Imported						
i)	Manganese Ore	58005.650	9682.61		63098	5299.79	
ii)	Coke	5901.174	820.56		16797	2175.77	
iii)	Iron & Steel scrap	1463.900	385.43		1406	224.97	
	Total (B)		10888.60	21.86%		7700.53	20.75%
	Total (A+B)		49815.18	100%		37108.19	100%

Notes:

1. Consumption of Iron & steel scrap excludes consumption of 71,947 MT (Prev. year 76,046 MT) of Sponge Iron and 778 MT (Prev. year 824 MT) of Runner Riser produced internally and 745 MT of waste & Scrap generated internally.
2. Consumption of Iron Ore is inclusive of 33,199 MT (Prev. year 47,971 MT) of Iron ore fines generated during the production of Sponge Iron.
3. Consumption of Iron ore for the current year is inclusive of 66,545 MT of Purchased Lump Ore issued for Production of Sized Ore. Out of Sized ore produced therefrom 896 MT remains in stock as on 31st March 2009 which is included in semi finished goods.
4. Iron Ore produced from Captive Mines is considered as Semi Finished Goods. Hence consumption of Iron Ore is exclusive of 1,24,408 MT of Captive Ore consumed.

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule | ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

15. Foreign Exchange Earning & Outgo

(Rupees in Lacs)

		2008-09	2007-08
A)	**CIF Value of Imports**		
	Raw Materials	13304.80	9974.51
	Components & Spare Parts	44.52	35.61
	Capital Goods	3786.06	2415.00
B)	**FOB Value of Exports (direct)**	19423.66	11233.37
	Interest Received	423.28	9.23
C)	**Expenditure in Foreign Currency**		
	Machinery and components	2807.32	1967.08
	Traveling Expenses	29.62	25.06
	Technical consultancy	NIL	20.65
	Raw Materials	10577.47	6359.27
	Ocean Freight	NIL	833.24
	Commission	4.86	2.32
	Others	8.77	16.23
	Interest	1382.73	82.03

16. Deferred Tax

The Company has estimated the deferred tax charge using the applicable rate of taxation and the same has been charged to Profit & Loss Account. Accordingly Deferred tax liability (Net) of Rs. 2824.50 lacs is disclosed under separate heading in the Balance Sheet as given below:

(Rupees in Lacs)

Particulars	Deferred tax liability / (asset) as at 01.04.2008	Charges / (Credit) during the year	Deferred tax liability / (asset) as at 31.03.2009
On account of Time difference:			
Depreciation	1824.17	1281.55	3105.72
Excise Duty on closing stock	168.30	(92.68)	75.62
Liability of Leave Salary	(17.04)	3.12	(13.92)
Liability of Amalgamation Exp	(35.45)	9.33	(26.12)
Asset of Electricity Duty	NIL	(316.80)	(316.80)
	1939.98	**884.52**	**2824.50**

17. Related Party Disclosure

I) Names of related parties and description of relationship

Sl No.	Description of Relationship	Name of Related Parties
1.	Associates	Chhattisgarh Hydro Power Private Limited Parvatiya Power Limited Chhattisgarh Bricks Private Limited Natural Resources Energy Private limited
2.	Related Enterprises where significant influence exist	Prachi Agriculture & Properties Private Limited Sarda Agriculture & Properties Private Limited R.R. Sarda & Company
3	Key Management Personnel	Mr. Kamal Kishore Sarda Mr. Gopal Krishna Chhanghani Mr. Pankaj Sarda Mr. Ghanshyam Das Mundra
4	Relative of Key Management Personnel	Mrs. Shakuntala Devi Sarda Mrs. Uma Sarda
5	Joint Venture	Raipur Infrastructure Company Limited Madanpur South Coal Company Limited
6	Wholly Owned Subsidiaries	Sarda Energy & Minerals Hongkong Limited, Hongkong Sarda Global Ventures Pte Ltd, Singapore

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

II) Material Transactions with Related Parties *(Rupees in Lacs)*

Particulars	Associates	Related Enterprises	Key Management Personnel	Relatives of Key Management Personnel	Joint Venture	Wholly Owned Subsidiaries
Sale of Goods		(.04) (–)			0.09 (0.27)	
Services Received					118.18 (104.96)	
Loans/Advances accepted		(–) (25.00)				
Loans/Advances Repaid		(–) (195.90)				
Loans/Advances Given						9338.81 (–)
Loans/ Advances Received Back						253.68 (–)
Interest Paid/Provided		(–) (4.87)				
Interest Received						215.54 (–)
Remuneration			349.90 (313.79)			
Rent Paid		9.60 (8.40)		3.96 (2.16)		
Services Offered					3.00 (3.00)	
Corporate Guarantee Given					900.00 (1096.04)	
Investments made	366.52 (333.00)				224.03 (40.91)	89.05 (10.74)
Outstanding as on 31.03.2009						
Receivable				(.05) (.28)	(4.93) (–)	(9300.69) (–)
Investments	1403.52 (1038.40)				465.35 (234.70)	100.18 (10.74)
Payable	(0.04) (–)	(0.60) (–)				

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

18. a) Interest in Joint Ventures

	Name of the Company	Proportion of ownership interest as on 31 March	
		2009	2008
i)	Raipur Infrastructure Company Limited	33.33%	33.33%
ii)	Madanpur South Coal Company Limited	20.63%	24.91%

b) The above joint venture companies are incorporated in India. The companies' share of the assets and liabilities as on 31st March, 2009 and income and expenses for the year ended on that date are given below which are based on unaudited figures of the joint venture companies.

(Rupees in Lacs)

	Particulars	As on 31 March	
		2009	2008
A.	Assets		
	Long term Assets	516.70	276.52
	Short term Assets	97.97	132.87
	Total	614.67	409.39
B.	Liabilities		
	Long Term liabilities	36.49	58.20
	Current Liabilities and Provisions	3.84	30.52
	Total	40.33	88.72
C.	Contingent Liabilities	899.47	1096.04
D.	Capital Commitments	–	–
E.	Income	123.89	101.08
F.	Expenses	68.64	53.66

19. Earning Per Share

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Net Profit (Rs. in lacs)	12324.11	12142.90
Nominal Value of Equity Shares (Rs.)	10/-	10/-
Weighted average number of Equity Shares for Basic EPS	34045109	32517211
Basic Earnings per Share (Rs.)	36.20	37.34
Weighted average number of Equity Shares for Diluted EPS	34045109	32690493
Diluted Earnings per share (Rs.)	36.20	37.15

20. Provision for Contingencies – NIL

21. Disclosure as per Clause 32 of the Listing Agreement

Name of Company	Relationship	Amount outstanding as at 31.03.2009 (Rs. in lacs)	Maximum amount outstanding during the year (Rs. in lacs)	Investment in shares of the Company (No. of shares)
Sarda Energy & Minerals Hongkong Ltd.	Subsidiary	9300.69	9300.69	NIL
Chhattisgarh Investments Ltd.	Others	2248.10	2248.10	11285917
Madhyabharat Power Corporation Ltd.	Others	1261.15	1261.15	NIL

22. Segment Reporting

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

SARDA
SARDA ENERGY & MINERALS LTD

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

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

A) Business Segment Primary

(Rupees in Lacs)

Particulars	2008-2009			2007-2008		
	Steel	Ferro	Total	Steel	Ferro	Total
Revenue						
Sales & other income	39,821.71	51,317.83	91,139.54	30,816.72	31,338.49	62,155.21
Inter segment sales	–	701.54	701.54	952.92	593.67	1,546.59
Others Unallocated			4,105.10			822.86
Total Revenue	**39,821.71**	**52,019.37**	**95,946.18**	**31,769.64**	**31,932.17**	**64,524.66**
Result						
Segment Result	9,256.72	13,215.53	22,472.25	5,125.75	11,047.96	16,173.72
Miscellaneous Income			1,066.26			157.20
Unallocated Corporate Expenses			3,659.79			1,211.75
Operating Profit			19,878.72			15,119.17
Interest & Forex Fluctuation Loss (Net)			4,950.41			1,210.55
Profit Before Tax & Extraordinary Item			14,928.31			13,908.63
Add: Prior Period Items			(9.25)			9.94
Provision for taxation						
For Current Year			(1,680.00)			(1,594.33)
For Deferred Taxation			(884.52)			(231.58)
For Fringe Benefit Tax			(23.25)			(17.50)
Income Tax for Earlier years			(7.30)			67.95
Profit After Taxation			12,323.99			12,143.10
Other Information						
Segment Assets	54,735.10	51,023.23	105,758.34	32,912.79	19,973.95	52,886.74
Unallocated Assets			7,333.46			33,910.34
Total Assets			**113,091.79**			**86,797.07**
Segment Liabilities	7,528.21	4,101.02	11,629.23	1,341.13	9,058.02	10,399.15
Unallocated Liabilities			50,130.49			36,194.42
Total Liabilities			**61,759.72**			**46,593.57**
Capital Expenditure	8,846.55	1,558.60	10,405.14	7,363.05	301.99	7,665.04
Depreciation / Amortisation	1,358.28	478.27	1,836.56	910.76	490.51	1,401.26
Unallocated Capital Exp. & Depreciation			17,745.89			12,402.10
Non - cash Expenditure other than depreciation /(amortisation)			NIL			NIL

23. Previous year figures are shown in bracket and have been recast / regrouped / restated wherever necessary to make them comparable.

Schedules "A" to "Q" annexed to and forming part of the Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

24. INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	16617
State Code	11
Balance Sheet date	31.03.2009

II. Capital raised during the year *(Amount in Rs. thousands)*

Public Issue	Nil	Rights Issue	Nil
Bonus issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds *(Amount in Rs. thousands)*

Total Liabilities	10745413	Total Assets	10745413
Source of Funds			
Paid up Capital	340451	Reserve & Surplus	4792805
Secured Loans	5247024	Unsecured Loans	82683
Deferred Tax Liability	282451		
Application of Funds			
Net Fixed Assets	7086278	Investments	726313
Net Current Assets	2932773	Misc. Expenditure	49

IV. Performance of Company *(Amount in Rs. thousands)*

Turnover	10321460	Total Expenditure	8829554
Profit Before Tax	1491906	Profit After Tax	1232399
Earning Per Share (basic)	36.20	Dividend Rate	30%

V. Generic Names of three principal Products / Services of the Company (as per monetary terms)

Item Code (ITC)	7203	Product Description	Sponge Iron
Item Code (ITC)	7207	Product Description	Steel ingots/Billets
Item Code (ITC)	3322	Product Description	Ferro Alloys
Item Code (ITC)	98010003	Product Description	Thermal Power

SIGNATURE TO SCHEDULE "A" TO "Q"

As per my report of even date attached

M. M Jain
Chartered Accountant
Membership No. 5727

Place: Nagpur
Date: June 30, 2009

K. K. Sarda
Chairman & Managing Director

G. D. Mundra
Director

P. K. Jain
CFO & Company Secretary

Place: Mumbai
Date: June 30, 2009

SARDA
SARDA ENERGY & MINERALS LTD

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

SL. No.	Particulars/ Name of the Subsidiary Company	Sarda Energy & Minerals Hongkong Ltd. Hongkong	Sarda Global Venture Pte.Ltd. Singapore
1.	Financial year of the Subsidiary Company ended on	31st March, 2009	31st March, 2009
2.	Date from which it became Subsidiary Company	17th September, 2007	12th June, 2008
3.	Number of shares held by Holding Company in the Subsidiary Company	10,00,000 Equity Shares of HK$ 1, partly paid up	100 Equity Shares of US$ 100, fully paid up
4.	Extent of holding of Sarda Energy & Minerals Limited	100%	100%
5.	Net aggregate amount of profit (losses) of the subsidiary so far as they concern members of Sarda Energy & Minerals Ltd.		
a.	for the current financial year of the Subsidiary		
i)	Dealt with in the accounts of the Holding Company		
ii)	Not dealt with in accounts of the Holding Company	HK $ 11495311	(US $ 3452)
b.	for the previous financial years since it became Subsidiary		
i)	Dealt with in the accounts of the Holding Company		
ii)	Not dealt with in accounts of the Holding Company	(HK $ 199964)	NIL
6.	As the financial year of the subsidiary coincides with the financial year of the Holding Company, Section 215(5) of the Companies Act, 1956 is not applicable.		

Consolidated Auditor's Report

To
Board of Directors of
Sarda Energy & Minerals Limited
on the Consolidated Financial Statements of Sarda Energy & Minerals Limited and its Susidiaries

1. I have audited the attached consolidated balance sheet of SARDA ENERGY & MINERALS LIMITED (the "company"), as at 31st March, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. The consolidated accounts include investments in associates accounted for under the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in consolidated financial statements) and in joint ventures, accounted as jointly controlled entities in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures). These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

2. I have conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

3) I have not conducted the audit of the financial statement of subsidiaries whose financial statements reflect total assets (net) of Rs. 1238.19 lacs as at 31st March 2009, total revenues of Rs. 539.93 lacs for the year ended on that date and Joint Ventures whose financial statements include the Company's share of assets (net) amounting to Rs 568.90 lacs as at 31st March 2009, the Company's share of revenues amounting to Rs 123.89 lacs for the year ended on that date as considered in the consolidated accounts

4) I report that the consolidated accounts have been prepared by the management in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) notified by the (Companies Accounting Standard) Rules, 2006.

5) Based on my audit and considering the unaudited separate financial statements of the subsidiaries and audited/ unaudited financial statements of Joint Ventures and Associates, I am of the opinion that the aforesaid consolidated accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the group as at March 31, 2009.

   b. In the case of the Consolidated Profit & Loss Account, of the consolidated profit of the group for the year ended on that date and

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

M. M. Jain
Chartered Accountant
Membership No. 5727

Place: Nagpur
Dated: June 30, 2009

Consolidated Balance Sheet As at

(Rupees in Lacs)

Particulars	Schedule	31.03.2009	31.03.2008
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	A	3,404.52	3,439.92
b) Share Warrants		–	50.00
c) Reserves & Surplus	B	49,081.70	36,789.97
		52,486.23	**40,279.89**
2. Loan Funds			
a) Secured Loans	C	73,555.75	31,943.08
b) Unsecured Loans	D	828.07	440.92
		74,383.82	32,384.00
3. Deferred Tax Liability (Net)		2,829.95	1,943.65
Total		**129,700.00**	**74,607.51**
II. APPLICATION OF FUNDS			
1. Fixed Assets	E		
a) Gross Block		50,110.82	33,315.14
b) Less : Depreciation/Amortisation		14,725.96	12,162.17
c Net Block		35,384.86	21,152.97
d) Add : Capital Work in Progress		36,045.27	25,629.32
		71,430.13	**46,782.29**
2. Investments	F	37,667.96	1,799.02
3. Current Assets, Loans &Advances			
a) Inventories	G	9,962.62	14,988.84
b) Sundry Debtors	H	2,261.16	6,709.68
c) Cash & Bank Balances	I	3,668.11	9,929.89
d) Loans & Advances	J	10,690.80	6,750.38
		26,582.68	**38,378.79**
Less : Current Liabilities & Provisions	K		
a) Current Liabilities		4,786.90	11,159.11
b) Provisions		1,194.93	1,194.93
		5,981.83	12,354.04
Net Current Assets		**20,600.86**	**26,024.75**
4. Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses		1.06	1.46
		1.06	1.46
Total		**129,700.00**	**74,607.51**
Accounting Policies and Notes to Accounts	Q		

As per my report of even date attached

M. M Jain	K. K. Sarda	G. D. Mundra	P. K. Jain
Chartered Accountant	*Chairman & Managing Director*	*Director*	*CFO & Company Secretary*
Membership No. 5727			

Place: Nagpur
Date: June 30, 2009

Place: Mumbai
Date: June 30, 2009

Consolidated Profit and Loss Account For the year ended

(Rupees in Lacs)

Particulars	Schedule	31.03.2009	31.03.2008
INCOME			
Sales (Gross)		103,220.29	70,296.14
Less: Excise Duty		8,338.50	7,804.49
Sales (Net)		94,881.78	62,491.65
Other Income	L	886.56	521.58
Increase/(decrease) in Stocks	M	(618.03)	2,286.85
Total		**95,150.32**	**65,300.08**
EXPENDITURE			
Purchase of Trading Goods		11,331.00	3,345.75
Raw Materials Consumed	N	49,697.00	37,017.28
Stores & Spares Consumed		1,965.71	1,454.53
Power		528.85	376.06
Payments & Other benefits to employees	O	1,757.89	1,133.38
Manufacturing & Other Expenses.	P	6,613.07	4,528.33
Total		**71,893.52**	**47,855.33**
Profit Before Interest, Depreciation & Tax		23,256.80	17,444.75
Interest(net)		65.73	1,149.18
Forex Fluctuation loss (net)		4,491.79	95.00
Depreciation / Amortisation		2,812.62	2,231.22
Profit Before Tax		**15,886.66**	**13,969.35**
(Before Tax and Prior Period items)			
Add : Prior–Period Item		(9.25)	9.94
Profit Before Taxes		**15,877.41**	**13,979.29**
Provision for Taxation			
Current Tax		1,709.66	1,615.35
Deferred Tax		887.69	234.43
Fringe Benefit Tax		23.25	17.50
Total Tax		**2,620.61**	**1,867.28**
		13,256.80	**12,112.01**
Income Tax Related to Earlier Years		(11.63)	67.95
PROFIT AFTER TAXES (before share of profit from associates)		13,245.18	12,179.96
Add: Share of Net Profit from Associate (Equity Method)		0.89	–
PROFIT AFTER TAXES		13,246.07	12,179.96
Balance brought forward from last year		21,235.63	11,923.91
Profit Available For Appropriation		**34,481.70**	**24,103.87**
Appropriations			
Proposed Dividend		1,021.35	1,021.35
Dividend Distribution Tax		173.58	173.58
Transfer to Debenture Redemption Reserve		–	175.00
Transfer to General Reserve		1,500.00	1,500.00
		2,694.93	2,869.93
Surplus Carried to Balance Sheet		**31,786.77**	**21,233.94**
Basic Earning Per Share		38.90	37.46
Diluted Earning Per Share		38.90	37.26
Accounting Policies and Notes to Accounts as per my Report of Even Date Attached	Q		

As per my report of even date attached

M. M Jain
Chartered Accountant
Membership No. 5727

K. K. Sarda
Chairman & Managing Director

G. D. Mundra
Director

P. K. Jain
CFO & Company Secretary

Place: Nagpur
Date: June 30, 2009

Place: Mumbai
Date: June 30, 2009

SARDA
SARDA ENERGY & MINERALS LTD

Consolidated Cash Flow Statement For the year ended

(Rupees in Lacs)

Particulars	31.03.2009
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before tax as per Profit & Loss Account	15,877.41
Adjustment for :	
Depreciation	2,812.62
Interest (Net)	65.73
Unrealised Exchange (Gain)/Loss	4,962.20
Dividend income	126.38
(Profit) / Loss on sale of fixed assets	0.24
Profit on Sale of other Investments	(462.35)
Effect of exchange differences on translation of subsidiaries	188.93
	7,693.75
Operating Profit before Working Capital changes	23,571.16
Adjustment for :	
Inventories	5,026.22
Trade and other receivable	4,448.52
Loans and Advances	(3,940.41)
(Increase)/Decrease in Fixed deposits with scheduled banks	222.00
Trade Payable	(6,417.24)
	(660.91)
Cash generated from Operations	22,910.25
Direct Taxes (Net)	(1,743.34)
Net cash from Operating Activities	**21,166.91**
B. CASH FLOW FROM INVESTING ACTIVITIES :	
Investment in Fixed Assets including Capital WIP	(23,914.16)
Sale of Fixed Assets	41.55
(Increase) / Decrease In Investments	(35,868.94)
Interest received	2,062.67
Dividend received	(126.38)
Profit on sale of Other Investments	462.35
Reduction in share in Joint Venture	(35.40)
Net Cash used in Investing Activities	**(57,378.31)**
C. CASH FLOW FROM FINANCING ACTIVITIES :	
Interest Paid	(2,128.40)
Dividend & dividend tax paid	(1,194.93)
Term loans received	13,148.48
Repayment of Term Loans	(4,104.08)
Unsecured Loan	(0.25)
Sales tax Defferment	387.40
Bank Borrowings	24,063.40
Net Cash from financing Activities	**30,171.62**
Net Increase/(decrease) in Cash and Cash equivalents (A+B+C)	**(6,039.78)**
Cash And Cash Equivalents As At 01/04/2008 (As Per Schedule 'i')	**(7,707.89)**
Cash And Cash Equivalents As At 31/03/2009 (As Per Schedule 'i')	**(1,668.11)**
Increase/(decrease) in Cash and Cash equivalents	**(6,039.78)**

Consolidated Cash Flow Statement *(Contd.)* For the year ended

(Rupees in Lacs)

Particulars		31.03.2009
Notes:		
a) Cash and cash equivalent include the following :		
Cash on Hand		21.88
Balances with Scheduled banks	3,646	
Less: Fixed Deposits Under lien	(2,000)	1,646.23
		1,668.11
(b) Figures in brackets represent outflows.		

As per my report of even date attached

M. M Jain
Chartered Accountant
Membership No. 5727

Place: Nagpur
Date: June 30, 2009

K. K. Sarda
Chairman & Managing Director

G. D. Mundra
Director

P. K. Jain
CFO & Company Secretary

Place: Mumbai
Date: June 30, 2009

Auditor's Certificate

I have examined the attached Consolidated Cash flow Statement of M/s Sarda Energy & Minerals Limited for the year ended 31st March, 2009.The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the company.

Place: Nagpur
Date: June 30, 2009

M. M. Jain
Chartered Accountant

Schedules "A" to "Q" Annexed and forming part of Consolidated Accounts

(Rupees in Lacs)

	As at 31.03.2009	As at 31.03.2008
Schedule A SHARE CAPITAL		
Authorised		
5,00,00,000 Equity shares of Rs.10/- each	5,000.00	3,500.00
(PY 3,50,00,000 Equity shares of Rs. 10/- each)		
Issued, Subscribed and Paid Up		
3,40,45,109 Equity shares of Rs.10/- fully paid up	3,404.51	3,404.51
Share Application Money Pending Allottment	0.01	35.41
Total	**3,404.52**	**3,439.92**

	As at 31.03.2009	As at 31.03.2008
Schedule B RESERVES & SURPLUS		
A. Capital Reserve		
Opening Balance	354.78	354.78
Add:Addition during the year	50.00	–
	404.78	**354.78**
B. Securities Premium Account		
Opening Balance	10,143.48	2,088.62
Add : Recd During The Year	0.00	8,054.85
	10,143.48	**10,143.47**
C. Debenture Redemption Reserve		
Opening Balance	2,500.00	2,325.00
Add : Transfer from Profit	–	175.00
Closing Balance	**2,500.00**	**2,500.00**
D. General Reserve		
Opening Balance	2,557.75	1,168.29
Add : Transfer from Profit	1,500.00	1,500.00
Less: Amalgamation Expenses	–	(110.54)
Closing Balance	**4,057.75**	**2,557.75**
E. Foreign Currency Translation Reserve	**188.93**	–
F. Profit And Loss Account		
Opening Balance	21,235.63	11,923.91
Add: Balance carried forward	10,551.14	9,310.03
Closing Balance	31,786.77	21,233.94
Total	**49,081.70**	**36,789.94**

	As at 31.03.2009	As at 31.03.2008
Schedule C SECURED LOANS		
A) Debentures	2,937.50	5,187.50
B) Term Loan		
i) From Banks	38,518.00	19,191.77
ii) From Financial Institutions	925.00	1,665.00
ii) From others	2.78	36.36
	39,445.77	**20,893.13**
C) Working Capital & Demand Loans From Banks	31,172.48	5,862.45
Total	**73,555.75**	**31,943.08**

Schedules "A" to "Q" Annexed and forming part of Consolidated Accounts

(Rupees in Lacs)

	As at 31.03.2009	As at 31.03.2008
Schedule D UNSECURED LOANS		
From Bodies Corporate	1.24	1.49
Sales Tax Defferment Account	826.83	439.43
Total	**828.07**	**440.92**

Schedule E FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Addition	Transfer/ Sale	As on 31.03.2009	Upto 01.04.2008	During the Year	Transfer/ Adjustment	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Freehold Land	928.37	1,411.83	8.25	2,331.95	–	–	–	–	2,331.95	935.89
Leasehold Land	246.40	583.42	–	829.82	3.33	0.83	–	4.16	825.65	243.07
Iron Ore Mine	462.91	–	–	462.91	52.16	9.31	–	61.47	401.43	410.74
Building	6,197.01	1,433.87	–	7,630.88	1,164.76	282.69	–	1,447.45	6,183.43	5,032.25
Plant & Machinery	24,179.75	13,348.78	377.54	37,151.00	10,307.90	2,269.75	207.70	12,369.95	24,781.04	13,871.85
Furniture, Fixture & Equipments	449.75	126.84	4.75	571.84	239.11	87.96	3.70	323.37	248.47	210.63
Vehicles	843.42	188.42	74.94	956.90	394.90	135.32	37.42	492.80	464.10	448.54
Intangibles	–	175.53	–	175.53	–	26.75	–	26.75	148.77	–
Total	**33,307.61**	**17,268.69**	**465.48**	**50,110.82**	**12,162.17**	**2,812.62**	**248.82**	**14,725.97**	**35,384.85**	**21,152.97**
Previous Year	29,674.34	3,812.05	171.25	33,315.14	9,998.50	2,231.22	67.54	12,162.18	21,152.97	19,553.26
Capital Work in Progress (Including advances for Capital Expenditure and Stock of Capital items				36,045.27					36,045.27	25,629.32

	As at 31.03.2009	As at 31.03.2008
Schedule F INVESTMENTS		
A. Investment in Associates		
Equity Share & Share Application Money	1,404.92	1,038.40
Add: Adjustment of Post Acquisition share of profit and reserves of associates	**0.89**	–
B. Other Investments		
Equity Share	755.08	760.62
Share Application Money Pending Allotment	337.97	–
Other Investments	35,169.10	–
Aggregate Long Term Investments	37,667.96	1,799.02

SARDA
SARDA ENERGY & MINERALS LTD

Schedules "A" to "Q" Annexed and forming part of Consolidated Accounts

(Rupees in Lacs)

	As at 31.03.2009	As at 31.03.2008
Schedule G INVENTORIES		
(As certified by the management)		
Stores and Spares	1,308.51	947.18
Raw materials	4,093.61	8,275.69
Finished goods	4,560.51	5,784.26
Total	**9,962.62**	**14,988.84**

Schedule H SUNDRY DEBTORS		
Exceeding six months	250.68	292.65
Other Debts	2,090.56	6,447.47
	2,341.24	**6,740.12**
Less : Provision for Doubtful Debts	80.08	30.44
Total (Unsecured and considered good)	**2,261.16**	**6,709.68**

Schedule I CASH AND BANK BALANCES		
Cash in hand	21.88	36.28
Balance with Banks	3,646.23	9,893.61
Total	**3,668.11**	**9,929.89**

Schedule J LOANS AND ADVANCES		
(Unsecured and considered good)		
Loans to Employees	155.98	64.93
Advances recoverable in cash or in kind or for value to be received :		
To Suppliers net of Doubtful Advances	1,318.21	4,487.64
To Others	5,787.29	1,265.51
Cenvat Credit & PLA (unutilised)	2,296.63	514.77
Security and other deposits	411.91	207.19
Income-tax advance and TDS (Net of provision)	720.77	210.33
Total	**10,690.80**	**6,750.38**

Schedules "A" to "Q" Annexed and forming part of Consolidated Accounts

(Rupees in Lacs)

	As at 31.03.2009	As at 31.03.2008
Schedule K CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	572.74	8,686.70
Other liabilities	3,248.74	1,053.00
Interest accrued but not due	188.34	7.42
Unclaimed Dividend	35.70	27.39
Advances and deposits	740.04	1,384.60
Duties & Taxes payable	1.33	–
	4,786.90	**11,159.11**
Provisions		
For Proposed Dividend	1,021.35	1,021.35
For Tax on dividend	173.58	173.58
	1,194.93	**1,194.93**
Total	**5,981.83**	**12,354.04**

(Rupees in Lacs)

	Year ended 31.03.2009	Year ended 31.03.2008
Schedule L OTHER INCOME		
Miscellaneous Income	232.32	81.33
Profit on Sale from other investments	462.35	118.44
Surplus on sale of Fixed assets	0.24	–
DEPB, DDB Claim on exports	65.43	279.67
Dividend	126.38	37.35
Sundry balances written back (Net)	(0.15)	4.79
Total	**886.56**	**521.58**

Schedule M INCREASE/(DECREASE) IN STOCKS		
Closing Stock of Finished Goods	4,560.51	5,784.26
Opening Stock of Finished Goods	(5,784.26)	(3,144.77)
Excise duty on (Increase)/Decrease in Stock of finished Goods	605.73	(352.64)
Total	**(618.03)**	**2,286.85**

Schedule N RAW MATERIAL CONSUMED		
Opening Stock	8,275.69	2,341.51
Add: Purchases	44,842.59	42,577.15
Add: Cost of Material Produced (Mining expenses)	672.32	374.31
	53,790.60	45,292.97
Less: Closing Stock	4,093.61	8,275.69
Total	**49,697.00**	**37,017.28**

Schedules "A" to "Q" Annexed and forming part of Consolidated Accounts

(Rupees in Lacs)

	Year ended 31.03.2009	Year ended 31.03.2008
Schedule O PAYMENTS AND OTHER BENEFITS TO EMPLOYEES		
Salaries, Wages, Bonus and Other allowances	1,616.92	968.06
Staff Welfare expenses	40.96	27.65
Contribution to Provident and other funds	100.01	137.67
Total	**1,757.89**	**1,133.38**

Schedule P MANUFACTURING AND OTHER EXPENSES		
Plant Operation Expenses	365.79	144.39
Conversion Charges	640.20	401.53
Material Handling expenses	931.78	646.38
Travelling and Conveyance	251.43	129.79
Rents, rates and taxes	167.64	141.23
Insurance	64.81	81.39
Repairs and Maintenance to -		
Building	18.53	32.16
Plant and Machinery	188.26	217.80
Others (including vehicles)	86.01	41.75
Bank charges and commission	282.44	218.28
Carriage outwards	1,038.05	1,486.38
Selling Commission and Brokerage	173.25	130.28
Taxes & Duties	1,378.01	84.92
Professional & legal charges	177.24	106.09
Loss on sale of Fixed Assets	-	1.96
Preliminary Expenses written off	0.33	-
Establishment and other Expenses	370.01	269.71
Charity & Donation	12.38	13.54
Social Welfare & Development Expenses	67.54	49.24
Directors remuneration	314.92	288.99
Provision for Doubtful Debts	63.65	23.05
Irrecoverable balances and bad debts written off(net)	9.12	12.24
Payment to Auditors	11.69	7.23
Total	**6,613.07**	**4,528.33**

Schedules "A" to "Q" Annexed and forming part of Consolidated Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I) SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The accounts of the group are prepared under the historical cost convention using the accrual method of accounting in accordance with the generally accepted accounting principles in India, mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

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

3. Fixed Assets

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

Intangibles

Intangible assets are carried at its cost less accumulated amortization and impairment losses if any.

4. Impairment of Fixed Assets

The carrying amount of the Group's fixed assets is reviewed at each balance sheet date and If any indication of impairment exists based on internal /external factor Impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

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

5. Depreciation / Amortization

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

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

Leasehold lands are amortised over the period of lease.
Intangible Assets are amortized over technically useful life of the asset.

6. Investments

Long term investments are stated at cost. Current investments are stated at lower of cost and fair value determined by category of investment. Provision for diminution in value of current investments is made and charged to Profit and Loss Account on the basis of market price of such investments as on the Balance Sheet date, however as a conservative and prudent policy, the company does not provide for increase in value of such investments.

7. Valuation of Inventories

i) Stores and Spares are carried at cost (net of CENVAT & VAT Credit availed) on moving average basis.

ii) Raw Materials are carried at cost (net of CENVAT & VAT credit availed) on moving average basis and net realizable value whichever is lower.

iii) Finished and semi finished products produced and purchased by the company are carried at lower of cost and net realizable value.

8. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalization is determined in accordance with Accounting Standard 16 (AS 16) on "Borrowing Costs". Other borrowing costs are recognized as an expense in the period in which they are incurred. Interest earned is reduced from interest and finance charges.

9. Employee Benefits

   i) Retirement benefits in the form of Provident fund contributed to the Statutory Provident Fund is a defined contribution scheme and the payments are charged to the Profit and Loss Account of the year when the payments to the respective funds are due. There are no obligations other than contribution payable to Provident Fund Authorities.

   ii) Retirement benefits in the form of Gratuity is a defined benefit obligation and is covered under group gratuity scheme. The company contributes the ascertained gratuity liability to the approved Gratuity Trust which is charged to revenue on accrual basis. Gratuity Liability at each balance sheet date is ascertained on Actuarial Valuation basis using projected unit credit method. Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

   iii) The liability for encashable leaves as estimated is provided on accrual basis.

10. Revenue Recognition

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

Sale of Goods

Sale is recognized, on dispatch of goods to customers which includes excise duty and excludes VAT .Exchange Fluctuation arising on export transactions upto F Y 2007-08 was included in Gross Sales and from FY 2008-09 the company has accounted such differences under a separate head "Forex Fluctuation Gain/Loss Account", this change in method of disclosure does not have any impact on Profit for the year and Reserves as on 31.03.2009. Excise Duty to the extent included in the gross turnover is deducted to arrive at the net turnover. Excise duty incurred on finished goods as at balance sheet date is disclosed separately and adjusted with changes in stock of finished goods in the profit & loss account.

Dividends

Revenue is recognized when the shareholder's right to receive the payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if the same are recognized after the balance sheet date but pertains to the period on or before the date of balance sheet as per the requirement of Schedule VI to the Companies Act,1956.

11. Foreign Currency Transactions

   I. Monetary Items

   Year end balance of foreign currency monetary items except transactions covered by foreign exchange forward contracts is translated at the closing rates as on Balance Sheet date.

   Foreign exchange forward contracts are marked to market at Closing Rate as on Balance Sheet date and the premium/discount is amortized over the life of the forward contract.

   All exchange differences including mark to market losses/gains are dealt with in the profit and loss account and disclosed under the head "Forex Fluctuation Gain/Loss Account", except to the extent that they are regarded as an adjustment to the interest costs and capitalized to fixed assets as per AS 16.

   II. Non Monetary Items

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

   III. The Companies (Accounting Standard) Amendment Rules 2009 has permitted to capitalize the exchange losses on foreign currency loans acquired for acquisition of fixed assets, however these provisions being optional are not exercised by the company in the light of Consistency Principle. The Exchange Losses not capitalized and charged to Revenue amounts to Rs. 2882.63 Lacs (Prev Year 69.72 lacs)

12. Taxes on Income

Current Tax (Considering MAT) payable in respect of taxable income and FBT payable are calculated as per the provisions of the Income Tax Act, 1961.

Deferred tax is recognized subject to consideration of prudence, on timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent there is

Schedules "A" to "Q" Annexed and forming part of Consolidated Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax can be realized.

13. Capital Work in Progress / Project Expenses

Projects under commissioning including other capital work in progress are carried at cost, comprising direct cost, related incidental expenses, attributable cost and advances for capital goods. Expenses incurred on exploration of new projects are capitalized in the relevant project on materialization. If project does not materialize, expenditure incurred till date is charged to Profit & Loss Account.

14. Earnings per Share

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

15. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

16. 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.

17. Basis of Consolidation

A) The Consolidated Financial Statements comprise the individual financial statements of Sarda Energy & Minerals Limited, its Wholly Owned Foreign Subsidiaries, jointly controlled entities and associates as on March 31, 2009 and for the year ended on that date. The Consolidated Financial Statements have been prepared on the following basis:

i. The Financial Statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006. The assets and liabilities of foreign subsidiaries are translated at year end exchange rates and all other items in Profit and Loss Account are translated at the average annual rate. The resultant gain and losses are shown separately as Foreign Currency Translation Reserve under Reserves and Surplus.

ii. The Financial Statements of jointly controlled entities have been considered on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions resulting in unrealized profits or losses as per Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies (Accounting Standard) Rules, 2006 using the proportionate consolidation method.

iii. The Company's investments in associates are accounted under the equity method and its share of pre-acquisition profits / losses is reflected as Capital Reserve / Goodwill in the carrying value of investments in accordance with Accounting Standard 23 on 'Accounting for Investments in Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006.

iv. The Financial Statements of the subsidiaries, the jointly controlled entities and the associates used in the consolidation are drawn up to the same reporting date as that of the company i.e. March 31, 2009.

B) i. The Financial Statements of the Wholly Owned Subsidiaries "SARDA ENERGY & MINERALS HONGKONG LIMITED" incorporated in Hong Kong and "SARDA GLOBAL VENTURES PTE LTD" incorporated in Singapore have been consolidated as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006.

ii. The Financial Statements of the following jointly controlled entities have been incorporated as per Accounting Standard

Schedules "A" to "Q" Annexed and forming part of Consolidated Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

27 on 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies (Accounting Standard) Rules, 2006. All the jointly controlled entities are incorporated in India.

Name of jointly controlled entity	Proportion of ownership interest (%)
Raipur Infrastructure Company Ltd.	33.33
Madanpur South Coal Company Ltd.	20.63

The following amounts are included in the Financial Statements in respect of the jointly controlled entities referred to in note (ii) above, based on the proportionate consolidation method. *(Rupees in Lacs)*

Particulars	Current year	Previous year
A. Assets		
Fixed Assets	516.13	276.52
Current Assets	97.82	132.87
Total	**613.95**	**409.39**
B. Liabilities		
Long Term liabilities	41.94	58.20
Current Liabilities and Provisions	3.69	30.52
Total	**45.63**	**88.72**
C. Contingent Liabilities	899.47	1096.04
D. Capital Commitments	0.00	0.00
E. Income	123.89	101.08
F. Expenses	72.96	53.66

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

Name of Associates	Current year Proportion of ownership interest (%)	Previous year Proportion of ownership interest (%)
Parvatiya Power Pvt. Ltd.	48	48
Chhattisgarh Hydro Power Pvt. Ltd.	50	50
Chhattisgarh bricks Pvt Ltd	40	40
Natural Resources Energy Pvt Ltd	50	NIL

II) NOTES TO ACCOUNTS

1. Estimated amount of contracts remaining to be executed on Capital Account, net of advance given – Rs.7312.79 lacs (Prev. year Rs. 4983.86 lacs).

2. Contingent Liabilities not provided for in respect of:

i) Guarantee given by Group's bankers – Rs.1773.37 lacs (Prev. year Rs.1587.51 lacs).

ii) Outstanding Letters of Credit – Rs.1169.00 lacs (Prev. year – Rs.14289.11 lacs)

iii) Bills discounted with the Holding Company's bankers under Letters of Credit – Rs.569.99 lacs (Prev. year – Rs.1725.85 lacs)

iv) Claim against the Holding Company not acknowledged as debt & disputed in appeal – Rs.46.93 lacs (Prev. year Rs.37.11 lacs)

v) Excise Duty & Service Tax

a)Excise duty demand of Rs. 20.56 lacs (Prev. year Rs.20.56 lacs) raised on account of modvat credit availed, which the Holding Company has disputed in High Court.

b) Excise Duty demand of Rs.7.62 lacs (Prev. year Rs.7.62 lacs) raised on account of modvat credit availed which the Holding Company has disputed and has filed appeal with Commissioner Appeals, Raipur.

c) Excise Duty demand of Rs.508.71 lacs (Prev. year Rs.168.09 lacs) raised on account of sale of electricity and Rs 5.48 Lacs (Prev. year NIL) on account of VAT Collected By the Holding Company which the Holding Company has disputed and has already received stay from CESTAT.

Schedules "A" to "Q" Annexed and forming part of Consolidated Accounts

Schedule Q ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

d) Cenvat Credit availed on Service Tax paid on transportation of goods from Depots disallowed Rs 8.62 Lacs (Prev. year NIL) ,which the Holding Company has disputed and filed appeal with Commissioner (Appeals),Raipur.

vi) Commercial Tax/Entry Tax
Sales Tax / Entry Tax demand (Net of amount already deposited) of Rs.3.51 lacs (Prev. year Rs.16.35 lacs) are pending in appeal against assessment of various years.

vii) Income Tax
Rs 2233.60 lacs including interest of Rs 713.37 lacs (Prev Year NIL) pursuant to reopening of assessments of erstwhile Chhattisgarh Electricity Company Limited (merged with the Holding Company) for the financial year 2002-03 to 2004-05 on the issue of allowing of excessive deduction u/s 80 IA of Income Tax Act,1961 to the company by the Assessing officer. The Holding Company has challenged reopening of assessment u/s 263 of the Income Act,1961 and as advised has a good chance of getting the decision in its favour.

viii) Energy development cess of Rs.478.77 lacs net of amount deposited of Rs 294.34 lacs (Prev. year 478.77 lacs) demanded by the Chief electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to September 2007. The Honorable High Court of Chhattisgarh has held the levy of 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) Lenders of External Commercial Borrowings have demanded Excess interest of JPY 43.80 Lacs and USD 2.68 Lacs , total amount in INR Rs 158.28 Lacs (prev. year NIL) on the grounds of increase in fund raising costs of the lenders. The Holding Company has disputed the matter with the respective lenders and has not provided for the same in the books as the contention of the Holding Company is most likely to be accepted by the lenders.

x) Excess Interest Charged by the Bankers in contravention of the terms of the sanction amounting to Rs.63.48 Lacs (Prev year NIL) has not been accounted for by the Holding Company as the Holding Company has disputed the same and the claim of the Holding Company is most likely to be accepted.

3. Deferred Tax.

The Group has estimated the deferred tax charge using the applicable rate of taxation and the same has been charged to Profit & Loss Account. Accordingly Deferred tax liability (Net) of Rs. 2829.95 lacs is disclosed under separate heading in the Balance Sheet as given below:

(Rupees in Lacs)

Particulars	Deferred tax liability / (asset) as at 01.04.2008	Charges / (Credit) during the year	Deferred tax liability / (asset) as at 31.03.2009
On account of Time difference:			
Depreciation	1826.45	1284.72	3111.17
Excise Duty on closing stock	168.30	(92.68)	75.62
Liability of Leave Salary	(17.04)	3.12	(13.92)
Liability of Amalgamation Exp	(35.45)	9.33	(26.12)
Asset of Electricity Duty	NIL	(316.80)	(316.80)
	1942.26	**887.69**	**2829.95**

4. Related Party Disclosure

I) Names of related parties and description of relationship

Sl No.	Description of Relationship	Name of Related Parties
1.	Related Enterprises where significant influence exist	Prachi Agriculture & Properties Private Limited Sarda Agriculture & Properties Private Limited R. R. Sarda & Company
2.	Key Management Personnel	Mr. Kamal Kishore Sarda Mr. Gopal Krishna Chhanghani Mr. Pankaj Sarda Mr. Ghanshyam Das Mundra
3.	Relative of Key Management Personnel	Mrs. Shakuntala Devi Sarda Mrs. Uma Sarda

Schedules "A" to "Q" Annexed and forming part of Consolidated Accounts

Schedule | ACCOUNTING POLICIES AND NOTES TO ACCOUNTS *(Contd.)*

II) Material Transactions with Related Parties *(Rupees in Lacs)*

Particulars	Related Enterprises	Key Management Personnel	Relatives of Key Management Personnel
Sale of Goods	(.04) (–)		
Loans/Advances accepted	(–) (25.00)		
Loans/Advances Repaid	(–) (195.90)		
Interest Paid/Provided	(–) (4.87)		
Remuneration		364.66 (313.79)	
Rent Paid	9.60 (8.40)		3.96 (2.16)
Outstanding as on 31.03.2009			
Receivable			(.05) (.28)
Payable	(0.60) (–)		

5. Earning Per Share *(Rupees in Lacs)*

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Net Profit (Rs. in lacs)	13246.07	12179.96
Nominal Value of Equity Shares (Rs.)	10/-	10/-
Weighted average number of Equity Shares for Basic EPS	34045109	32517211
Basic Earnings per Share (Rs.)	38.90	37.46
Weighted average number of Equity Shares for Diluted EPS	34045109	32690493
Diluted Earnings per share (Rs.)	38.90	37.26

6. Provision for Contingencies – NIL
7. Previous year figures are shown in bracket and have been recast / regrouped / restated wherever necessary to make them comparable.

Signature To Schedule "A" to "Q"
As per my report of even date attached

M. M Jain
Chartered Accountant
Membership No. 5727

Place: Nagpur
Date: June 30, 2009

K. K. Sarda
Chairman & Managing Director

G. D. Mundra
Director

P. K. Jain
CFO & Company Secretary

Place: Mumbai
Date: June 30, 2009

Corporate information

Board of Directors
Mr. K. K. Sarda,
Chairman & Managing Director

Mr. G. K. Chhanghani,
Executive Director

Mr. Pankaj Sarda,
Whole time Director

Mr. G. D. Mundra,
Whole time Director

Mr. P. R. Tripathi

Mr. Rakesh Mehra

Mr. A. K. Basu

Mr. G.S. Sahni

Mr. C.K. Lakshminarayanan

Chief Financial Officer-cum-Company Secretary
Mr. P. K. Jain

Auditor
Mr. M. M. Jain,
Chartered Accountant
Shreemohini, Kingsway, Nagpur

Bankers
Union Bank of India

Bank of Baroda

UCO Bank

Axis Bank Limited

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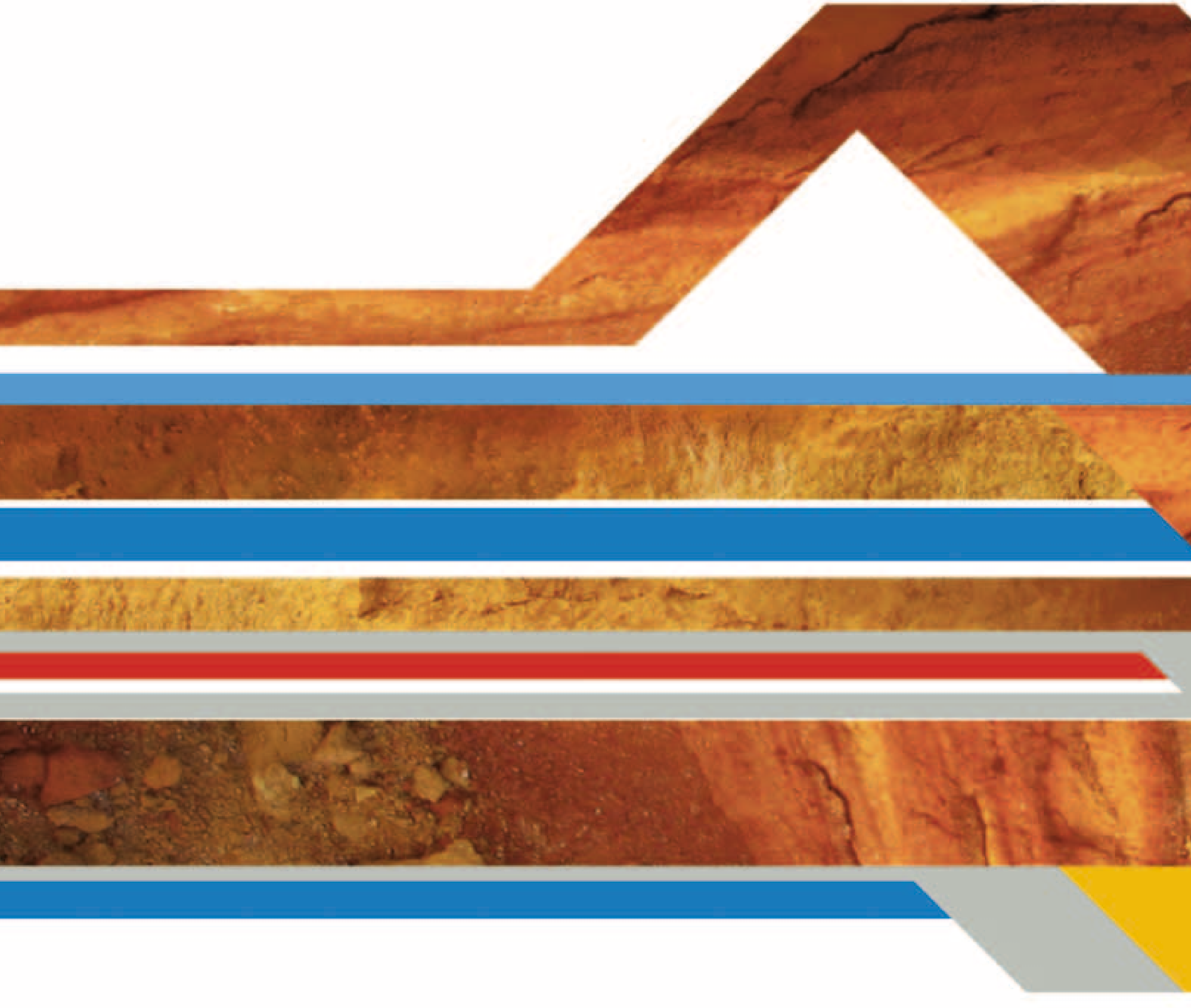

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