

SARDA METALS AND ALLOYS LIMITED

2nd ANNUAL REPORT 2009-2010

Directors' Report to the Members

Your Directors present the Second Annual Report together with the Audited Balance Sheet of the Company for the period ended 31st March, 2010.

Operations / Project

The Company has taken up a Greenfield Ferro Alloys plant near Visakhapatnam. 281 acres of land has already been acquired from APIIC. In the first phase, it is putting up a 2 x 33 MVA Furnaces backed by captive thermal power plant of 80 MW capacity. Orders for long delivery items including Turbine & Boiler have been placed. The work for the installation of the plant is progressing as per schedule. The project is expected to be completed in first quarter of financial year 2012-13.

Fixed Deposits

The Company has not accepted any Fixed Deposits within the meaning of Section 58 A of the Companies Act, 1956 and the rules made thereunder during the period under review.

Subsidiary

During the year under review, M/s. Sarda energy & Minerals Ltd. [SEML] has acquired the entire issued and paid-up-capital of the Company. Accordingly, the Company has become a Wholly Owned Subsidiary of SEML.

Directors

The Board has appointed Mr. K.L. Mehrotra, Mr. V. Sridar and Mr. G.S. Sahni as additional directors. Further, the Board has also appointed Mr. Neeraj Sarda and Mr. K.L. Mehrotra as Wholtime Directors.

Mr. K.K. Sarda, director of your Company, retire by rotation and being eligible, offer himself for reappointment.

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 period;

SARDA METALS AND ALLOYS LIMITED

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- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the Annual Accounts on a going concern basis.

Auditors

D.P.Shah & Co, Chartered Accountants, the retiring auditors of Company holds office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from D.P.Shah & Co, Chartered Accountants to the effect that their appointment as auditors, if made, would be within the limits u/s 224 (1-B) of the Companies Act, 1956.

Auditors' Report

With reference to the comments made by the Auditors' in their report, the Directors wish to state that the relevant notes forming part of the Company's accounts are self-explanatory and hence do not require any further explanation.

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

Since the company has not commenced operations, the details required under section 217 (1) (e) of the Companies Act, 1956, are not applicable.

Particulars of Employees

During the year under review there were no employees receiving remuneration in excess of limits prescribed u/s Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975.

Appreciation

Your Directors express their thanks to the members for their continued support.

On Behalf of Board of Directors,

Sd/-
(K.K. Sarda)
Director

Sd/-
(Pankaj Sarda)
Director

Place: RAIPUR
Date: 20.08.2010

AUDITORS' REPORT

To the Members of Sarda Metals & Alloys Limited

1. We have audited the attached Balance Sheet of SARDA METALS & ALLOYS LIMITED ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d) in our opinion, the Balance Sheet, Profit And Loss Account and the 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 to the extent applicable;
- e) on the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
- f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and notes 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 :
 - i in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - ii in the case of the Profit and Loss Account, of the nil profit or loss for the year ended on that date and
 - iii in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For D. P. Shah & Co.
Firm Regn.No.117844W
Chartered Accountants

Sd/-
D. P. Shah
Proprietor
M.No. : 31139

Place : Mumbai
Date : 16/06/2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date)

- i In respect of its fixed assets :
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) According to the information and explanation given to us the fixed assets have been physically verified by the Management during the year which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) None of the fixed assets were disposed off during the year.
- ii In respect of its inventory :
 - a) As explained to us, the company is still in project stage and hence there is no stock of raw materials, finished goods or spare parts. As regards consumables that are used for construction purpose, very minimum stock is maintained which is physically verified by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanation given to us, 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) In our opinion and according to the information and explanations and given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to or from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of fixed assets. There were no transactions in respect of purchase of inventory and sale of goods during the year. During the course of our audit, we have not observed any major weakness in such internal control system.
- v According to the information given to us, there are no transactions during the year that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.

- vi According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58 A and 58 AA or any other relevant provision of the companies Act, 1956.
- vii The provisions of clause 4(vii) relating to internal audit are not applicable to the Company.
- viii According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act. Therefore the provisions of clause 4(viii) of the Companies (Auditor's Report) order, 2003 is not applicable to the Company.
- ix According to the information and explanation given to us, in respect of statutory dues :
 - a) The company has generally been regular in depositing undisputed statutory dues, including Income Tax, Service Tax and any other material statutory dues with the appropriate authorities during the year. During the year, there were no dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-Tax, Wealth –Tax, Customs duty, Excise duty and Cess.
 - b) There were no undisputed amounts payable in respect of the Income tax, Service tax and other material statutory dues in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.
 - c) There are no disputed dues payable in respect of Income tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2010.
- x As the Company is registered for a period less than five years, clause 4(x) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xi There are no borrowings from financial institutions or banks and no debentures have been issued by the Company and therefore clause 4(xi) of the Company (Auditor's Report) Order, 2003 is not applicable to the Company.
- xii According to the explanations given to us and based on the information available, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities, accordingly clause 4(xii) of the companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiii In our opinion, the company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- xiv In our opinion, the Company has not dealt or traded in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi The Company has not raised any term loan during the period under Audit.
- xvii The Company has not raised any funds on short term basis during the period and accordingly clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xviii The Company has not made any preferential allotment of shares during the period under Audit to parties and companies covered in the Register maintained under section 301 of the companies Act, 1956.
- xix The company has not issued any debentures during the period under Audit.
- xx The Company has not raised any monies by way of public issue during the period.
- xxi In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For D. P. SHAH & Co.
Firm Regn.No.117844W
Chartered Accountants

Sd/-
D. P. Shah
Proprietor.
M.No. : 31139

Place : Mumbai
Date : 16/06/2010

SARDA METALS & ALLOYS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
I) SOURCES OF FUND			
1) SHAREHOLDERS' FUND			
(a) Capital	"A"	7,600,000	658,966.00
(b) Reserve and Surplus	"B"	(187,816)	(187,815.69)
		7,412,184	471,150.31
2) LOAN FUND			
Secured Loan		-	-
Unsecured Loan		359,902,240	-
		359,902,240	-
3) DEFERRED TAX LIABILITY		-	-
TOTAL		367,314,424	471,150.31
II) APPLICATION OF FUNDS			
1) FIXED ASSETS			
Gross Block	"C"	135,598,718	-
Less: Depreciation		215,432	-
Net Block		135,383,286	-
Capital Work in Progress		210,547,342	-
		345,930,628	-
2) PRE OPERATIVE EXPENDITURE	"D"	16,697,606	-
3) CURRENT ASSETS, LOANS AND ADVANCES			
(a) Sundry Debtors		-	-
(c) Cash and Bank Balance	"E"	2,310,136	500,000.00
(d) Other Current Assets	"F"	2,981,141	-
		5,291,277	500,000.00
Less: CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	"G"	605,087	28,850.00
		605,087	28,850.00
Net Current Assets		4,686,190	471,150.00
4) MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		-	-
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	"I"		
TOTAL		367,314,424	471,150.00

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR D.P. SHAH & CO.
CHARTERED ACCOUNTANTS

ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
D.P. SHAH
PROPRIETOR

Sd/-
KAMAL KISHORE SARDA
DIRECTOR

Sd/-
PANKAJ SARDA
DIRECTOR

M. No. : 31139
PLACE : MUMBAI
DATE : 16-Jun-10

PLACE: MUMBAI
DATE: 16-Jun-10

SARDA METALS & ALLOYS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

(Amount in Rs.)

PARTICULARS	SCHEDULE	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
INCOME		-	-
TOTAL		-	-
EXPENDITURE			
Administrative and other expenditure	"H"	-	187,816
		-	187,816
PROFIT BEFORE INTEREST AND TAX		-	(187,816)
PROFIT BEFORE TAX		-	(187,816)
Current Tax		-	-
Deferred Tax		-	-
Profit After Tax		-	(187,816)
Profit carried over to Balance Sheet		-	(187,816)
Basic Earning Per Share			
Diluted Earning Per Share		-	-

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR D.P. SHAH & CO.
CHARTERED ACCOUNTANTS

ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
D.P. SHAH
PROPRIETOR

Sd/-
KAMAL KISHORE SARDA
DIRECTOR

Sd/-
PANKAJ SARDA
DIRECTOR

M. No. : 31139
PLACE : MUMBAI
DATE : 16-Jun-10

PLACE: MUMBAI
DATE: 16-Jun-10

SARDA METALS & ALLOYS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Amount in Rs.)

	Particulars		Year Ended 31.03.2010
A.	CASH FLOW FROM OPERATING ACTIVITIES		-
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Investment in Fixed Assets including capital WIP	(346,146,060)	
	Other pre operative expenditure to be capitalized	(16,482,174)	
	Increase in current assets on capital account	(2,981,141)	
	Increase in current liability on capital account	576,237	
	Net cash from investing activities		(365,033,138)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Share Application Money Received	6,941,034	
	Unsecured loan received	359,902,240	
	Net cash from financing activities		366,843,274
	NET INCREASE IN CASH & CASH EQUIVALENTS		1,810,136
	CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		500,000
	CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD		2,310,136

Notes to the cash flow statement

1 Cash & Cash Equivalents consist of the following

Cash on hand	132,478
Balance with bank	2,177,658
	2,310,136

2 This is the first year when the company falls under the specified categories mentioned in the Accounting Standard 'AS 3 - Cash flow statements'. In pursuance of the requirements of the said Accounting Standard, corresponding previous period figures are not disclosed.

3 Figures in the bracket represents cash outflow

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR D.P. SHAH & CO.
CHARTERED ACCOUNTANTS

ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
D.P. SHAH
PROPRIETOR

Sd/-
KAMAL KISHORE SARDA
DIRECTOR

Sd/-
PANKAJ SARDA
DIRECTOR

M. No. :31139
PLACE : MUMBAI
DATE 16-Jun-10

PLACE : MUMBAI
DATE 16-Jun-10

SARDA METALS & ALLOYS LIMITED		
Schedules "A" To "I" Forming Part Of The Balance Sheet And Profit & Loss Account		
<i>(Amount in Rs.)</i>		
Particulars	As at 31.03.2010	As at 31.03.2009
SCHEDULE "A" - Share Capital		
Authorised Share Capital		
10,00,000 Equity Share of Rs. 10/- each	10,000,000	10,000,000
Total	10,000,000	10,000,000
Issued, Subscribed & Paid up		
50,000 Equity Shares of Rs. 10/- each fully paid up	500,000	500,000
Share Application Money Pending Allotment	7,100,000	158,966
Total	7,600,000	658,966
SCHEDULE "B" - Reserves & Surplus		
Profit & Loss Account		
Opening balance	(187,816)	-
Balance carried forward from P&L A/c	-	(187,816)
Total	(187,816)	(187,816)

SARDA METALS & ALLOYS LIMITED

SCHEDULE "C" - Fixed Assets

Particulars	Gross block			Depreciation				Net Block		
	As on 01.04.09	Additions	Deduction	As on 31.03.2010	As on 01.04.09	For the Year	Transfer/ Adj	As On 31.03.2010	As On 31.03.2010	As on 31.03.2009
Freehold Land *	-	132,249,105	-	132,249,105	-	-	-	-	132,249,105	-
Plant & Machinery	-	860,643	-	860,643	-	35,767	-	35,767	824,876	-
Computer & Accessories	-	605,577	-	605,577	-	70,242	-	70,242	535,335	-
Furniture & fixture	-	910,363	-	910,363	-	59,658	-	59,658	850,705	-
Office Equipments	-	530,750	-	530,750	-	15,256	-	15,256	515,494	-
Vehicles	-	442,280	-	442,280	-	34,509	-	34,509	407,771	-
Total	-	135,598,718	-	135,598,718	-	215,432	-	215,432	135,383,286	-

* Freehold land acquired from APIIC has been provisionally capitalised on the basis of agreement for sale of land. However execution of sale agreement is pending.

SARDA METALS & ALLOYS LIMITED		
Schedules "A" To "I" Forming Part Of The Balance Sheet And Profit & Loss Account		
(Amount in Rs.)		
Particulars	As at 31.03.2010	As at 31.03.2009
SCHEDULE "D" - Pre Operative Expenditure		
Audit Fees	50,000	-
Legal & Consultancy charges	4,257,425	-
Licence & Fees	1,534,024	-
Insurance Charges	9,191	-
Interest & Banking Charges	20,549	-
Staff Recruitment Expenditure	355,233	-
Salary & Wages	2,211,865	-
Staff Welfare Expenditure	168,381	-
Travelling & Conveyance Expenditure	3,866,277	-
Advertisement Expenditure	101,842	-
Telecommunication Charges	267,202	-
Security & Services Charges	784,450	-
Rent	819,661	-
Repairs & Maintenance - Plant & Machinery	231,646	-
Repairs & Maintenance - Building	375,114	-
Office Maintenance	462,884	-
Printing & Stationary	123,885	-
Electricity	455,599	-
Depreciation	215,432	-
Miscellaneous Expenditure	586,946	-
	16,897,606	-
Less :		
Miscellaneous Income	200,000	-
Net Pre - Operative Expenses transferred to Balance Sheet	16,697,606	-
SCHEDULE "E" - Cash and Bank Balance		
Cash in hand (As certified by Management)	132,478	-
Balance With Scheduled Banks :		
In current account with Union Bank of India -Vizag	676,157	-
In current account with Union Bank of India -Raipur	1,501,501	500,000
Total	2,310,136	500,000
SCHEDULE "F" - Other Current Assets		
Security deposits	527,347	-
Duties and taxes receivable	1,966,963	-
Advances to Staff	486,831	-
Total	2,981,141	-
SCHEDULE "G" - Current Liabilities		
Sundry creditors	11,000	-
Other liabilities	463,693	28,850
Duties and taxes payable	130,394	-
Total	605,087	28,850

SARDA METALS & ALLOYS LIMITED		
Schedules "A" To "I" Forming Part Of The Balance Sheet And Profit & Loss Account		
Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
SCHEDULE "H" - Administrative and Other Expenditure		
Payment to Auditors	-	7,000
Preliminary Expenditure Written off	-	180,816
Total	-	187,816

SARDA METALS & ALLOYS LIMITED

SCHEDULE I: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The accounts of the Company are prepared under the historical cost convention on going concern basis 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 the 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 statement and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. 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.

4. Fixed Assets & Depreciation

Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of incidental expenses related thereto and are net of CENVAT/VAT credit. Cost comprises the purchase price and any attributable cost 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.

Capital Work in progress / Project Expenses

Expenditure related to and incurred during implementation of new projects is included under capital work-in-progress and the same is allocated to the respective Fixed Assets on completion of its construction/erection.

Project 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

Intangible Assets

Intangible Assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS-26) 'Intangible Assets'.

Depreciation & Amortization

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

Intangible Assets are amortized over the expected duration of benefits not exceeding ten years.

5. Inventory

- (i) Stores & Spares are carried at cost (net of CENVAT & VAT Credit availed) on moving average basis.
- (ii) Raw Materials are carried at lower of cost, computed on weighted average basis, and net realizable value. Cost includes the purchase price as well as incidental expenses.
- (iii) Finished goods are valued at lower of cost and net realizable value. Cost for this purpose includes direct cost and appropriate administrative and other overheads.

6. Borrowing costs:

Borrowing Costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset. The amount of borrowing costs eligible for capitalization is determined in accordance with accounting standard 16 (AS 16) on "Borrowing costs".

7. Leases:

The Company's significant leasing arrangement is in respect of operating lease for premises which can be renewed on terms agreed on by mutual consent. The aggregate lease rental payable is charged as rent on straight line basis over the lease term.

8. Taxes On Income :

In accordance with Accounting Standard (AS-22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred taxes resulting from timing differences between book and tax profits are accounted for at the tax rate substantively enacted by the Balance Sheet date to the extent the timing differences are expected to be crystallized. Deferred tax assets are recognized to the extent there is reasonable/virtual certainty of realizing such assets against future taxable income.

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

10. Foreign Currency Transaction :

I. Monetary Items: Yearend balance of foreign currency monetary items except transaction 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 market loss/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 capitalized to fixed assets as per AS 16.

II. Non Monetary Items: Non money items such as investments are carried at historical using the exchange rate on the date of transaction.

II. NOTES TO THE ACCOUNTS

1. The Company has not yet commenced commercial operations. All the operating expenses incurred during the year are booked as Preoperative expenditure. Hence nothing has been considered in the Profit & Loss Account.
2. Previous year figures are regrouped wherever necessary.
3. Payment to Auditors:

Audit remuneration	Rs. 50,000	(Previous year Rs 5,000)
Consultation on Tax Matter	Rs. 5,000	(Previous Year Rs 2,000)
4. Estimated amount of contracts remaining to be executed on Capital account, net of advance given – Rs 135.62 Crores (Previous Year Rs Nil). The amount includes Rs.5.27 Crores which the Company has agreed to pay, to the person from whom APIIC has acquired the land, as compensation in addition to the compensation paid by APIIC.
5. Contingent liability not provided for is Rs. Nil
6. Value of imports on CIF Basis is Rs. Nil
7. Expenditure in foreign Currency is Rs 2.04 Lacs (Previous year NIL)
8. Earnings in foreign currency is Rs. Nil
9. As there is no timing difference, deferred tax asset/liability has not been provided for in the books of account.
10. Amount received from holding company as promoter's contribution for project in the form of share application money in excess of authorized share capital has been classified as unsecured loan.
11. The company has not employed any person during FY 2009-10. However, the company has reimbursed salary and other benefits of employees of its holding company who were attending work on our project. The retirement benefits payable by the holding company to such employees have been provided by the holding company itself (Rs. 0.60 Lacs on account of provision for leave encashment). No amount is payable by us in this regards.
12. The company has five premises on lease during the year. Out of them two have been vacated on 31st March 2010. Under the terms of lease agreement the lease is cancellable with mutual consent of both the parties. Upon expiration of lease term, there is no obligation to renew the lease.
13. Managerial remuneration is as under.
 - (I) Salary ,allowance etc to managing director and whole time director NIL
 - (II) Employer contribution to provident fund NIL
 - (III) Commission to managing director NIL
 - (IV) Sitting fees NIL
14. The amount due to micro, small and medium enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to the same is as under:

(Rupees)

S.N.	Description	2009-10	2008-09
1.	The principal amount remaining unpaid to supplier as at the end of accounting year.	11,000	NIL
2.	The interest due thereon remaining unpaid to supplier as at the end of accounting year	NIL	NIL
3.	The amount of interest paid in terms of section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	NIL	NIL
4.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	NIL	NIL
5.	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.	NIL	NIL

15. Related party disclosure as required by Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India:

A. List of Related Party & their relationship :

Sr No.	Nature of Relationship	Name of Related Party
1.	Parent Company	Sarda Energy & Minerals Ltd.
2.	Key Management Personal	- Mr. Kamal Kishore Sarda - Mr. Neeraj Sarda

B. Material Transactions with related parties :

Nature of Transaction	Related Enterprise	Key Management Personal
Remuneration	-	-
Unsecured Loan	Rs 3,599.02 Lacs	-
Share Application Money	Rs 71.00 Lacs	-

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR D.P. SHAH & CO.
CHARTERED ACCOUNTANTS

ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
D.P. SHAH
PROPRIETOR
M.No.31139
PLACE: MUMBAI
DATE: 16-Jun-10

Sd/-
KAMAL KISHORE SARDA
DIRECTOR
PLACE: MUMBAI
DATE: 16-Jun-10

Sd/-
PANKAJ SARDA
DIRECTOR

**Information pursuant to part IV of Schedule VI to the Companies Act 1956
Balance Sheet Abstract And Company's General Profile**

I Registration Details					
Registration No.	:	187689	State Code	:	11
Balance Sheet Date	:	31.03.2010			
II Capital Raised During the Year (Amount in Rs.'000)					
Public Issue	:	0	Right Issue	:	0
Bonus Issue	:	0	Private Placement	:	0
III Position of Mobilization and Deployment of Fund (Amount in Rs.'000)					
Total Liabilites	:	367,920	Total Assets	:	367,920
<i>Sources of Fund</i>					
Paid up Capital	:	7,600	Reserves & Surplus	:	-188
Secured Loan	:	0	Unsecured Loan	:	359,902
Deferred Tax Liability	:	0			
<i>Application of Funds</i>					
Net Fixed Assets	:	362,628	Investments	:	0
Net Current Assets	:	4,686	Misc. Expenditure	:	0
IV Performace of the Company (Amount in Rs.'000)					
Turnover	:	-	Total Expenditure	:	-
Profit/Loss Before Taxes	:	-	Profit/Loss After Taxes	:	-
Earning Per Share	:	-	Dividend Rate	:	-
V Gereric Name of Three Principal Products/Services of the Company (As per Monetary Terms)					
Item Code No. (ITC Code)	:	Not Applicable			
Product Description	:	Not Applicable			

ON BEHALF OF BOARD OF DIRECTORS

Sd/-
KAMAL KISHORE SARDA
DIRECTOR

Sd/-
PANKAJ SARDA
DIRECTOR

PLACE: MUMBAI
DATE: 16-Jun-10