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ISO 9001:2008 Certified



Certificate No. 43269



6th October, 2016

BSE Ltd
The Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street - Mumbai 400 001

National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai - 400051
Fax. No: 022-26598237/38,
022-26598347/48

Security Code No. : 504614

Symbol: SARDAEN

Series : EQ

Dear Sir,


Sub: Submission of Annual Report for the year 2015-16

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, please find enclosed herewith the soft copy of the Annual Report of the Company for the year 2015-16 duly approved and adopted by the shareholders of the Company at the 43rd Annual General Meeting of the Company held on 30th September, 2016.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Sarda Energy & Minerals Ltd.


(Manish Sethi)
Company Secretary

Encl.: As above

EMPOWERING EFFICIENCIES



Sarda Energy & Minerals Limited

Annual Report 2015-16



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Forward looking statement

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

WE TURN **ADVERSITIES** INTO EFFICIENCIES

In a world of growing macro-economic uncertainty, building an agile business model has become increasingly challenging for organisations.

The year 2015-16 has truly proved our ability to withstand external adversities making us more competitive in our market space. We built an improved strategy, adopted the required technology and updated physical assets to efficiently support our business model. However, as the year unfolded, we realised even this wouldn't suffice.

We innovated further. We went and tweaked our manufacturing processes to get more out of the existing resources, making our businesses more efficient than before.

These enhancements led to higher utilisation levels, better recoveries and improved productivity. This combined with our controlled and disciplined cost rationalisation allowed us to be profitable and declare dividend for our shareholders, even in these trying times.

Empowering Efficiencies: Through Prudent Fiscal Management

At SEML, we have always been conservative in our approach towards managing finances. Be it good times or bad, we do not get carried away.

Our fiscal discipline and financial prudence has helped us avoid any stress on our balance sheet.

Result: Low Leverage

**Less than 1 Debt :
Equity over the
past five years**

Empowering Efficiencies: Through Integrated Manufacturing Model

At SEML, we have built an integrated model ranging from mining Iron Ore to manufacturing Pellets, Sponge Iron (DRI), Billets, Wire Rods, Ferro Alloys, Eco-Bricks to producing Power (Coal-based).

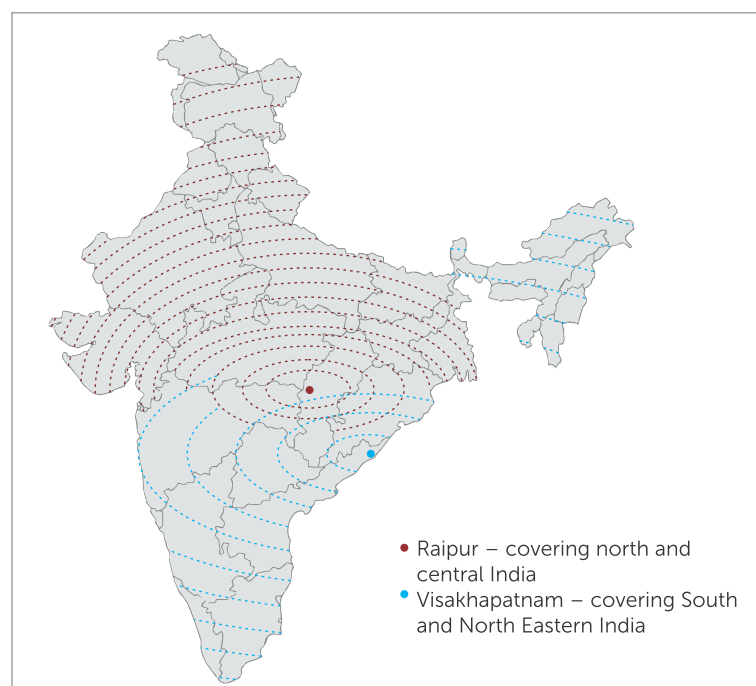
Result: Higher Production Flexibility.

**Less than 35%
dependency on
any single model.**



Empowering Efficiencies: Through Manufacturing and Marketing presence at strategic locations

At SEML, we have consciously built our facilities at Raipur and Visakhapatnam. Consequently, Raipur has proximity to our mineral base and Visakhapatnam has given us easy access to the seaport. Moreover, both these facilities enable us to be closer to our customers in India and abroad.



Result: Improved reach across the country and considerable savings in logistics



Chairman's Message

Dear Shareholders,

It is an honour for me to present you the 43rd Annual Report. I would like to take you through the macro perspective and industry dynamics and share my perspectives on the Company's performance and way forward.

The year 2015-16 witnessed several global turbulences, leaving the global economy more exposed to negative risks. The developed economies also grew at an increasingly disappointing pace. However, the growth in China and India has been broadly in line with projections, but the trade growth slowed down noticeably owing to scaling down of investment in commodity exporters in the emerging markets, particularly those facing difficult macroeconomic conditions.

Despite such volatility, the Indian economy managed to grow over 7%, becoming the fastest growing economy, globally. This is a remarkable achievement despite India's own concerns of declining exports, rupee depreciation and two consecutive years of inadequate rainfall. The Indian Government has proactively unveiled series of initiatives to strengthen India's fiscal deficit and enhance public investments in the infrastructure sector, especially roads, railways and ports. The ambitious Make in India initiative has been successfully established to promote

manufacturing expertise in India, in line with global quality benchmarks. The focus on Smart Cities, with world class amenities and rural upliftment trajectories, will act as a growth catalyst of the economy and the steel sector in particular.

During the year, India became the major steel consuming market. However, the demand dryness in the global markets saw increase in low-priced steel imports from China, Japan, South Korea and Russia, forcing the domestic manufacturers to take a price cut and margin squeeze, impacting their profitability. In response, the Indian Government undertook necessary corrective trade remedial measures to maintain a level playing field. It enhanced customs duty and introduced the minimum import price (MIP) mechanism to curb imports at prices below marginal cost of exporting nations. The Government also introduced BIS standards for steel to check sales of inferior quality steel into India. The initiative gave a breathing space and positive hope to the Indian Steel Manufacturers.

Your Company reported a turnover and net profits of ₹ 1,150 crore and ₹38 crore, respectively. The realisations and margins were impacted owing to several external challenges through the year. These include:

- De-allocation of coal mines w.e.f. 1st April, 2015 pursuant to Supreme Court Order
- Temporary suspension of operations in our iron ore mines owing to naxal problem
- recession world over

Despite muted growth, I would say I am considerably happy with certain achievements. The adversities made us more resilient. We relentlessly diversified our focus on strengthening our internal efficiencies through process improvements to remain competitive in the challenging scenario. The initiatives led to:

- Better yield
- Reduced wastage
- Overall cost reduction
- Maintaining quality

Resultantly, our production levels improved, without altering our raw material mix or allocating any additional resources. Our stringent financial prudence and cost rationalisation further allowed us to maintain low leveraging, giving us a cushion in the adverse market scenario. Our hydro power at Gullu project has witnessed a considerable amount of progress and will be completed in the financial year 2016-17. This will considerably add to our bottomline and give us a natural hedge to our carbon footprints.

Going ahead we look forward to consolidate our operations by focusing on:

- Completion of existing projects

- Strengthening domestic market share
- Leveraging locational advantage in minimising logistics cost as well as reaching out to different parts of the country
- Maintaining cost effectiveness and quality standards
- Exploring opportunities in the customised product requirements globally

There's a lot of churning going in the Government's Policy in terms of price control and mining segment. We are competitively placed in terms of capacities and operations and are all set to reap the benefits from the economic turnaround, the much awaited GST as well as revised Government Policies.

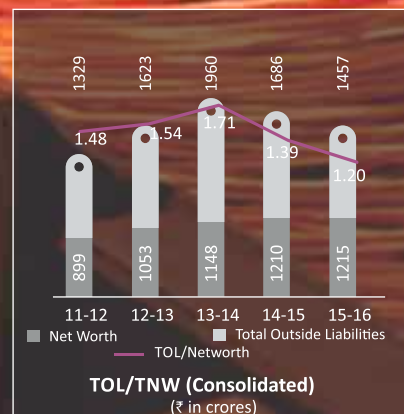
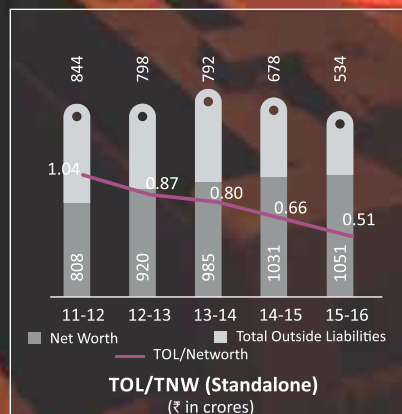
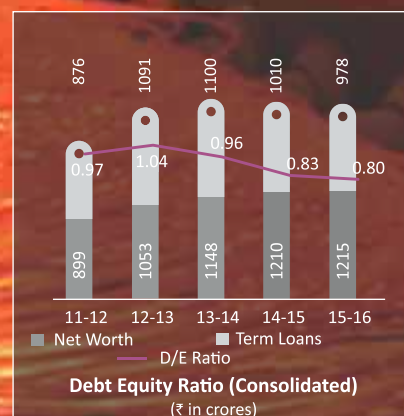
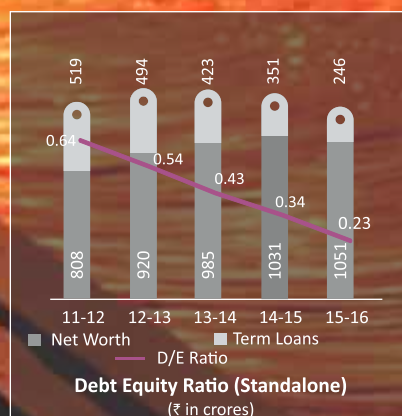
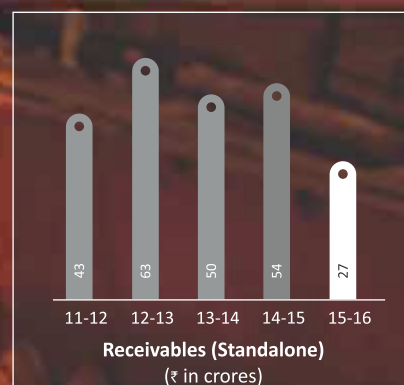
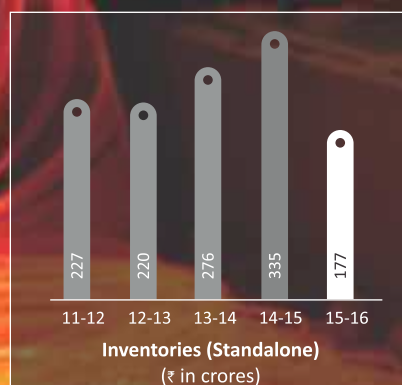
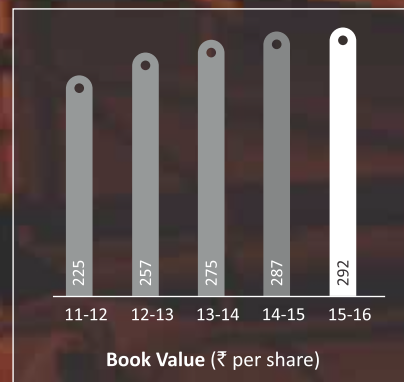
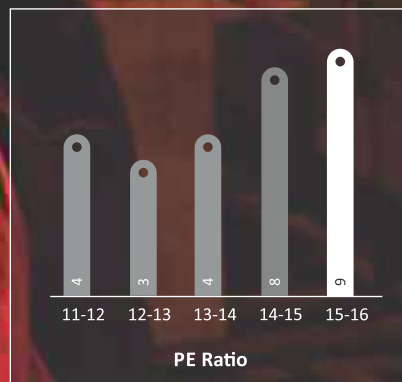
I would like to thank the shareholders, customers, vendors, investors, bankers and all the stakeholders for their continued faith on our abilities. A special thanks to the members of the Board, all our employees and the key management personnel for proficiently managing the challenging times and culminating the culture of trust and mutual growth. Your company will continue to innovate and keep building milestones in the years to come.

Yours sincerely,

Kamal Kishore Sarda

Chairman and Managing Director

Financial Highlights



CORPORATE INFORMATION

Board of Directors

Mr. K. K. Sarda	<i>Chairman & Managing Director</i>
Mr. Pankaj Sarda	<i>Dy. Managing Director</i>
Mr. P. K. Jain	<i>Wholetime Director and CFO</i>
Mrs. Uma Sarda	
Mr. A. K. Basu	} <i>Independent Directors</i>
Mr. C. K. Lakshminarayanan	
Mr. G. S. Sahni	
Mr. Jitender Balakrishnan	
Mr. P. R. Tripathi	
Mr. Rakesh Mehra	
Mr. G. D. Mundra	<i>*Wholetime Director</i>
	<i>*till 31.03.2016</i>

Company Secretary

Mr. Manish Sethi

Auditors

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

Bankers

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

Registered Office

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

Works

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

Mumbai Office

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

Delhi Office

E-585, Ground Floor
Greater Kailash, Part -II
New Delhi - 110 048
Phone: +91-11-32634937
Fax: +91-11-30824411

Visakhapatnam Office

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

Hongkong Office

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

Singapore Office

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

Registrar & Share Transfer Agents

Bigshare Services Private Limited
(w.e.f. 1st June, 2016)
E/2-3, Ansa Industrial Estate
Saki Vihar Road, Sakinaka
Andheri (East)
Mumbai - 400072
Phone: +91-22-40430200
Fax: +91-22-28475207
Email: investor@bigshareonline.com

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 43rd Annual Report on business and operations of your Company for the financial year ended 31st March, 2016.

Financial Performance

(₹ in crore)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Revenue from operations (Gross)	1,150	1,517	1,612	1,903
Less : Excise duty	114	138	126	143
Revenue from operations (Net)	1,036	1,379	1,486	1,760
Exports	84	175	171	310
EBIDTA	162	335	230	440
Depreciation	50	68	74	93
Finance cost (Net)	55	59	109	121
Exceptional item (including additional levy on coal extracted)	–	126	–	139
Profit before tax	57	83	47	87
Provision for tax	19	27	31	31
Net Profit	38	56	16	56

Review of performance

Your Company has achieved highest ever production of power, steel billet, wire rod and wire. In spite of high GDP and increase in steel consumption recorded in the country, the selling prices of all products recorded falling trend due to slowdown in the global economy and increased imports. This has also affected fresh investment particularly in private sector affecting steel demand putting severe pressure on the margins in steel industry. To protect the industry, in February 2016, the Govt. imposed minimum import price, which helped in improving price realisations. After de-allocation of coal mines w.e.f. 1st April, 2015, the year also witnessed suspension of operations in iron ore mine owing to naxal attack resulting into casualty of one employee of the company. The closure of mine is temporary and matter is being resolved through proper channels. Your company focused on cost control and process improvements to sustain the operations in challenging times. This has helped in reporting satisfactory performance.

In spite of several constraints, your Company has been regular in meeting its financial commitments to banks and institutions. The company has serviced all its debt obligations on time. The Debt-Equity ratio of your company as on 31st March, 2016 stood at 0.23:1 as against 0.34:1 in the previous year. A detailed analysis of the performance is given in the Management Discussion and Analysis Report appended hereto.

The Company has settled an international arbitration matter out of court, wherein the Company received EURO 8.5 million in settlement during the current year. There was no change in the nature of the business of the Company.

Dividend

Your Directors declared and paid interim dividend of ₹ 2/- (i.e. 20%) per equity share in the Month of March 2016 (last year final dividend of ₹ 3/- per equity share. The Directors recommend the interim dividend to be the final dividend for the year ended 31st March, 2016.

During the year, your Company has transferred the unpaid dividend amount in respect of the F.Y. 2007-08 to the Investor Education and Protection Fund.

During the year, a sum of ₹ 1,041 lac has been transferred to General Reserves from Debenture Redemption Reserve on account of partial redemption of the Non-convertible Debentures issued by the Company.

DIRECTORS' REPORT

Subsidiaries / Controlled Entities / Joint Ventures

During the year, there was no change in the subsidiaries. Your Company made additional investments in Madhya Bharat Power Corporation Limited. A brief on the performance/business operations of subsidiaries/controlled entities/joint ventures consolidated with SEML is given hereunder:

Subsidiaries

- **Sarda Energy & Minerals Hongkong Limited, Hongkong (SEMHKL)**, is a wholly owned subsidiary, functioning as global investment arm of your Company. During the year under review, the subsidiary reported a net loss of ₹ 5.71 crore as against net profit of ₹ 10.83 crore in the previous year. The loss is mainly on account of mark to market of investments held for trading. The company has paid a dividend of USD 2.8 Million during the year (Pr. Year USD 2 Mn).
- **Sarda Global Venture Pte. Limited Singapore (SGV)**, a wholly owned subsidiary, has acquired economic interest in coal mines in Indonesia but the mining project has not seen any progress during the year. The Company is evaluating the various options for its stake in the coal mine in the best interest of all stake holders. During the year under review, the subsidiary reported a net loss of ₹ 0.82 crore (PY ₹ 0.65 crore), mainly on account of administrative and financial costs
- **Sarda Metals & Alloys Limited (SMAL)**, a wholly owned subsidiary is operating 2 x 33 MVA Ferro Alloys plant backed by 80 MW captive thermal power plant. During the year, power generation was 612.83 MU as against 601.50 MU in the previous year. The ferro alloys production (including MnO slag) stood at 49,955 MTs as against 57,143 MT in the previous year. The company's exports stood at ₹ 87 crore as against ₹ 139 crore in the previous year. The production and export of ferro alloys was curtailed due to adverse market conditions. Power accounted for more than half the revenue of the Company while ferro alloys contributed around 48% of the revenue.

In spite of adverse market conditions the company has reported profit before tax of ₹ 4.86 crore against ₹ 7.20 crore reported in the previous year. The profit after tax for the year is negative ₹ 2.56 crore because of derecognition of MAT credit of ₹ 4.45 crore. The company has derecognise MAT credit looking into the substantial amount of Unabsorbed Depreciation as per the Income Tax Act.

- **Sarda Energy Limited (SEL)**, a wholly owned subsidiary was incorporated as an SPV to put-up 1320 MW super critical IPP thermal power project in Chhattisgarh. In view of inordinate delay in acquisition of land, delay in getting various approvals and changed economic scenario particularly for power sector, the company has abandoned the project. In view of this, during the year under review the subsidiary has bought back 25% of the equity shares, as permitted by the prevailing guidelines, out of the funds got released on abandonment of the project. Balance amount has been invested in MBPCL and loans to other entities. During the year under review, the subsidiary reported a net profit of ₹ 4.16 crore as against net loss of ₹ 6.07 crore in the previous year.
- **Parvatiya Power Limited (PPL)**, is operating 4.8 MW Loharkhet Hydro Power project in Bageshwar district of Uttarakhand. The Company has supplied 182.60 lac KWh (Previous Year 203.42 lac KWh). The generation/supply were adversely affected because of constraints in transmission line. A new 132 KV line is under installation. The Company has repaid in full the term loan taken for the project. During the year, the Company has earned profit after tax of ₹ 2.52 crore (Previous Year ₹ 2.87 Crore). As of 31st March, 2016 the Company has invested ₹ 18.44 crore in Sarda Dairy & Food Products Limited for a 42.78% stake in the company.

Your Company continues to hold 51% stake in PPL.

- **Madhya Bharat Power Corporation Limited (MBPCL)**, is implementing 96 MW (2X48) Rongnichu HEP near Gangtok in East Sikkim. It is a run of the river scheme, a CDM registered project. The civil works of the project is going on in full swing with more than half of excavation works of critical underground tunnel completed. PFC, the lead lender and IDBI Bank has approved revised project cost and scheduled COD. Approval of PFS, another lender is expected shortly. Your Company alongwith SEL has invested ₹ 156.72 crore as of 31st March, 2015 and holds 76.74% stake in the project (63.54% directly and 13.20% through its wholly owned subsidiary Sarda Energy Limited) as compared to 67.59 % in previous financial year. The project is expected to be operational in the F.Y. 2018-19. During the year under review, the subsidiary reported a net loss of ₹ 2.35 crore as against net loss of ₹ 0.03 crore in the previous year. The loss increased due to tax expenses related to earlier years.

DIRECTORS' REPORT

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

Controlled Entities

- **Chhattisgarh Hydro Power LLP (CHP LLP)** is pioneer in the state of Chhattisgarh for implementation of Hydro Power projects under IIP route. The firm has been allotted four run of river scheme small hydel power projects with total installed capacity of 77 MW. The construction of 24 MW Gullu SHP in Jashpur District is under progress. The project is likely to commission ahead of Scheduled COD of April 2017. The project is eligible for MNRE subsidy and other incentives for renewable projects. The other projects are in different stages of clearances.

Your Company has made an additional contribution of ₹ 2.67 crore during the year towards its 60.92% share in the LLP.

- **Shri Ram Electricity LLP (SRELLP)** was incorporated as a special purpose vehicle (SPV) for setting up a captive thermal power plant of 40 MW in the State of Chhattisgarh. In view of the cancellation of coal linkage for the power project, the LLP has dropped the project. During the year under review, the entity reported a net profit of ₹ 0.08 crore as against net loss of ₹ 0.50 crore in the previous year. Your Company continues to hold 51% stake in SRELLP.

Joint Ventures

- **Raipur Infrastructure Company Limited (RICL)** operates a private Railway Siding in Mandhar, Raipur. During the year 2015-16 the Company has earned net profit of ₹ 2.62 crore as against ₹ 1.02 crore in the previous year. The company is pursuing with the Railways for getting refund of ₹ 5 crore deposited as security for siding at Odisha, which project has been dropped by the company. Your Company continues to hold one third share in the Joint Venture.
- **Madanpur South Coal Company Limited (MSCCL)** was SPV for the Madanpur South coal block allotted in consortium. The Supreme Court has cancelled all coal block allotments made by the Government through Screening Committee and govt. dispensation. The Company has also received back the Bank guarantee, from the Ministry of Coal, Govt. of India, furnished by it as security for development of coal mine. The SPV holds certain assets, including land, acquired for the project. The SPV would be wound-up after disposal of these assets. The SPV has bought back part of the equity shares during the year under review out of the surplus funds. Your Company holds a 20.63% stake in the joint venture.
- **Godawari Natural Resources Limited (GNRL)** is an SPV for acquisition and development of mines and minerals, generation and trading of power and infrastructure development. The Company remains invested in the JV for participating in auction for acquisition of coal mine jointly with others to meet the prescribed eligibility criteria. Your Company continues to hold 29.98% stake in GNRL.

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

Consolidated financial statements

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

DIRECTORS' REPORT

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

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

ESOP Scheme

Your Company treats its human capital as the most valued asset and as a gesture of its feeling, your Company has implemented SEML ESOP Scheme 2012 for the employees and Directors of your Company and its subsidiaries. As on 31st March, 2016, 3,33,360 options have been vested at a price of ₹ 125/- per share. Out of this 1,28,319 options have been exercised by the employees out of which 25,966 options were exercised during the F.Y. 2015-16.

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

Directors

In accordance with the provisions of the Act and the Articles of Association of the Company, Mrs. Uma Sarda, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment.

Mr. G.D. Mundra, Wholetime Director resigned w.e.f. 1st April, 2016. The Board takes on record its deep appreciation of the services rendered by Mr. G. D. Mundra in various capacities during his nearly 29 years long association with the Company/group.

Further, subject to approval of members in the ensuing Annual General Meeting, Mr. P K Jain, CFO of the Company has been appointed as Additional and Whole-time Director for a term of five year w.e.f. 1st June, 2016, liable to retire by rotation. Necessary resolution is proposed for approval of the members in the general meeting.

Brief profile of the Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and shareholding are provided in the Corporate Governance Report forming part of the Annual Report.

During the year under review, the members approved the re-appointment of Mr. Pankaj Sarda as Director liable to retire by rotation and re-appointment of Mr. K.K. Sarda, as Chairman & Managing Director, not liable to retire by rotation.

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

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

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

DIRECTORS' REPORT

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

Familiarization programmes for Board Members

Your Company provides information to familiarize the Independent Directors with the strategy, operations and functions of the Company. The Board members are provided with information/ presentations and are given the opportunity to interact with the Senior Management of your Company to help them to understand the Company's strategy, business model, operations, products, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other matters as may arise from time to time.

The Directors get an opportunity to visit Company's plants, where plant heads appraise them of the operational and sustainability aspects of the plants to enable them to have full understanding on the activities of your Company and initiatives taken on safety, quality, CSR, sustainability etc. At various Board meetings during the year, presentations are made to the Board on safety, health and environment and sustainability issue, risk management, company policies, changes in the regulatory environment applicable to the corporate sector and to the industry in which it operates. Quarterly presentations on operations made to the Board include information on business performance, operations, safety, market scenario, financial parameters, working capital management, fund flows, senior management change, major litigation, compliances, subsidiary information, donations, regulatory scenario, etc.

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

Directors' Responsibility Statement

Your Directors state that :

- a) in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Key managerial personnel

During the year, there was no change in the Key Managerial Personnel. Mr. Padam Kumar Jain has been elevated to the position of Wholetime Director w.e.f. 1st June 2016. He shall also be continuing as Chief Financial Officer of the Company.

DIRECTORS' REPORT

Auditors and Auditors' Report

Statutory Auditors

M/s. O.P. Singhania & Co., Chartered Accountants, Statutory Auditors of the Company, holds office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

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

Cost Auditors

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

The cost audit report for the financial year 2014-15 was filed with the Ministry of Corporate Affairs. M/s. S.N. & Co., Cost and Management Accountants, were appointed as the Company's Cost Auditor.

Your Directors have, on the recommendation of the Audit Committee, appointed M/s. S.N. & Co., Cost and Management Accountants, to audit the cost accounts of the Company on a remuneration of ₹ 1.50 lac for the year 2016-17.

As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to M/s. S.N. Co., Cost Auditors, is included in the Notice convening the Annual General Meeting of the Company.

Secretarial Auditors

The Board has appointed S.G. Kankani & Associates, Practicing Company Secretaries, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended 31st March, 2016 is annexed herewith marked as Annexure E to this Report. The Secretarial Audit Report is self explanatory and do not call for any further comments.

Corporate Social Responsibility (CSR)

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

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

The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. However, the amount short spent shall be spent during the year 2016-17.

Corporate Governance

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

DIRECTORS' REPORT

Disclosures

Board/Committees/Vigil Mechanism

The Board of Directors met 6 (six) times during the financial year 2015-16. The details of the composition of Board of Directors, Corporate Social Responsibility Committee, Audit Committee, other committees of the Board, meetings of the board and committees and attendance of Directors at the Board and committee meetings and implementation of Vigil Mechanism are given in the Corporate Governance Report forming part of this Annual Report.

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

Particulars of loans given, investments made and guarantees given are given in note no. 13, 16, 36 and 41 to the standalone financial statements. The Company, in its capacity of promoter, has pledged 51% of its holding in Sarda Metals & Alloys Limited, 100% of its holding in Parvatiya Power Limited and 51.57% of its holding in MBPCL with the lenders for loans granted to the respective companies by the lenders. The loans and the guarantees given are utilized by the recipients for their business purposes. Members are requested to refer the notes for details which are not repeated here for the sake of brevity.

Contracts and Arrangements with Related Parties

All contracts/arrangements/transactions entered by the Company during the financial year with the related parties were in the ordinary course of business and on an arm's length basis in the best interest of the Company. During the year the Company had not entered into any contract/ arrangement /transaction with related party which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

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

Internal Financial Controls

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

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

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

Extract of Annual Return

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

Particulars of Employees and related disclosures

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

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

Risk Management

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

DIRECTORS' REPORT

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

General

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employee Stock Options Scheme referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

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

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

Acknowledgement

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

On behalf of the Board of Directors

Raipur
24th August, 2016

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

ANNEXURE 'A'

to the Directors' Report

DISCLOSURE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014

S.No.	Particulars	ESOP Scheme 2012
(i)	General terms & conditions	
	a. Date of shareholders' approval	12.05.2012
	b. Total number of options approved under ESOP	7,17,000
	c. Vesting requirements	The Options Granted under the SEML ESOP Scheme 2012 shall vest as under: a) 1/3 rd at the end of one year from the date of Grant. b) 1/3 rd at the end of two years from the date of Grant. c) 1/3 rd at the end of three years from the date of Grant.
	d. Exercise price or pricing formula	₹ 125/-
	e. Maximum term of options granted	2 years from the date of vesting
	f. Source of shares (primary, secondary or combination)	Primary
	g. Variation in terms of options	No change was made in the scheme or terms of option during the year 2015-16
(ii)	Method used to account for ESOP	Intrinsic Value Method
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	Please refer point (f) of Note No.3(d) to standalone accounts
(iv)	Option movement during the year 2015-16	
	No. of options outstanding as on 1st April, 2015	2,01,848
	Options granted during April 2015-March 2016	NIL
	Number of options forfeited/ lapsed during April 2015-March 2016	28,030
	Number of options vested during April 2015-March 2016	1,11,120
	Number of options exercised during April 2015-March 2016	25,966
	Number of shares arising as a result of exercise of options during April 2015-March 2016	25,966
	Money realized by exercise of options during April 2015-March 2016 (amount in ₹)	₹ 32,45,750/-
	Loan repaid by the Trust during the year from exercise price received	NA
	Number of options outstanding/ in force as on 31st March, 2016	1,47,852
	Number of options exercisable as on 31st March, 2016	1,47,852
(v)	Weighted-average exercise price of each option outstanding as on 31st March, 2016	₹ 125.00
	Weighted-average fair value of each option outstanding as on 31st March, 2016	₹ 126.43

ANNEXURE 'A'

to the Directors' Report

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

Corporate Overview

Statutory Report

Financial Statements

ANNEXURE 'B'

to the Directors' Report

Key Evaluation criteria

Evaluation of Board

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

Evaluation of Independent Directors

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

Evaluation of Non-Independent Directors

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

ANNEXURE 'C'

to the Directors' Report

Remuneration Policy

I. Preamble

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

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

II. Objective

The objectives of the Policy shall be to:

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

III. Guiding Principles

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

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

IV. Remuneration

1. General

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

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

e. Leave

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

ANNEXURE 'C'

to the Directors' Report

f. Retirement benefits

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

g. Loans to employees

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

2. Remuneration to Whole-time / Managing Director**a. Fixed pay**

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

b. Variable pay

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

c. Minimum Remuneration

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

d. Provisions for excess remuneration

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

e. Stock Options

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

3. Remuneration to Non- Executive / Independent Director**a. Remuneration / Commission**

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

b. Sitting Fees

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

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

c. Stock Options

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

ANNEXURE 'C'

to the Directors' Report

d. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as remuneration, if the following conditions are satisfied:

- i) The Services are rendered by such Director in his capacity as the professional; and
- ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

4. Remuneration to Key Managerial Personnel and Senior Management

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

5. Other Employees

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

V Remuneration Duties

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

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

VI Implementation

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

VII Policy Review

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

VIII Dissemination

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

ANNEXURE 'D'

to the Directors' Report

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

Qualifications

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

Positive attributes

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

Independence

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

ANNEXURE 'E'

to the Directors' Report

Secretarial Audit Report for the financial year ended 31st March, 2016

FORM NO. MR-3**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR 2015-16

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

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 in compliance of the provisions of:

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

ANNEXURE 'E'

to the Directors' Report

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

We report that, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above except the following:-

- a) *The Company has not submitted any information /documents with the Calcutta Stock Exchange.* In this regard we have been informed that the Company has applied for delisting of its shares from Cochin, Delhi and Calcutta Stock Exchanges in February, 2004. The Cochin and Delhi Stock Exchange have delisted the shares of the Company but the delisting application with the Calcutta Stock Exchanges is still pending. In view of the pendency of delisting application, the Company has stopped sending any information to the Calcutta Stock Exchange and has also reported the matter to SEBI.

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

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

requiring compliance thereof by the Company during the Financial Year.

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

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

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

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

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

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

(CS KAMLESH OJHA)
PARTNER

Place : Raipur (C.G.)
Date : 24th August, 2016

ACS No. : 39476
CP No. : 14660

ANNEXURE 'F'

to the Directors' Report

Annual Report on CSR Activities

Brief Outline of CSR Policy

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

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

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

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

CSR Committee

We have a Board Committee (CSR Committee) that oversees the execution of CSR Policy to ensure that the CSR objectives of the Company are met. The Committee comprises of:

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

Financial details

As per the Companies Act, 2013, the Company is required to constitute a corporate social responsibility (CSR) committee of the Board of Directors comprising three or more directors with at least one being independent director and such company shall spend at least 2% of the average net profits of the company's three immediately preceding financial years. The relevant details are as hereunder:

Particulars	Amount (₹ lac)
Average net profit of the Company for last three financial years	11,647
Prescribed CSR expenditure (2% of net profit as computed above) (including unspent amount of 2014-15 - ₹ 7.99 lac)	240.92
Details of CSR Expenditure during 2015-16	
Total amount to be spent	240.92
Amount spent	212.49
Amount unspent*	28.43

* will be spent in 2016-17

ANNEXURE 'F'

to the Directors' Report

Details of CSR spent during the financial year 2015-16

(₹ in lac)

S. No.	CSR Project or activity identified	Sector in which the project is covered (as per clauses of Schedule VII to Companies Act, 2013)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay	Amount spent on the projects or programs Subheads: (1)Direct expenditure on projects or programs (2)Overheads	Cumulative Expenditure upto the reporting period	Amount Spent Direct or through Implementing Agency
1	Healthcare	Clause (i)	Raipur, Raigarh and Dongarbore in Chhattisgarh	50.00	37.89	37.89	Direct
2	Education	Clause (ii)	Raipur, Raigarh and Dongarbore in Chhattisgarh	130.00	125.17	125.17	Direct/ Implementing agency*
3	Social projects	Clause (iii)	Raipur, Raigarh and Dongarbore in Chhattisgarh	10.00	5.56	5.56	Direct
4	Environment	Clause (iv)	Raipur, Raigarh and Dongarbore in Chhattisgarh	15.00	14.81	14.81	Direct
5	Art & Culture	Clause (v)	Raipur, Raigarh and Dongarbore in Chhattisgarh	10.00	7.86	7.86	Direct
6	Sports	Clause (vii)	Raipur, Raigarh and Dongarbore in Chhattisgarh	15.00	11.85	11.85	Direct/ Implementing Agency#
7	Rural development projects	Clause (x)	Raipur, Raigarh and Dongarbore in Chhattisgarh	3.00	1.44	1.44	Direct
8	Administrative Expenses	Office	Raipur	7.92	7.91	7.91	
			Total	240.92	212.49	212.49	

* Friends of Tribal Society

Chhattisgarh State Tennis Association

Responsibility Statement

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

K.K. Sarda

(Chairman & Managing Director)

P.R. Tripathi

(Chairman – CSR Committee)

ANNEXURE 'G'

to the Directors' Report

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

A. Conservation of energy

i) Steps taken or impact on conservation : of energy	PELLET & GRINDING PLANT	
	i)	Current limited from HT side of hot fan – 1 & 2 and ID fan.
	ii)	Stoppage of one no. 1400 kW 6.6kV at secondary ball mill
	iii)	Power saving in process water pump while operating beatification plant.
	iv)	VFD application for Cooler Blowing Fan-3.
	SPONGE IRON PLANT	
	v)	Replacement of Reciprocating Air Comp. By screw compressor.
	vi)	6 No Installation of Energy Saver P-20 at High Mast Tower.
	vii)	VVF Drive installed at K-D Cold Well Pump.
	viii)	VVFD installed for K-D Hot well Pump-1.
	POWER PLANT	
	ix)	Reduced pressure of BFP-5 from 130 Kg/sqcm to 110 Kg/sqcm.
	x)	Stoppage of PD pump in day hours.
	FERRO ALLOYS PLANT	
	xi)	Energy Savings in Cooling Towers through FRP Blade.
	STEEL DIVISION	
	xii)	High head one pumps 110 kw & 132 kw used against four no. 90 kw pump for fce E&F cooling.
	xiii)	Cooling tower no 2 FRP Blade against Aluminium blade.
ii) the steps taken by the company for : utilising alternate sources of energy	----	
iii) the capital investment on energy : conservation equipments	₹ 24.36 lac	

B. Technology absorption

i) the efforts made towards technology : absorption	i)	FRP Blade for cooling tower of power plant
	ii)	Screw compressor in Sponge Iron Plant
	iii)	Installation of 02 Nos. VFD in Hot well & Coldwell pumps of Kiln - D for achieving required flow (1000 NM3/HR) in minimum RPM.
	iv)	Direct charging of hot billet to Wire Rod Mill.
ii) the benefits derived like product : improvement, cost reduction, product development or import substitution		Reduction in power consumption Reduction in fuel consumption

ANNEXURE 'G'

to the Directors' Report

iii)	in case of imported technology : (imported during the last three years reckoned from the beginning of the financial year)-	-----
	a) the details of technology imported :	-----
	b) the year of import :	-----
	c) whether the technology has been : fully absorbed	-----
	d) if not fully absorbed, areas where : absorption has not taken place, and the reasons thereof and	-----
iv)	the expenditure incurred on Research : and Development	Expenditure on R & D is not specifically accounted for. Internal team undertakes the R & D activities.

C. Foreign exchange earnings and outgo

1	Total foreign exchange earnings and outgo (₹ in crore)	
	a) Foreign exchange earnings :	101.87
	b) Foreign exchange outgo :	113.93

On behalf of the Board of Directors

Raipur
24th August, 2016

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

ANNEXURE 'H'

to the Directors' Report

FORM No. MGT-9**EXTRACT OF ANNUAL RETURN**

as on the financial year ended 31.03.2016

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

I. Registration and other details :

CIN	L27100MH1973PLC016617
Registration Date	23.06.1973
Name of the Company	Sarda Energy & Minerals Limited
Category / Sub-Category of the Company	Public company / Limited by shares
Address of the Registered Office and contact details	73-A, Central Avenue, Nagpur (M.H.) 440018 Tel: +91-712-2722407 Fax: +91-712-2722107
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Big Share Services Private Limited E/2-3, Ansa Industrial Estate Saki Vihar Road, Sakinaka, Andheri (East) Mumbai - 400072 Tel: +91-22-4043 0200, Fax: +91-22-2847 5207 E-mail : investor@bigshareonline.com

II. Principal Business Activities of the Company :

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

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Sponge Iron/Ferro Alloys/Billet/Wire-rod/ Iron ore Pellet	241 - Manufacture of basic iron and steel	95.33%

III. Particulars of Holding, Subsidiary and Associate Companies :

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Sarda Energy & Minerals Hongkong Limited 5th Floor, Dah Sing Life Bldg., 99-105 Des Voeux Road, Central, Hongkong	NA	Subsidiary	100.00%	2(87)(ii)
Sarda Global Venture Pte. Limited 17, Philip Street, #05-01, Grand Building, Singapore	NA	Subsidiary	100.00%	2(87)(ii)
Sarda Metals & Alloys Limited 125-B Wing, Mittal Court, Nariman Point, Mumbai	U51420MH2008PLC187689	Subsidiary	100.00%	2(87)(ii)
Sarda Energy Limited Vanijya Bhawan, 1st Floor, Sai Nagar Devendra Nagar Road, Raipur	U40102CT2008PLC000406	Subsidiary	100.00%	2(87)(ii)
Madhya Bharat Power Corporation Limited E-585, Ground Floor, Greater Kailash - II, New Delhi	U74899DL1994PLC061349	Subsidiary	67.59%	2(87)(ii)

ANNEXURE 'H'

to the Directors' Report

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Parvatiya Power Limited 136 Khari Bazar, Ranikhet, Uttranchal	U40101UP1994PLC017151	Subsidiary	51.00%	2(87)(ii)
Sarda Hydro Power Private Limited Agarwal Bhavan, Bakharabad, Cuttack, Orissa	U40101OR1999PTC005781	Subsidiary	60.00%	2(87)(ii)
Raipur Fabritech Private Limited 125-B Wing, Mittal Court, Nariman Point, Mumbai	U28910MH2011PTC221297	Subsidiary	52.38%	2(87)(ii)
Raipur Industrial Gases Private Limited 125-B Wing, Mittal Court, Nariman Point, Mumbai	U40300MH2011PTC224871	Subsidiary	51.00%	2(87)(ii)
Natural Resources Energy Private Limited JMG House, Near Abhivadan House, Panchsheel Nagar, Raipur	U40101CT2007PTC020163	Subsidiary	71.55%	2(87)(ii)
Chhattisgarh Hydro Power LLP House No.A/02, VIP Road, Moul Shree Vihar, Raipur	AAA-2277	Subsidiary	60.95%	2(87)(ii)
Shri Ram Electricity LLP Vanijya Bhawan, 1st Floor, Sai Nagar, Devendra Nagar Road, Raipur	AAA-2517	Subsidiary	51.00%	2(87)(ii)
Raipur Infrastructure Company Limited Siddharth, Geeta Nagar, Raipur	U45203CT2004PLC016321	Associate	33.33%	2(6)
Madanpur South Coal Company Limited Industrial Growth Centre, Siltara, Raipur	U10300CT2006PLC020006	Associate	20.63%	2(6)
Godawari Natural Resources Limited Hira Arcade, Near New Bus Stand, Pandri, Raipur	U14200CT2008PLC020926	Associate	29.98%	2(6)

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	81,53,428	0	81,53,428	22.68	81,53,428	0	81,53,428	22.66	(0.02)
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	1,64,94,651	0	1,64,94,651	45.88	1,64,94,651	0	1,64,94,651	45.85	(0.03)
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
f i) Firm	10,00,000	0	10,00,000	2.78	10,00,000	0	10,00,000	2.78	0.00
Sub-Total (A)(1) :	2,56,48,079	0	2,56,48,079	71.34	2,56,48,079	0	2,56,48,079	71.29	(0.05)

ANNEXURE 'H'

to the Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A)(2):	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoters (A) = (A) (1)+(A)(2)	2,56,48,079	0	2,56,48,079	71.34	2,56,48,079	0	2,56,48,079	71.29	(0.05)
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	12,04,224	650	12,04,874	3.35	14,36,994	650	14,37,644	3.99	0.64
b) Banks / FI	12,68,253	2,600	12,70,853	3.54	0	2,400	2,400	0.01	(3.53)
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies		250	250	0.00	0	250	250	0.00	0.00
g) FIs	76,750	0	76,750	0.21	19,828	0	19,828	0.06	(0.15)
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1):	25,49,227	3,500	25,52,727	7.10	14,56,822	3,300	14,60,122	4.06	(3.04)
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	21,00,463	14,049	21,14,512	5.88	17,97,512	11,199	18,08,711	5.03	(0.85)
ii) Overseas	18,04,891	0	18,04,891	5.02	18,04,891	0	18,04,891	5.02	0.00
b) Individuals									
i) Individual Share holders holding nominal share capital upto ₹ 1 lakh	23,70,024	4,86,804	28,56,828	7.95	36,88,436	4,73,921	41,62,357	11.57	3.62
i) Individual Share holders holding nominal share capital in excess of ₹ 1 lakh	9,05,901	0	9,05,901	2.52	9,63,547	0	9,63,547	2.68	0.16
c) Others (specify)									
c i) NRIs	46,091	100	46,191	0.13	75,629	0	75,629	0.21	0.08
c ii) Directors	23,087	137	23,224	0.06	32,354	137	32,491	0.09	0.03
c iii) NBFC's regd. with RBI	0	0	0	0.00	22,492	0	22,492	0.06	0.06
Sub-Total (B)(2):	72,50,457	5,01,090	77,51,547	21.56	83,84,861	4,85,257	88,70,118	24.65	3.09

ANNEXURE 'H'

to the Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	3,54,47,763	5,04,590	3,59,52,353	100.00	3,54,89,762	4,88,557	3,59,78,319	100.00	0.00

Note: During the year 15-16, total No. of shares increased due to issue of 25966 equity shares under ESOP Scheme.

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding as on 01.04.2015			Shareholding at on 31.03.2016			% change
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Chhatisgarh Investments Limited	1,22,94,179	34.196	0	1,22,94,179	34.171	0	(0.025)
2	Sarda Agriculture and Properties Private Limited	26,35,150	7.330	0	26,35,150	7.324	0	(0.005)
3	Prachi Agriculture & Properties Private Limited	15,65,322	4.354	0	15,65,322	4.351	0	(0.003)
4	G.D. Sarda	13,92,378	3.873	0	13,92,378	3.870	0	(0.003)
5	Kamal Kishore Sarda	13,09,149	3.641	0	13,09,149	3.639	0	(0.003)
6	J.K. Sarda	11,72,365	3.261	0	11,72,365	3.259	0	(0.002)
7	Shakuntala Sarda	10,14,518	2.822	0	10,14,518	2.820	0	(0.002)
8	Chhatisgarh Investments Limited	10,00,000	2.781	0	10,00,000	2.779	0	(0.002)
9	Veena Sarda	7,02,350	1.954	0	7,02,350	1.952	0	(0.001)
10	Pankaj Sarda	6,91,107	1.922	0	6,91,107	1.921	0	(0.001)
11	Premalata Sarda	4,68,910	1.304	0	4,68,910	1.303	0	(0.001)
12	Uma Sarda	4,89,425	1.361	0	4,89,425	1.360	0	(0.001)
13	Dr. K.K. Rath	2,51,731	0.700	0	2,51,731	0.700	0	(0.001)
14	Manish Sarda	2,37,570	0.661	0	2,37,570	0.660	0	0.000
15	Aditya Sarda	1,12,840	0.314	0	1,12,840	0.314	0	0.000
16	Raghav Sarda	1,12,840	0.314	0	1,12,840	0.314	0	0.000
17	Neeraj Sarda	98,490	0.274	0	98,490	0.274	0	0.000
18	Anant Sarda	49,140	0.137	0	49,140	0.137	0	0.000
19	J.K. Sarda (HUF)	21,716	0.060	0	21,716	0.060	0	0.000
20	Shashi Rath	19,767	0.055	0	19,767	0.055	0	0.000
21	Aditi Sarda	9,132	0.025	0	9,132	0.025	0	0.000
	Total	2,56,48,079	71.339	0	2,56,48,079	71.288	0	(0.051)

Note : Change in % holding is due to issue of 25966 shares under ESOP.

ANNEXURE 'H'

to the Directors' Report

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

S. No.	Shareholder's Name	Shareholding as on 01.04.2015		Transaction during the year 2015-16	Shareholding as on 31.03.2016	
1	Chhatisgarh Investments Limited	1,22,94,179	34.196	There was no change in the holding of the promoters. The change in % holding was due to fresh issue of 25966 equity shares under the ESOP Scheme of the Company.	1,22,94,179	34.171
2	Sarda Agriculture and Properties Private Limited	26,35,150	7.330		26,35,150	7.324
3	Prachi Agriculture & Properties Private Limited	15,65,322	4.354		15,65,322	4.351
4	G. D. Sarda	13,92,378	3.873		13,92,378	3.870
5	Kamal Kishore Sarda	13,09,149	3.641		13,09,149	3.639
6	J.K. Sarda	11,72,365	3.261		11,72,365	3.259
7	Shakuntala Sarda	10,14,518	2.822		10,14,518	2.820
8	Chhatisgarh Investments Limited	10,00,000	2.781		10,00,000	2.779
9	Veena Sarda	7,02,350	1.954		7,02,350	1.952
10	Pankaj Sarda	6,91,107	1.922		6,91,107	1.921
11	Premlata Sarda	4,68,910	1.304		4,68,910	1.303
12	Uma Sarda	4,89,425	1.361		4,89,425	1.360
13	Dr. K. K. Rath	2,51,731	0.700		2,51,731	0.700
14	Manish Sarda	2,37,570	0.661		2,37,570	0.660
15	Aditya Sarda	1,12,840	0.314		1,12,840	0.314
16	Raghav Sarda	1,12,840	0.314		1,12,840	0.314
17	Neeraj Sarda	98,490	0.274		98,490	0.274
18	Anant Sarda	49,140	0.137		49,140	0.137
19	J.K. Sarda (HUF)	21,716	0.060		21,716	0.060
20	Shashi Rath	19,767	0.055		19,767	0.055
21	Aditi Sarda	9,132	0.025		9,132	0.025
		2,56,48,079	71.34		2,56,48,079	71.29

Note: Change in % holding is due to issue of 25,966 shares under ESOP.

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

S. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No of shares	% of Total shares	Date	Reason	No. of shares	Cumulative	% of Total shares
1	Asia Minerals Limited	At the beginning of the year	18,04,891	5.02	NIL			NIL	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	18,04,891	5.02					
2	IDFC Limited	At the beginning of the year	12,07,777	3.36					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			29.05.2015	Sale	(5,500)	12,02,277	3.34
					12.06.2015	Sale	(21,290)	11,80,987	3.28
					19.06.2015	Sale	(78,794)	11,02,193	3.06
					26.06.2015	Sale	(2,02,206)	8,99,987	2.50
					30.06.2015	Sale	(3,600)	8,96,387	2.49
					10.07.2015	Sale	(1,40,850)	7,55,537	2.10
					17.07.2015	Sale	(84,100)	6,71,437	1.87
					24.07.2015	Sale	(89,503)	5,81,934	1.62
					31.07.2015	Sale	(2,00,000)	3,81,934	1.06
					07.08.2015	Sale	(3,81,934)	0	0.00
		At the end of the year	0	0.00					

ANNEXURE 'H'

to the Directors' Report

S. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No of shares	% of Total shares	Date	Reason	No. of shares	Cumulative	% of Total shares
3	Reliance Capital Trustee Company Limited - Reliance Long Term Equity Fund	At the beginning of the year	7,84,012	2.18					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			19.06.2015	Sale	(784012)	0	0.00
		At the end of the year	0	0.00					
4	ICICI Prudential Dynamic Plan	At the beginning of the year	4,20,212	1.17					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			29.05.2015	Purchase	17,329	4,37,541	1.22
					05.06.2015	Purchase	4,438	4,41,979	1.23
					19.06.2015	Purchase	7,49,960	11,91,939	3.31
					26.06.2015	Purchase	1,46,760	13,38,699	3.72
					30.06.2015	Purchase	28,240	13,66,939	3.80
					10.07.2015	Purchase	70,055	14,36,994	3.99
		At the end of the year	14,36,994	3.99					
5	Vayudoot Commercial Private Limited	At the beginning of the year	2,90,000	0.81					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):				NIL		NIL	
		At the end of the year	2,90,000	0.81					
6	Orient Fincorp Limited	At the beginning of the year	2,53,891	0.71					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			13.11.2015	Sale	(15,000)	2,38,891	0.66
					20.11.2015	Sale	(40,000)	1,98,891	0.55
					27.11.2015	Sale	(20,000)	1,78,891	0.50
					04.12.2015	Sale	(38,891)	1,40,000	0.39
					11.12.2015	Sale	(44,000)	96,000	0.27
					18.12.2015	Sale	(15,000)	81,000	0.23
					25.12.2015	Sale	(20,000)	61,000	0.17
					22.01.2016	Sale	(61,000)	0	0.00
		At the end of the year	0	0.00					
7	Fortune Couriers Limited	At the beginning of the year	2,25,003	0.63					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			17.04.2015	Sale	(3,500)	2,21,503	0.62
					29.01.2016	Purchase	61,000	2,82,503	0.79
		At the end of the year	2,82,503	0.79					

ANNEXURE 'H'

to the Directors' Report

S. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No of shares	% of Total shares	Date	Reason	No. of shares	Cumulative	% of Total shares
8	Quant Broking Private Limited	At the beginning of the year	1,71,123	0.48					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			10.04.2015	Sale	(1,51,123)	20,000	0.06
					30.06.2015	Sale	(20,000)	0	0.00
		At the end of the year	0	0.00					
9	Ravi Thakurdas Laddha	At the beginning of the year	1,28,592	0.36	NIL			NIL	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	1,28,592	0.36					
10	Ajay Natwarlal Vora 13015200 00148441	At the beginning of the year	82,500	0.23					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			21.08.2015	Sale	(46,500)	36,000	0.10
					12.02.2016	Purchase	9,500	45,500	0.13
		At the end of the year	45,500	0.13					
11	Prachi Sarda	At the beginning of the year	70,842	0.20	NIL			NIL	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):							
		At the end of the year	70,842	0.20					
12	Ajay Natwarlal Vora 13015200 00153044	At the beginning of the year	20,000	0.06					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			28.08.2015	Purchase	102500	1,22,500	0.34
					12.02.2016	Purchase	15500	1,38,000	0.38
		At the end of the year	1,38,000	0.38					
13	Indianivesh Securities Private Limited	At the beginning of the year	40,495	0.11					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			24.04.2015	Purchase	8,382	48,877	0.14
					29.05.2015	Purchase	79	48,956	0.14
					31.07.2015	Purchase	15,000	63,956	0.18
					07.08.2015	Purchase	24,362	88,318	0.25
					11.12.2015	Sale	(79)	88,239	0.25
					08.01.2016	Purchase	11,514	99,753	0.28
		At the end of the year	99,753	0.28					

ANNEXURE 'H'

to the Directors' Report

S. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No of shares	% of Total shares	Date	Reason	No. of shares	Cumulative	% of Total shares
14	Anvil Fintrade Private Limited	At the beginning of the year	0	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			19.02.2016	Purchase	62,278	62,278	0.17
		At the end of the year	62,278	0.17					
15	Vikas Ramvilas Maheshwari	At the beginning of the year	0	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			31.03.2016	Purchase	61,385	61,385	0.17
		At the end of the year	61,385	0.17					

v) Shareholding of Directors and Key Managerial Personnel

S. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
1	Kamal Kishore Sarda	At the beginning of the year	13,09,149	3.64					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):				NIL		NIL	
		At the end of the year	13,09,149	3.64					
2	Pankaj Sarda	At the beginning of the year	6,91,107	1.92					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):				NIL		NIL	
		At the end of the year	6,91,107	1.92					
3	Uma Sarda	At the beginning of the year	4,89,425	1.36					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):				NIL		NIL	
		At the end of the year	4,89,425	1.36					

ANNEXURE 'H'

to the Directors' Report

S. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
4	G.D. Mundra [#]	At the beginning of the year	10,487	0.03					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			23.05.2015	ESOP	4667	15,154	0.04
		At the end of the year	15,154	0.04					
# Resigned from the Directorship of the Company w.e.f. 1st April, 2016 and accordingly ceased to be a Director with effect from the said date.									
5	C.K. Lakshmi-narayanan	At the beginning of the year	7,000	0.02	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):							
		At the end of the year	7,000	0.02					
6	A.K. Basu	At the beginning of the year	2,000	0.01	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):							
		At the end of the year	2,000	0.01					
7	G.S. Sahni	At the beginning of the year	2,334	0.01	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):							
		At the end of the year	2,334	0.01					
8	J. Balakrishnan	At the beginning of the year	833	0.00	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):							
		At the end of the year	833	0.00					
9	Rakesh Mehra	At the beginning of the year	5,170	0.01	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):							
		At the end of the year	5,170	0.01					

ANNEXURE 'H'

to the Directors' Report

S. No.	Name		Shareholding (Beginning of the year)		Transactions during the year			Cumulative shareholding during the year	
			No. of Shares	% of total shares	Date	Reason	No. of shares	Cumulative	% of total shares
10	P.R. Tripathi	At the beginning of the year	0	0.00	NA			NA	
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):							
		At the end of the year	0	0.00					
11	P.K. Jain (WTD* & CFO)	At the beginning of the year	3000	0.01					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			23.05.2015	ESOP	3000	6000	0.02
		At the end of the year	6000	0.02					
* appointed WTD w.e.f. 1st June, 2016									
12	Manish Sethi (CS)	At the beginning of the year	827	0.00					
		Datewise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):			23.05.2015	ESOP	427	1254	0.00
		At the end of the year	1254	0.00					

V. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	49,979.28	2,760.96	0.00	52,740.24
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	269.94	0.00	0.00	269.94
Total (i+ii+iii)	50,249.22	2,760.96	0.00	53,010.18
Change in Indebtedness during the financial year				
Addition	6,660.52	3,000.00	0.00	9,660.52
Reduction	(19,583.14)	(2,760.96)	0.00	(22,344.10)
Net Change	(12,922.62)	239.04	0.00	(12,683.58)
Indebtedness at the end of the financial year				
i) Principal Amount	37,136.59	3,000.00	0.00	40,136.59
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	190.01	0.00	0.00	190.01
Total (i+ii+iii)	37,326.60	3,000.00	0.00	40,326.60

ANNEXURE 'H'

to the Directors' Report

VI. Remuneration of Directors and Key Managerial Personnel

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

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount (₹ in Lac)
		Mr. K.K. Sarda	Mr. Pankaj Sarda	Mr. G.D. Mundra	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	96.00	24.00	17.10	137.10
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	21.56	30.23	16.50	68.29
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Options	0.00	0.00	0.40	0.40
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission				
	a) as % of profit	150.00	0.00	0.00	150.00
	b) others, specify....	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	267.56	54.23	34.00	355.79
	Ceiling as per the Act	10% of the net profits of the Company.			

B. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Name of Director							Total (₹ in Lac)
		Mrs. Uma Sarda	Mr. C.L. Lakshmi-narayanan	Mr. A.K. Basu	Mr. Rakesh Mehra	Mr. P.R. Tripathi	Mr. G.S. Sahni	Mr. J. Bala-krishnan	
	Independent Directors:								
	* Fee for attending board / committee meetings	0.00	1.60	1.40	1.40	1.60	1.20	3.00	10.20
	* Commission	0.00	3.00	3.00	1.00	1.00	3.00	1.00	12.00
	* Others, please specify (Stock option)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (1)	0.00	4.60	4.40	2.40	2.60	4.20	4.00	22.20
	Other Non Executive Directors								
	* Fee for attending board committee meetings	0.80	0.00	0.00	0.00	0.00	0.00	0.00	0.80
	* Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	* Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	0.80	0.00	0.00	0.00	0.00	0.00	0.00	0.80
	Total (B) = (1+2)	0.80	4.60	4.40	2.40	2.60	4.20	4.00	23.00
	Total Managerial Remuneration*								378.79
	Overall Ceiling as per the Act	11% of the net profits of the Company							

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

ANNEXURE 'H'

to the Directors' Report

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total (₹ in Lac)
		CFO (Mr. P.K. Jain)	CS (Mr. Manish Sethi)	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	15.36	2.40	17.76
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	25.30	6.16	31.46
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	0.00	0.00	0.00
2	Stock Options	0.26	0.04	0.30
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	a) as % of profit	0.00	0.00	0.00
	b) others, specify....	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	Total	40.92	8.60	49.52

VII. Penalties / Punishment / Compounding of Offences :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
------	------------------------------	-------------------	--	-------------------------------	------------------------------------

A. COMPANY

Penalty	NIL
Punishment	
Compounding	

B. DIRECTORS

Penalty	NIL
Punishment	
Compounding	

C. OTHER OFFICERS IN DEFAULT

Penalty	NIL
Punishment	
Compounding	

ANNEXURE 'I'

to the Directors' Report

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

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

Details about top ten employees in terms of remuneration drawn

Name	Designation	Remuneration received (₹ in lac)	Nature of employment, whether contractual or otherwise	Qualification	Total Experience	Date of commencement of employment	Age	Last employment held	Names of other directors related to the employee
Mr. K.K. Sarda	Chairman & Managing Director	267.56	Contractual	B.E. (Mech.)	40 years	16.12.1978	64 years	-	Mr. Pankaj Sarda, Mrs. Uma Sarda
Mr. P. Sarda	Dy. Managing Director	54.23	Contractual	BE (Ind. Engg.), MS (IA)	13 Years	01.04.2003	37 Years	-	Mr. KK Sarda
Mr. R.T. Laddha	ED	45.43	Permanent	BE	21 Years	14.06.1995	44 Years	-	-
Mr. A.K. Roy	Head-SO	41.56	Permanent	BE-Metal	30 Years	10.12.2010	52 Years	Navabharat Ventures Limited	-
Mr. P.K. Jain	CFO	40.92	Permanent	B.Com. CA, CS	30 Years	12.04.1997	53 Years	Somaiva Organo Chem. Limited	-
Mr. A.K. Nanda	Head-Pellet	35.86	Permanent	BSC-Engg	40 Years	03.08.2011	63 Years	Tata Sponge Iron Limited	-
Mr. M.K. Maheshwari	Sr. VP-Corp.	34.68	Permanent	M Tech, MBA	32 Years	18.06.2008	56 Years	IDBI Bank	-
Mr. G.D. Mundra	Wholetime Director	34.00	Contractual	B.Com. CA	30 Years	01.04.2007	55 Years	-	-
Mr. S. Laddha	Head-Leagal & Mines	31.71	Permanent	BE-Electronics	13 Years	01.09.2003	46 Years	-	-
Mr. S.K. Shome	President - Mines	29.38	Permanent	B.Com	37 Years	17.02.1979	66 Years	-	-

Notes:

1. Remuneration, as shown above, includes salary, allowance, commission, contribution to provident fund and monetary value of perquisites but excludes contribution to gratuity fund on the basis of actuarial valuation as separate figures are not available.
2. Other terms and conditions are as per Company's rules/scheme

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

Name	Mr. Kamal Kishore Sarda
Designation	Chairman & Managing Director
Remuneration received	₹267.56 lac
Nature of employment, whether contractual or otherwise	Contractual
Qualification and experience	B.E. (Mech.) More than 40 years of industrial experience
Date of commencement of employment	16th December, 1978
Age	64 years
Last employment held	-
Names of other directors related to the employee	Mr. Pankaj Sarda, Mrs. Uma Sarda

Notes:

1. Remuneration, as shown above, includes salary, allowance, commission, contribution to provident fund, and monetary value of perquisites but excludes contribution to gratuity fund on the basis of actuarial valuation as separate figures are not available.
2. Other terms and conditions are as per Company's rules/scheme.

Raipur
24th August, 2016

On behalf of the Board of Directors
(**K.K. Sarda**)
Chairman & Managing Director
DIN: 00008170

ANNEXURE 'J'

to the Directors' Report

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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16:

S. No.	Name of Director / KMP	Remuneration of Director/ KMP for financial year 2015-16 (₹ in lac)	% increase in Remuneration in the Financial Year 2015-16	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. K.K. Sarda	267.56	(10.62)	109.56
2	Mr. Pankaj Sarda	54.23	3.97	22.21
3	Mr. G.D. Mundra [#]	34.00	(1.84)	13.92
4	Mrs. Uma Sarda	0.80	100.00	0.33
5	Mr. C.K. Lakshminarayanan	4.60	(0.49)	1.88
6	Mr. J. Balakrishnan	4.00	29.63	1.64
7	Mr. G. S. Sahni	4.20	(7.46)	1.72
8	Mr. P.R. Tripathi	2.60	8.33	1.06
9	Mr. A.K. Basu	4.40	(5.29)	1.80
10	Mr. Rakesh Mehra	2.40	(26.76)	0.98
11	Mr. P.K. Jain - CFO&WTD*	40.92	4.86	16.76
12	Mr. Manish Sethi (CS)	8.60	(0.65)	3.52

Till 31.03.2016

* Wholetime Director w.e.f. 1st June, 2016.

- ii) The median remuneration of employees of the Company during 2015-16 was ₹ 2.44 lac.
- iii) In 2015-16, there was an increase of 15.64% in the median remuneration of employees.
- iv) There were 1548 permanent employees on the rolls of Company as on 31st March, 2016
- v) Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year, i.e. 2015-16 was 5.97% whereas there was a decrease of 6.57% in the managerial remuneration for the same period.
- vi) Commission to Chairman & Managing Director is approved by the Nomination & Remuneration Committee keeping in view the performance of the Company. Commission to Non-executive Directors is based on the involvement and contribution towards governance practices and discharging fiduciary duties.
- vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

On behalf of the Board of Directors

Raipur
24th August, 2016

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

Global Economy

In the CY 2015 the global economy saw a mixed trend with overall deceleration in the GDP from 3.4% to 3.1% and is still struggling to regain momentum. USA demonstrated resilience and expected to grow at moderate pace. Weaker domestic demand, declining exports due to strengthening Dollar and adverse external trade environment and resultant weak performance of manufacturing sector has off set the gains from housing and labour market and strengthening balance sheets. Euro zone recorded highest GDP growth (1.7%) since 2010 on the back of lower oil prices, expansionary fiscal policies and accommodative ECB. However sub-zero inflation, high non-performing loans and eroding skills are key challenges in the area. Japan recorded growth of 0.5% on the back of JPY depreciation and lower oil prices. Fresh investments remain muted with lower capacity utilisation. The moderation of Chinese economy to 6.9% and rebalancing of the economy led to decline in fresh investment in real estate and manufacturing sector. It also negatively impacted global trade and prices of oil and commodities. The fall in the prices of oil and commodities adversely affected Russia, Brazil, Middle East, Asian and African countries.

Growth continues to falter in advanced economies, while there is considerable divergence of performance across emerging market and developing economies. Growth in these markets while still accounting for over 70% of global growth declined for the fifth consecutive year, while a modest recovery continued in advanced economies.

Global growth, currently estimated at 3.1% in 2015, is projected at 3.4% in 2016 and 3.6% in 2017. In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The growth in these economies is projected to increase from 4% in 2015 to 4.3% in 2016 and 4.7% in 2017. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016–17.

(Source: IMF, World Economic Outlook Update, January 2016)

Indian Economy

India, the seventh-largest economy in terms of nominal GDP and third-largest by purchasing power parity (PPP), has the potential to become the world's 3rd-largest economy by the next decade. And the outlook for short-term growth is also good as, according to the IMF, the Indian economy is the "bright spot" in the global landscape. India also topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.6% in 2015-16 and expected to grow 8.0%+ in 2016-17. The International Monetary Fund (IMF) has forecasted an unchanged growth for India in 2016-17, while it lowered its global growth projection.

The improvement is a combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices. The government has taken several initiatives in the areas of infra push in roads and railways, easing the process of doing business, opening the doors to FDI, targeting inflation for monetary policy, starting campaigns on smart cities, urban development, startups, skill development etc., the impact which can be gauged over a period of time and may not get reflected in the economic numbers immediately as they must hence be interpreted more in terms of laying a foundation for future growth.

However, the steel industry's stand is clearly out of sync with the government's broader goal of promoting manufacturing. The industry is clamouring for protection as it is finding difficult to compete with cheaper imports. Huge supply – demand gap coupled with huge debt burden on the steel industry, forced the government to impose Minimum Import Price [MIP] on steel products to help improve profitability of the steel manufacturers and to enable them to repay their loans. Though imposed for a short period initially, the MIP has been extended further which clearly shows that while the government is mindful of the problems faced by domestic steel makers it is unwilling to make the measure permanent at the cost of the user industry or appear protectionist.

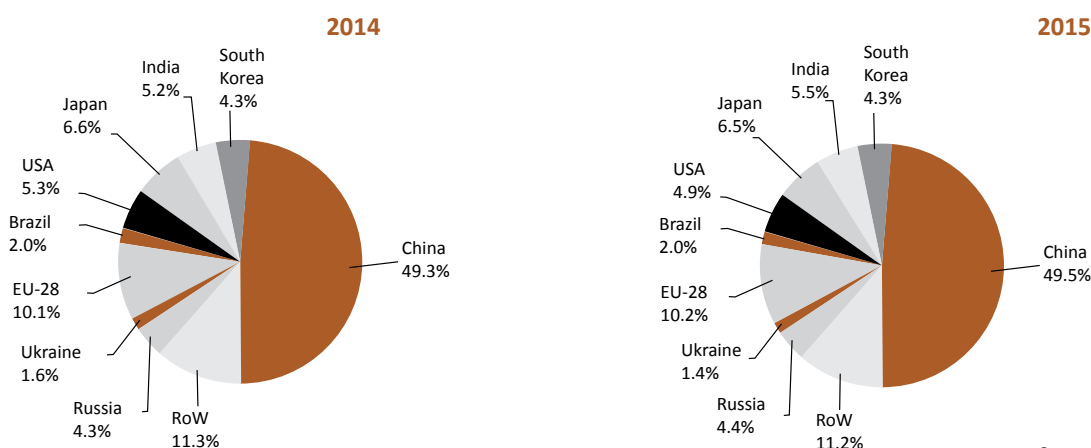
Iron and Steel

The economic environment facing the steel industry continues to be challenging with China's slowdown impacting global economy. The global steel industry is suffering from insufficient investment expenditure and continued weakness in the manufacturing sector.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2015-16, global steel production registered negative growth of 3.5% with production of 1.58 billion tonnes as against 1.64 billion tonnes in the previous year. In 2015, China accounted for 49.5% of the global market for steel (by volume), compared to 49.3% in 2014 (*Source: World Steel Association*). Global steel demand over the next decade will mainly depend on the emerging economies. India, Taiwan, Iran, Japan, Mexico and South Korea are expected to exhibit growth in terms of steel production and consumption.

World Crude Steel production, 2014, 2015



Source : Worldsteel

During the period, global steel demand stood at 1.5 billion tonnes, showing a decline of approximately 2.5% as compared to 2014-15, casting a shadow on the global growth. The steel demand in China was lower by 5.4% as compared to Financial Year 2014-15. Current forecasts suggest that the demand would fall by 4% in Financial Year 2016-17 and by 3% in Financial Year 2017-18. Also, the demand was significantly lower in other countries such as - Brazil by 16.7%, USA by 10.6%, Russia by 8.4% and Japan by 7%.

India became third largest producer of steel only behind China and Japan surpassing USA. During Financial Year 2015-16, the total steel demand stood at 80 million tonnes growing at 4.5% over the previous year. During the year, India continued to witness significant level of imports, while initiatives like the safeguard duty and minimum import price have provided some relief to predatory pricing being followed by the exporting countries.

India is having the world's largest installed sponge iron production capacity. Sponge iron plants use both lumps and fines (pellets). The market for sponge iron has been dented with the steel makers preferring imported steel scrap to sponge iron to cut production cost. However, as a matter of satisfaction, after three years of decline, the production of sponge iron in 2015-16 has been 17.87 million tonnes showing a growth of 2.41%. This increase is primarily due to 24.84% increase in gas based DRI production. The coal based DRI production continues to record negative growth of 2.51%.

The per capita consumption of steel in India currently stands at 60 kg as against the world average of 220 kg. But this figure could increase significantly in the coming years if the government's flagship programmes, such as the 'Smart Cities Mission' and the 'Housing for All by 2022' besides 'Make in India', gain traction. Going ahead, low oil prices, the reform momentum and favourable policies to increase infrastructure and manufacturing output, will result in improving domestic steel demand in both 2016 and 2017 reaching 85.8 Mt in 2016 and 88.3 Mt in 2017 (*Source: World Steel Association*). On the other side, World Steel Association has also estimated that the global steel demand will decrease by -0.8% to 1,488 MT in 2016 following a contraction of -3.0% in 2015. In 2017, it is forecasted that world steel demand will return to growth of 0.4% and will reach 1,494 MT.

The steps taken by the government in 2015 to revive the industry include passage of the Mines and Minerals (Development & Regulation) Act and initiating the process for starting auction of mines bearing minerals such as iron ore, bauxite and limestone. The government also notified National Mineral Exploration Trust (NMET) and District Mineral Fund (DMF) to encourage mineral exploration. Existing mining lease holders would be required to pay 2% and 30% of the applicable royalty to the NMET and DMFs respectively.

According to rating agencies, the domestic steel sector, which has been plagued by low prices, increasing taxes and duties, contributions required to be made to NMET and DMF, high-level of imports and muted demand growth has started

MANAGEMENT DISCUSSION AND ANALYSIS

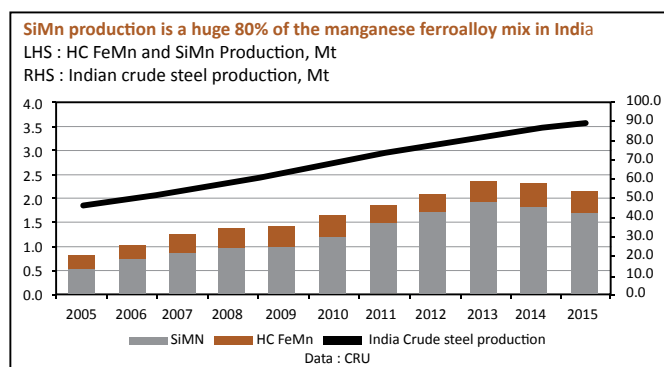
showing signs of an early recovery with expectation of improvement in the profitability of steel companies in the near term. Though the imports catered to large portion of the demand increase, the level of imports have started to come down from February 2016 when the minimum import price was levied. The momentum in domestic demand has continued in April 2016 with steel consumption in the country growing 5.2 per cent as compared to the same month last year to 5.7 million tonnes. Imports had a sharp fall of 15.5 per cent to 6.54 lac tonnes, according to data from the Steel Ministry.

On the whole, 2015 would be remembered as a “depressed and distressed” year for the industry, when it saw earnings dive southward on account of excess production and subdued demand, which led to prices of some commodities, like that of iron ore hit the ten-year low levels. Steel sector appears on top of defaulters in bank loan repayment. Besides, the spectre of demand slowdown in China, the world’s biggest metal consumer, led to the markets across the world including India getting flooded with cheap imports of finished products - a development that has adversely impacted the domestic mining industry. The steel industry is also suffering from insufficient investment expenditure particularly from the private sector and ultimately is trapped in the vicious cycle. Long lead time in receiving clearances, Government policies, issues related to land acquisition, fall in the internal accruals, credit restrictions imposed by banks etc. are the main reasons for low investments.

Ferro Alloys

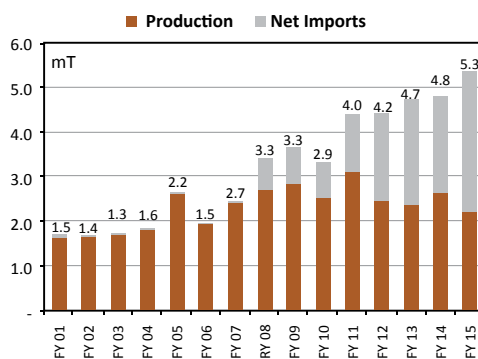
Ferro Alloys are used in steelmaking which consists of less than 1% of the total raw material required for steel production. However, they are vital additives for steelmaking as it increases the resistance of steel to corrosion and oxidation, improves its hardness, tensile strength at high temperatures, wear and abrasion resistance and increases its other properties like creep strength etc. Besides, they are also used as raw material in the production of special steels, alloy steels and stainless steel.

In 2015, the combined capacity for SiMn and HC FeMn was estimated at 4.85 Mnt, equivalent to more than 90% of capacity of all ferro alloys. Majority of Indian manganese ferro alloy production has been in the form of SiMn and FeMn as under:



On an average, 8.8kgs of Mn input is required for 1 tonne of steel production. Given the ore quality, every tonne of steel produced in India needs ~35kg of Mn ore input. Owing to inferior quality of domestic reserves, India imports over 50% of its Mn ore requirements.

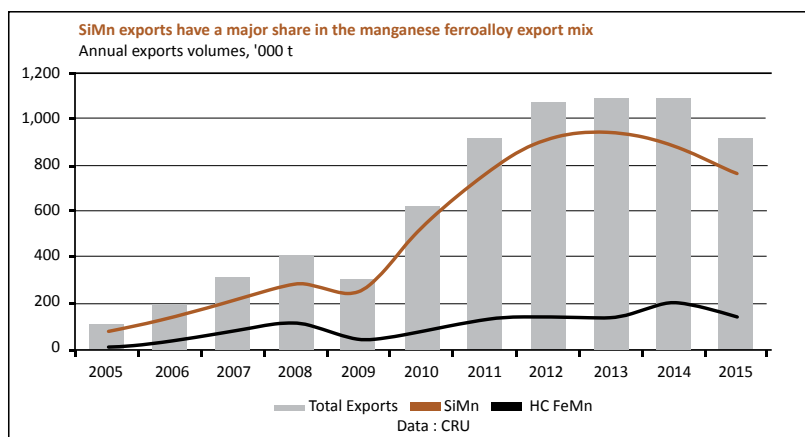
Manganese Ore Import



Source: IBM, Ministry of Trade, HDFC sec Inst Research

MANAGEMENT DISCUSSION AND ANALYSIS

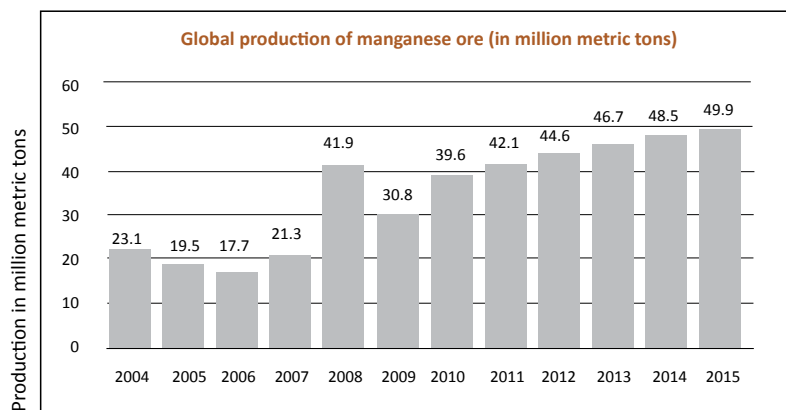
Since 2008, India has been the world's largest exporter of SiMn, ahead of Ukraine, and, in the past 5-6 years, an increasing proportion of SiMn and HC FeMn production has been exported. A rising share of India exports of SiMn has been shipped to Europe, despite the fact that they face strong competition from Ukraine, Norway and South Africa. The main markets for HC FeMn from India are other Asian countries and the Middle East, where Indian imports face competition from South Korea and Australia. In December 2014, the EU had initiated anti-dumping proceeding concerning imports of silico-manganese from India. However, in March 2016, the European Commission concluded that, although the EU industry had suffered material injury, there was no time coincidence between the trend in dumped imports and the injury suffered.



Slowing crude steel production and an over supplied ferro alloys market, both at home and abroad, has created a challenging environment for Indian producers of manganese ferro alloys and closures have become widespread.

Fortunately, the Indian Ferro Alloys Industry has learnt to adapt to ongoing globalization, lowering of tariff barriers and most importantly phasing out of subsidies. The balance between export and domestic market is already achieved. This has been possible by addressing the high cost base by integration measures - by investment in captive power stations and by acquisition of mining right in India and overseas.

For the Indian Iron and Steel Industry, raw material security is an extremely important issue for growth and development. Handicapped by absence of coking coal in the country, which is the major strength of world leader China, Indian steel industry needs to leverage local availability of quality iron ore and manganese ore for competitive advantage. To that extent, the Indian Ferro Alloys Industry has consolidated commendably. For sustained and planned growth of steel industry, it is necessary to have long term planning and security for raw materials, for atleast 20-30 years. Value addition to minerals within the country, as a cornerstone of policy particularly with governments of mineral bearing states, was a move in the right direction. This has brought down unscrupulous trading and export of minerals, conserving the scarce resources for the Steel Industry's increasing future requirements.



Source: various sources @statista

MANAGEMENT DISCUSSION AND ANALYSIS

Power

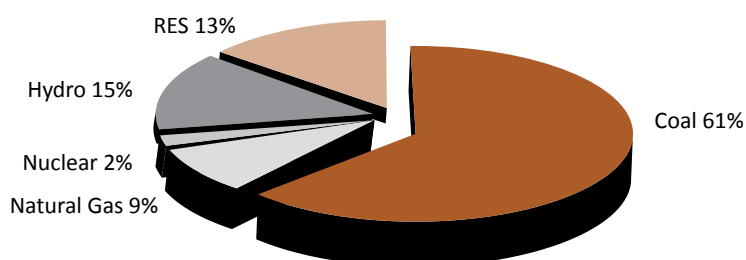
Steel and Ferro Alloys are power centric industries as major portion of the cost of production is incurred as power bills. States with cheaper or subsidized power tariff attract setting up of Ferro Alloys units. The total installed capacity for power generation in India was 303,083 MW as on 31st May, 2016.

Installed capacity for power generation (as on 31st May, 2016)		
Sector	MW	% of total
State Sector	1,01,761	33.58%
Central Sector	76,297	25.17%
Private Sector	1,25,026	41.25%
	3,03,083	100.00%

(Source: Powermin)

India has adopted a blend of thermal, hydel and nuclear sources with a view to increase the availability of electricity. Thermal plant account for about 60% of the total power generation capacity in India, followed by hydro-electricity (15% share). The rest comes from nuclear and other renewable energy sources (RES).

Sources of Electricity in India by Installed Capacity



Based on Govt. of India's Central Electrical Authority Report dated 31-01-16

Indian power industry is plagued with high transmission and distribution losses which exceed 25% of total power generation. India's T&D losses are almost 2.5 times the world average. The T&D losses are due to variety of reasons viz., substantial energy sold at low voltage, sparsely distributed loads over large rural areas, inadequate investment in distribution system, improper billing and high pilferage.

Lack of coal supply was a major hurdle in the power sector till some time back as majority of power generation takes place through thermal power plants which uses coal as its raw material. However, with increased import and jump in the production of coal by Coal India this problem has been resolved considerably. Major players in the generation space were sitting on sufficient inventories of coal as at the end of the previous fiscal year. Further, big bang efforts are underway to shift to renewable source of energy in order to reduce the carbon emission. The government has laid down an ambitious plan to generate 100 GW of solar power capacity by 2022 from the 3.3GW at present. This will be a mammoth task to achieve given that land acquisition remains cumbersome.

Presently, major concern for the power generators is the off-take of electricity. Power generators sell power to SEBs or DISCOMs. SEBs are facing financial crisis and are minting losses to the extent of ₹ 700 billion annually. The SEBs does not have enough resources to purchase power from the generators. Hence a situation has arisen wherein there is excess of power but no takers for the same. However, the situation is likely to improve with the recently introduced 'Ujwal Discom Assurance Yojana' (UDAY) whereunder, 75% of the loans on the SEBs books will be transferred in the books of their respective state governments. Transferring such huge quantum of loans will provide some relief to the SEBs in terms of finance costs.

Increase in clean energy cess from ₹ 200/- per tonne of coal at present to ₹ 400/- for the year 2016-17 coupled with lower realisations continue to trouble the power industry. As compared to the southern region where prices rule in the range of ₹3.80 to ₹4.30 per unit, the prices in Chhattisgarh hovered around ₹2.50 per unit, lower by nearly 58% as compared to prices in the southern region.

Recognising that electricity is one of the key drivers for rapid economic growth and poverty alleviation, the government and the industry has set itself the target of providing electricity access to all households over the next few years. Government

MANAGEMENT DISCUSSION AND ANALYSIS

of India has taken various initiatives in the areas of coal-mining, renewable-energy, power generation and electricity-distribution sectors. Several measures are also being taken to address regional imbalances, unstable grid and fluctuation in pricing. This augurs well for the power sector in the coming years.

OPPORTUNITIES AND THREATS

Opportunities

With the government focusing on the development of infrastructural facilities, the demand of steel and power is expected to pick up. An increase in the investment for roads and railways, infrastructure, etc. will augur well for the steel industry. Low per capita consumption of stainless steel in India combined with expansion into emerging territories and Government's focus on building infrastructure and spurring domestic consumption holds promise of increased demand of stainless steel from consumer durables, auto, transport, water management and solar energy sectors and other sectors.

As per the research reports, the Govt.'s 'Make in India' programme, which has earmarked \$87 billion worth of investment in new infrastructure and manufacturing projects over the next five years, will benefit the country's steel and mining companies.

Another research report says that "While the growth trajectory for India's economy and its steel sector is unarguably a positive one, patience will be required. India has routinely missed its targets and despite the efforts of the government, limited access to land, approval delays and a lack of funding, all remain". The report also says that the potential upside is enormous, with new investments in roads, power and railways over next five years accounting for almost 60% of the total investment. The government wants to construct 10,000 km of highways in the current financial year. Another positive sign is low level of resistance to reforms taken by the government in the last 32 months.

Increased demand owing to higher road construction activity with consumption of rebar and wire rod increasing by 8.5% to 30.14 million tonnes (mt) between April 2015 and February 2016, according to Joint Plant Committee data. Similarly, Railways plans to spend \$128 billion on its network in the next five years, including \$17.6 billion in FY17.

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

Threats

Uneven demand for steel and large scale dumping of steel products by China and other countries have already crippled the competitiveness of indigenous steel industry. The prevailing situation has made several steel manufacturers across the country to curtail their production drastically. The iron ore/fines prices in 2015 -16 witnessed a steep decline of 30 -35 % and is further expected to decline by 10-15% in 2016-17. As compared to fall in prices of raw materials, the decline in the prices of the finished goods was more which further squeezed the margins. The global mining and metals sector is in the midst of the "super correction" to the super-cycle, with an extended period of lower and volatile commodity prices, resulting in unprecedented impacts on performance. The increase in customs duty and imposition of minimum import price and anti-dumping duties by the govt. has helped in mitigating the threat of dumping to some extent.

SEML, with its manufacturing and infrastructural facilities, low cost production supported by captive power, strategic location, economic size, prominent position in the market, low leverage and established global clientele base, foresees a good opportunity for growth in the core area of its operation. The power plant and the ferro alloys plant at the Greenfield project at our Vizag facility is operating successfully. With low gearing and a strong cash flow, the Company is in a position to take advantage of the opportunities and face the threat emerging in the present economic scenario. However, the Company continues to face issue related to law and order at its captive iron ore mines, which may affect its performance.

OUTLOOK

The environment in the metals and mining industry will be challenging due to the weak demand and declining commodity prices. The forecasts from World Steel Association (WSA) suggest that the global steel demand is expected to decrease by 0.8% to 1,488 mtpa in 2016 after a contraction of 3% in 2015. The world steel market continues to suffer from weakness in the manufacturing sector and inadequate investments in the developed economies. The growth in advanced economies is expected to be modest owing to factors such as low productivity, unfavorable demographic trend, uncertainties in the political landscape and slowdown in activities on account of the ongoing financial crisis. Indian steel sector is going through one of the most challenging phase. Sluggish domestic demand coupled with high price of domestic iron ore and energy are playing spoil sport for the sector. Moreover, dumping of steel into India by steel-surplus countries, like China, Russia, Japan and Korea too is proving to be a big disadvantage for the sector.

MANAGEMENT DISCUSSION AND ANALYSIS

Likewise, steel demand in some emerging economies remained bleak owing to worsening of external environment on account of weak exports, low commodity prices, currency devaluation, capital outflows and other geo-political issues. Ongoing recession in a number of large emerging economies and difficult macroeconomic environments (including that of China), weaker terms of trade with tighter external financial conditions will continue to be causes of concern.

In the backdrop of the above environment, India's prospects seem bright with the Government of India taking several policy measures to support manufacturing, infrastructure and foreign investment. As per WSA, steel demand in the emerging and developing economies (excluding China) is expected to grow by 1.8% and 4.8% respectively in 2016. The government is constantly taking various initiatives like barriers on imports, promotion of housing and infrastructure to generate demand in the steel sector, establishment of Steel Research and Technology Mission of India (SRTMI), Skill Development Initiatives and has mooted a perspective plan to boost domestic steel capacity to 300 mt per annum by 2025, but with the banks already reeling under the steel sector's stressed loans, the govt.'s target of raising steel manufacturing capacity to 300 million tonnes by 2025 seems unrealistic.

In tandem, with a strong economic outlook and plans to expand steel production, it is likely that India will be on a fast-track growth path in steel production to be the second-largest steel producer within a few years. Moreover, India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors too will provide the required support to the steel sector in coming years.

Despite challenges, India is expected to be the largest growing economy in the world in FY 2017 with a growth rate anywhere between 7.5-8% – driven by the fundamentals of strong consumption and growth in real income as well as the Indian government's measures on various policy reforms underpin a constructive medium term demand outlook.

The Company is an integrated steel and ferro alloys producer engaged in the manufacturing and selling of pellets, sponge iron, steel billets, wire rod, wire and ferro alloys from its plant located at Raipur, Chhattisgarh. The Company's prospects look positive and is expected to improve its profitability margins owing improved efficiency of plants, improved revenue stream from ferro alloys plant at its Vizag based subsidiary.

The Company believes that with massive spending on infrastructure being lined up and with the Make in India programme, with the developed infrastructure readily available with Company, the outlook for the sectors in which the Company operates appears to be stable/positive.

RISKS AND CONCERNS

Risk, which is the manifestation of business uncertainty affecting corporate performance and prospects, is an integral part of business. As a proactive enterprise, SEML strengthens its systematic approach to its risk management. The Company has formed a Risk Management Committee which has the mandate of identifying the risks and suggesting the ways to mitigate them. To address the identified risks, the Company continues to spend significant time, effort and human resources to manage and mitigate such risks. The Company has identified its risk parameters and planned out mitigation measures to sustain its operations. Some of these include:

Risk	Risk-mitigating factors
Economic/Industrial risk -Cyclical nature of business -Unforeseen demand upsurge	-Fully integrated process -Proximity to steel manufacturing belt -Efficient logistics -Diversification
Environmental risk -Discharge of pollutants -Compliances	- Adequately equipped with pollution-control devices, complying as per the specified limits -Regular upkeep and maintenance of the equipment to avoid discharge of pollutants in the environment
Financial risk -Availability of funds for capex and business operations	-Low debt and gearing ratio and efficient financial management
Currency fluctuation -unfavourable rupee/foreign currency movement	-Substantial amount of import and export providing natural hedge -Forward contracts and bookings

MANAGEMENT DISCUSSION AND ANALYSIS

Risk	Risk-mitigating factors
Input risk -procurement of raw materials at the right cost and in the right time.	-integrated business model makes it possible for the end product of one business to be positioned as the raw material of another - creation of a self feeding ecosystem within minimal inventory, costing and logistic issues
Regulatory risk -Compliance with the ever changing applicable statutes and guidelines, rules and regulations	-complies with all applicable statutory requirements and has systems in place to ensure compliance with the regulatory changes, if any.
Safety risk -Healthy and safe working of workmen	-Regular safety audit by independent team and compliance review, preventive maintenance of Machines and equipment to avoid any unforeseen accidents -Adequate arrangements of fire station and dispensaries to address emergency situations
Human resources -retaining talent at various levels is a challenge	-ample opportunity of growth and development of individual -safety and security, motivation, performance linked remuneration in line with market

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

Your Company has availed the services of independent professional firm for Internal Audit, which checks the effectiveness of the internal controls with an objective to provide an independent, objective and reasonable assurance of the adequacy and effectiveness of your Company's risk management, control and governance processes.

Your Company is ISO 9001:2008 certified and has also achieved the ISO 14001:2004 & OHSAS 18001:2007 certifications. This initiative will help your Company to broaden its base on safety/health/environment. Behavior Based Safety (BBS) journey is also in place to eliminate unsafe behavior patterns.

Your Company has a business planning system to set targets and parameters for operations which are reviewed with actual performance to ensure timely initiation of corrective action, if required. The Company's Audit Committee reviews adherence to internal control systems, internal audit reports and legal compliances. This committee reviews all quarterly and yearly results of your Company and recommends the same to Board for its approval.

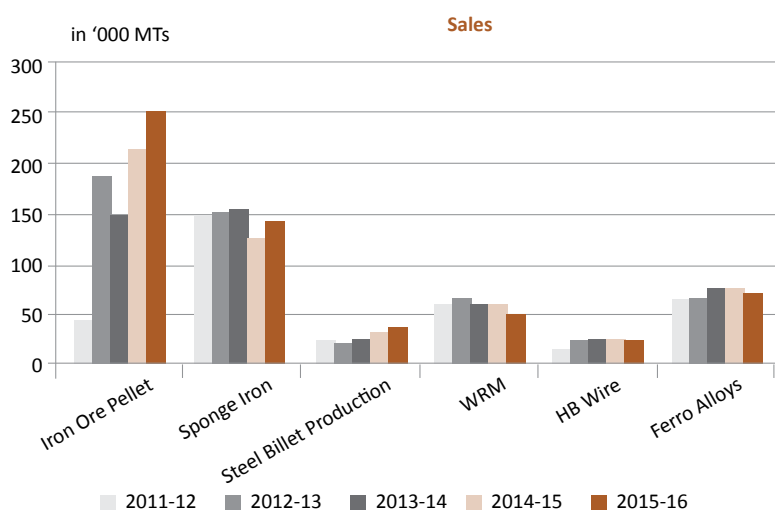
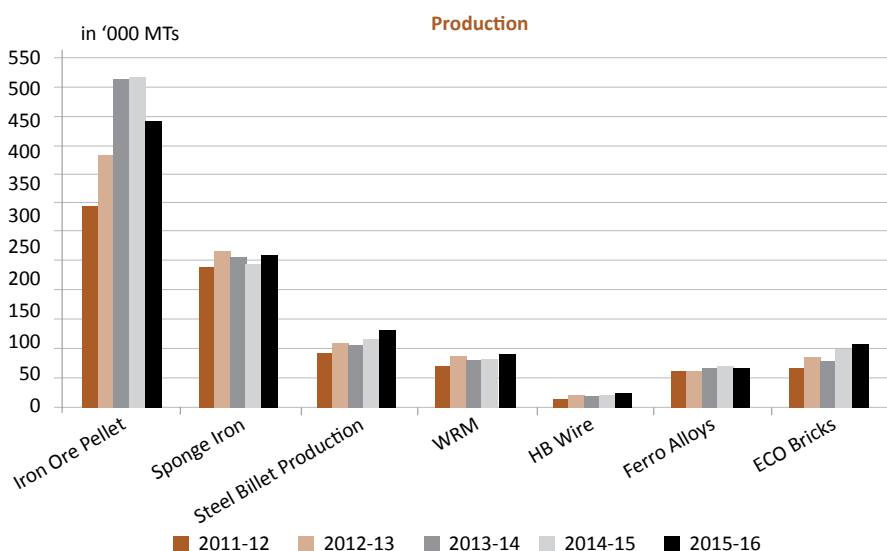
The Audit Committee also seeks the views/opinions of statutory auditors on the adequacy of the internal control systems in your Company. The scope and authority of the Internal Audit activity are approved by the Audit Committee. Internal Auditor reports directly to the Audit Committee of Board. Audit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

PRODUCT-WISE PERFORMANCE

The product wise performance matrix for the year 2015-16 is summarized hereunder:

Product	Production (MTs)		Sales (MTs)		Captive consumption (MTs)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Pellet	4,94,916	5,45,000	2,52,750	2,09,519	2,55,317	3,23,610
Sponge Iron	2,65,508	2,42,993	1,43,240	1,25,549	1,26,989	1,13,062
Steel Billet	1,34,566	1,18,409	37,852	32,132	96,214	87,200
Wire Rod	92,437	82,474	52,178	61,050	27,174	23,093
HB Wire	26,764	22,453	26,101	22,625	--	-
Ferro Alloys	70,720	69,406	72,144	76,233	1,540	1,583
Power (Mn Kwh)	569	563	30	39	481	463
Coal	---	11,89,028	---	---	54,106	12,66,243
Iron Ore	3,71,033	2,55,121	---	---	3,76,677	2,31,933

MANAGEMENT DISCUSSION AND ANALYSIS



FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Turnover

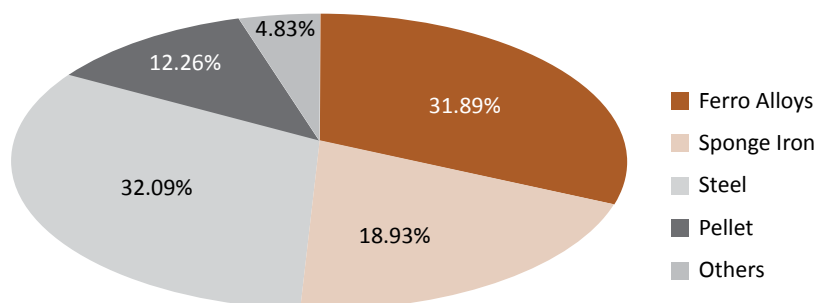
During 2015-16, your Company achieved a turnover of ₹ 1,150 crore on standalone basis as against ₹ 1,517 crore in the previous year. At the consolidated levels, the turnover in 2015-16 stood at ₹ 1,612 crore as against ₹ 1,903 crore in the year 2014-15. Sharp decline in the prices of finished products resulted in fall in turnover.

Breakup of Standalone revenue (Product wise)

Product (standalone)	2015-16 (%)	2014-15 (%)
Ferro Alloys	31.89	31.60
Steel – billets, wire rods and HB wire	32.09	28.09
Sponge Iron	18.93	17.86
Pellet	12.26	12.03
Others (inc power, coal and manganese ore)	4.83	10.42

MANAGEMENT DISCUSSION AND ANALYSIS

Turnover % 2015-16



Breakup of consolidated revenue (Entity wise)

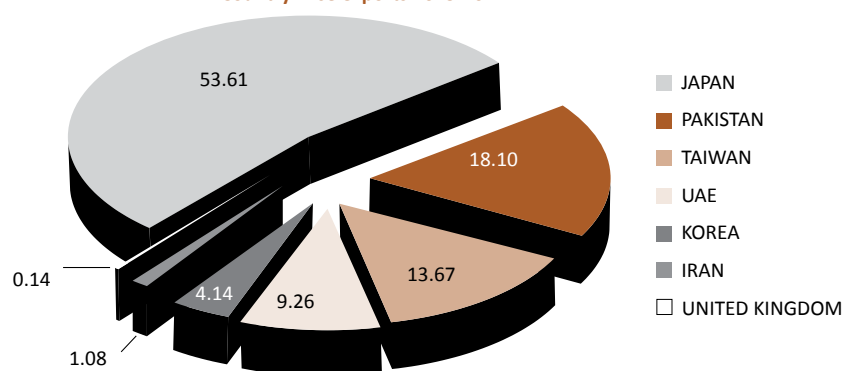
(₹ in crore)

Company	2015-16	2014-15	Product
Sarda Energy & Minerals Limited	1,134	1,506	Steel, Ferro alloys & Thermal Power
Sarda Metals & Alloys Limited	470	389	Ferro Alloys & Thermal Power
Parvatiya Power Limited	6	6	Hydro Power
Raipur Infrastructure Company Limited	2	2	Railway Siding
	1612	1903	

Exports

During 2015-16, exports of your Company stood at 17,839 mt of ferro alloys as against 28,665 mt in the previous year. The exports were lower because of weak market conditions and currency fluctuations. Japan continued to be the main export destination for the ferro alloys manufactured by your Company accounting for nearly 54% of the total exports. Japan was followed by Pakistan, Taiwan and UAE. During the year under review, your Company received recognition as TWO STAR EXPORT HOUSE from the Ministry of Commerce and Industry, Government of India. On the consolidated levels, the exports stood at 34,215 mt as against 44,299 mt in the previous year.

Country wise exports 2015-16



Finance cost

Finance cost includes Interest expense, other borrowing costs and also exchange differences to the extent considered as an adjustment to the borrowing costs. On a standalone basis, the finance cost went down by 6.78% to ₹ 55 crore in 2015-16 as compared to ₹ 59 crore in the year 2014-15. Within the finance cost, the outgo on account of interest increased slightly during the year due to availment of long term loans against debottlenecking and modernization projects undertaken over a period of time. This increase was offset by a decrease in the exchange differences and the other borrowing costs. At the consolidated levels also, the finance cost went down by 9.70% to ₹ 109 crore in 2015-16 as against ₹ 120 crore in 2014-15. This further reduction in finance costs is on account of repayment of short term borrowings taken for investment purpose in your company's foreign subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation

The depreciation during 2015-16 amounted to ₹ 50 crore as compared to ₹ 68 crore in the year 2014-15. High depreciation in 2014-15 was a onetime effect on account of transition to providing depreciation based on the useful life of fixed assets as required under Schedule II of the Companies Act 2013.

Other Expenses

The other expenses have reduced considerably in 2015-16 to ₹ 171.35 crore as compared to ₹ 363.17 crore in 2014-15. This is mainly on account of not incurring any mining expenses and other consequential logistic and Rates & Taxes expenses associated with Coal mining operations which have ceased due to the termination of all Coal mines w.e.f. 1st April, 2015 pursuant to the Supreme Court judgement.

Besides, there is also the effect of the cost saving drive taken by the company which is reflected in the reduction in stores consumption, power cost, repairs expenses and also various administrative expenses.

Profitability

During 2015-16, the Profit Before Tax was ₹ 57 crore as against ₹ 82 crore in the year 2014-15. Sharp decline in the prices of finished products was the main reason for reduction in profits. The Net Profit for the year was ₹ 38 crore as against ₹ 56 crore in 2014-15. At the consolidated levels, the profit before tax was ₹ 47 crore in 2015-16 as against ₹ 87 crore in 2014-15. This reduction in consolidated profits is mainly on account of elimination of dividend received from the foreign subsidiary. The net profit at consolidated levels stood at ₹ 15 crore in 2015-16 as against ₹ 55 crore in 2014-15. This disproportionate tax impact is on account of various reasons. Firstly, there is a conscious de-recognition of MAT credit of ₹ 4.5 crore in our subsidiary, Sarda Metals and Alloys Limited, on account of availability of huge unabsorbed depreciation and a long tax holiday period. Secondly, another of our subsidiary, Madhya Bharat Power Corporation Limited, has as an abundant caution, provided tax on the interest income earned over the years on the project funds invested temporarily pending utilization.

Share Capital

In 2015-16 the share capital has increased nominally on account of issue of 25,966 shares under ESOP.

Long term debts

During the year, your company repaid ₹ 132 crore of term loans availed from the banks/ financial institutions. All the loans and the interest payment commitments were met on time.

During the year, your Company availed fresh term loans amounting to ₹ 31 crore against its Diversification, Modernisation and Expansion projects. As on 31st March, 2016, the long term loans (including current maturities) stood at ₹ 246 crore as against ₹ 351 crore in the previous year. The Long Term Debt Equity ratio improved from 0.34:1 to 0.23:1.

Consolidated borrowings stood at ₹ 978 crore as against ₹ 1,010 crore in the previous year mainly on account of repayment. The consolidated Debt Equity ratio stood at 0.80:1 against 0.83:1 in the previous year.

During the year, CARE had lowered the ratings one notch and has issued the credit rating of CARE A1 (A one) (P.Y. A1+) for short term loans and CARE A (Single A) (P.Y. CARE A+) for the long term loans.

The revision in ratings assigned to bank facilities and instrument of the Company factors the modernization in credit profile and debt coverage indicators reflecting significant decline in profitability during H1FY16 and elongated working capital cycle during FY15. The ratings were also affected due to equity support towards cost overrun in one of the hydro projects in the group, de-allocation of coal blocks increasing reliance on open market, under-utilisation of captive iron ore mines exposing the company to price volatility and inherent cyclical nature of steel and ferro alloys industry.

Other long term liabilities include deposits from vendors and other payables.

Short term borrowings

The short term borrowings stood at ₹ 157 crore as against ₹ 176 crore in the previous year. The reduction was mainly due to repayment of short term loans, Buyers' credit facilities and unsecured loan.

On a consolidated level, the short-term borrowings came down from ₹ 473 crore in the previous year to ₹ 277 crore in 2014-15 mainly due to repayment of short term loans.

Trade payables

Trade payables increased to ₹ 66 crore as against ₹ 53 crore in the previous year mainly on account of payables against Coal imports. In the previous year the company was meeting coal requirement from captive coal mines / linkage.

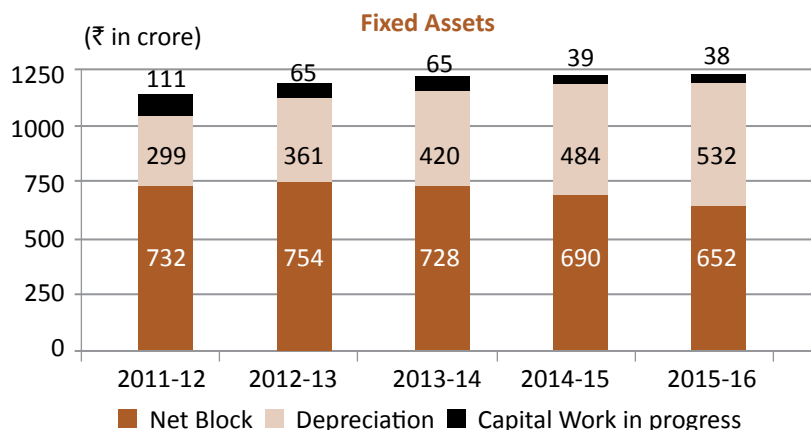
MANAGEMENT DISCUSSION AND ANALYSIS

Other current liabilities

The current maturities of long term debt has gone down from ₹ 137 crore in 2014-15 to ₹ 81 crore in 2015-16. Other liabilities have also come down from ₹ 53 crore in 2014-15 to ₹ 24 crore in 2015-16. This reduction is mainly on account of the payment made against the additional levy provided on captive coal production from September'14 to March'15 pursuant to the Supreme Court judgment.

Fixed assets

The gross block stood at ₹ 1222 crore as against ₹ 1,213 crore in the previous year, a marginal increase of ₹ 9 crore. The net block stood at ₹ 690 crore as against ₹ 728 crore in the previous year.



Consolidated gross fixed assets went up from ₹ 2330 crore last year to ₹ 2503 crore for the year under review mainly on account of project investments made by MBPCL and CHP LLP.

Non-current investments

During the year, your Company has made further investments of ₹ 35 crore in its subsidiaries and controlled entities mainly in Madhya Bharat Power Corporation Limited and Chhattisgarh Hydro Power LLP. The projects of subsidiaries, namely, CHP LLP and MBPCL are under various stages of execution. The benefits of the investments would flow to your Company in the coming years.

During the year under review, having dropped the project, Sarda Energy Limited bought back 25% share capital for a Sum of ₹ 23.49 crore. After cancellation of coal mine allocation, Madanpur South Coal Company Limited also bought back around 24% shares to utilize the surplus funds. However, there is no change in company's share in those entities.

Long term loans & advances

Long term loans and advances came down to ₹ 55 crore as against ₹ 64 crore in the previous year. This was mainly on account of net reduction in Capital advances.

Current assets

(₹ in crore)

Product	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Current Investments	0.05	0.06	133.79	274.73
Inventories	177.28	335.03	221.29	427.97
Trade Receivables	26.82	53.73	112.97	97.30
Cash and Bank Balance	1.16	1.65	11.94	11.34
Short Term Loans and Advances	253.29	144.94	321.53	321.14
Other Current Assets	0.42	0.80	14.52	4.62

MANAGEMENT DISCUSSION AND ANALYSIS

There has been considerable reduction in the inventory of Finished & semi finished goods in 2015-16 as compared to 2014-15. This is mainly on account of consumption / disposal of the coal stock held by your company as on 31st March, 2015. Besides, the company has taken conscious steps to bring down the inventory level of finished goods also in tune with its cost saving drive. The Company has taken steps to keep minimum inventory (raw materials and finished products). The receivables have also come down. This has resulted in proper and efficient utilization of resources and at the same time has eased the pressure on the working capital facilities. Increase in the Short term loans and advances is mainly on account of increase in the loans to the subsidiaries/controlled entities (₹ 77.22 crore) to support their activities. A part of this will come back on disbursement of the loan for the project. The other current assets have come down.

At the consolidated level the current investments have come down mainly due to the unwinding of the investments made in Sarda Energy & Minerals Hong Kong Limited and repayment of the short term borrowings taken for the same. Trade receivables at consolidated level increased due to delay in payments from Power distribution companies of Andhra and Telangana.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCE/INDUSTRIAL RELATIONS

Growth and sustenance of an organisation depends on the quality of its human capital. Your Company's vision is built on the foundation of core values of Pioneering Spirit, Teamwork, Respect and Ownership. These core values guide our actions every day and help transform the Company's purpose into reality.

Your Company recognizes that a healthy and engaged workforce is a key to the productivity and growth of the organisation. Your Company focuses on building talent from within by aiding our employees to continuously develop their skills through various learning and development opportunities and by also encouraging them to take on higher responsibilities and job rotations/enlargement. During the year, programs like Behaviour Based Safety training, Integrated Management system, Skill Development, Corporate Culture for the shop floor employees & Knowledge sharing session by seniors were conducted.

During the year, your Company won Gold medal & Excellence award in National Convention of Quality Circle held at Chennai. Further, in the current year, your Company shall be participating in international convention of quality Circle to be held in Thailand.

Your Company's performance management system is built on the pillars of meritocracy, transparency and differentiation. Through a highly systematic, accountable and technology enabled process, we reinforce not just the performance standards but also the right behaviours that need be displayed by employees at all levels. The selection process is based on pre-defined Competency Matrix which helps in self development and organisational growth.

As of 31st March, 2016, the total number of employees stood at 1,301 as compared to 1,529 in the previous year. This decrease in manpower is due to closure of our coal mines at Raigarh pursuant to de-allocation of coal mines under order from of Hon'ble Supreme Court of India. During the year, attrition rate was 5.7% excluding Raigarh as compared to 6.02% in the previous year and the average age of employees is 38 years as on 31-03-2016.

Overall, the focus was on getting more from less, building internal capabilities and bringing down costs through application of technology and innovation, while keeping the employees engaged.

FORWARD LOOKING STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the sector, significant changes in political, regulatory and economic environment in India, exchange rate fluctuations, tax laws, litigation and labour relations and other incidental factors.

CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

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

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

Your Company would constantly endeavor to improve these aspects.

2. Board of Directors

2.1 Composition

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

The names and categories of the directors on the board and other relevant information, as on 31st March, 2016, are as under:

Names of the Directors [^]	Category	No. of other Directorships held**	Member/ Chairman of other Board committees [@]	No. of shares held in the Company
Mr. K.K. Sarda	Promoter Executive	7	-	13,09,149
Mr. Pankaj Sarda	Promoter/ Wholetime	10	-	6,91,107
Mr. G.D. Mundra*	Professional/Wholetime	8	5	15,154
Mrs. Uma Sarda	Promoter/Non-executive	1	-	4,89,425
Mr. Rakesh Mehra	Independent Non-executive	1	-	5,170
Mr. A.K. Basu	Independent Non-executive	2	-	2,000
Mr. P.R. Tripathi	Independent Non-executive	7	6	Nil
Mr. G.S. Sahni	Independent Non-executive	6	1	2,334
Mr. C.K. Lakshminarayanan	Independent Non-executive	3	3	7,000
Mr. Jitender Balakrishnan	Independent Non-executive	9	8	833

** Excluding directorships in foreign companies.

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

* Resigned from the Directorship of the Company w.e.f. 1st April, 2016 and accordingly ceased to be a Director with effect from the said date.

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

2.2 Board Meetings

The members of the Board are being provided with the requisite information mentioned in the Listing Regulations well before the Board Meetings. Six meetings of the Board of Directors were held during the year ended 31st March, 2016 as given hereunder:

i)	23rd May, 2015	ii)	25th July, 2015	iii)	28th September, 2015
iv)	7th November, 2015	v)	30th January, 2016	vi)	12th March, 2016

CORPORATE GOVERNANCE

The attendance recorded for each of the Directors at the Board Meetings during the year ended on 31st March, 2016 and of the last Annual General Meeting is as under :

Names of the Directors	No. of Board Meetings attended	Last AGM attended
Mr. K.K. Sarda	6	Yes
Mr. Pankaj Sarda	5	Yes
Mr. G.D. Mundra*	5	No
Mrs. Uma Sarda	4	Yes
Mr. Rakesh Mehra	5	Yes
Mr. A.K. Basu	5	Yes
Mr. P.R. Tripathi	6	Yes
Mr. G.S. Sahni	5	Yes
Mr. C.K. Lakshminarayanan	6	Yes
Mr. Jitender Balakrishnan	6	Yes

* Resigned from the Directorship of the Company w.e.f. 1st April, 2016 and accordingly ceased to be a Director with effect from the said date.

2.3 Governance Policies

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

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

2.4 Meetings of Independent Directors

Your Company's Independent Directors met once during the year without the presence of the management. Independent Directors discussed matters pertaining to the Company's affairs and submitted their views/suggestions to the Board. The Independent Directors takes appropriate steps to present Independent Directors' views to the Chairman & Managing Director.

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

2.5 Code of Conduct

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

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

CORPORATE GOVERNANCE

"I hereby confirm that the Company has obtained from all the members of the Board and senior executives, affirmation that they have complied with the Code of Conduct for Board of Directors, Senior Management and Employees in respect of the financial year 2015-16.

K.K. Sarda

Chairman & Managing Director"

2.6 Particulars of Directors seeking appointment/reappointment

Details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) in respect of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting to be held on 30th September, 2016 are given as under:

1	Name	Mrs. Uma Sarda	Mr. Padam Kumar Jain
2	i) Age	57 years	53 years
	ii) Qualification	Bachelor of Arts in Home Science	Fellow Member of the Institute of Chartered Accountant of India and Associate Member of the Institute of Company Secretaries of India
	iii) Date of appointment	29.09.2014	01.06.2016
3	Experience	She is attached with an NGO named Friends of Tribals Society which works for the primary education of the tribal children and health care of tribal people of Chhattisgarh. Apart from the above, she is associated with various social organizations in and around Raipur.	He has an experience of nearly 30 years in the field of finance, accounting, Costing, Secretarial, taxation and corporate laws.
4	Other Directorships/ Partnerships	Rishabh Mining and Transport Company Private Limited	Sarda Dairy & Food Products Limited Madhya Bharat Power Corporation Limited Sarda Solutions & Technologies Private Limited Sarda Power & Steel Limited
5	Chairman/ Member of Committees	NIL	Member, Risk Management Committee as CFO
6	Shareholding in the Company	4,89,425 Equity Shares	6,000 Equity Shares
7	Relationship with Directors	Related to Mr. K. K. Sarda and Mr. Pankaj Sarda.	None

3. Committees of the Board

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

Audit Committee	Nomination & Remuneration Committee
Mr. A. K. Basu (Chairman)	Mr. P. R. Tripathi (Chairman)
Mr. C. K. Lakshminarayanan	Mr. G. S. Sahni
Mr. Rakesh Mehra	Mr. J. Balakrishnan
Mr. Pankaj Sarda	Mr. K. K. Sarda
Mr. G. D Mundra*	

CORPORATE GOVERNANCE

Stakeholders' Relationship Committee	Corporate Social Responsibility Committee
Mr. J. Balakrishnan (Chairman)	Mr. P. R. Tripathi (Chairman)
Mr. A.K. Basu [#]	Mr. K.K. Sarda
Mr. G. D. Mundra [*]	Mr. Pankaj Sarda
Risk Management Committee	
Mr. K.K. Sarda (Chairman)	
Mr. Pankaj Sarda	
Mr. G. D. Mundra [*]	
Mr. P.K. Jain, CFO	
Mr. Asish Roy (President)	

* Mr. G.D. Mundra who was the Whole-time Director of the Company has ceased to be a member of the Audit Committee, Stakeholders' Relationship Committee and Risk Management Committee w.e.f. 1st April, 2016.

Mr. A.K. Basu has been appointment member of the Stakeholders' Relationship Committee w.e.f. 1st April, 2016.

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

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

Board Committees	Audit Committee	Nomination & Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Meetings held	4	2	16	2	1
Attendance:					
Mr. K.K. Sarda	NA	2	NA	2	1
Mr. Pankaj Sarda	NA	NA	NA	2	1
Mrs. Uma Sarda	NA	NA	NA	NA	NA
Mr. G.D. Mundra [*]	4	NA	16	NA	1
Mr. A.K. Basu	4	NA	NA	NA	NA
Mr. C.K. Lakshminarayanan	4	NA	NA	NA	NA
Mr. G.S. Sahni	NA	2	NA	NA	NA
Mr. J. Balakrishnan	NA	2	16	NA	NA
Mr. P. R. Tripathi	NA	2	NA	2	NA
Mr. Rakesh Mehra	4	NA	NA	NA	NA

* Mr. G.D. Mundra who was the Whole-time Director of the Company has ceased to be a member of the Audit Committee, Stakeholders' Relationship Committee and Risk Management Committee w.e.f. 1st April, 2016.

3.3 Procedure at Committee Meetings

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far as practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before Board meetings for noting.

3.4 Terms of Reference of Board Committees

Audit Committee

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

At the invitation of the Company, representatives from various business units of the Company, internal auditors, cost auditors, statutory auditors, President and Secretary, who acted as Secretary to the Audit Committee, also attended the Audit Committee meetings to respond to queries raised at the Committee meetings.

CORPORATE GOVERNANCE

Nomination & Remuneration Committee

The Nomination Committee is responsible for:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report;
- To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme.

Remuneration policy: The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as Annexure C to the Directors' Report. The Company's remuneration policy is directed towards rewarding performance based on review of achievements at periodical intervals. The remuneration policy is in consonance with the existing industry practice. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors. The criteria for performance evaluation is annexure as Annexure B to the Director's Report.

The Executive Directors have been paid remuneration as per terms of their appointment. The Non-Executive Directors have been paid sitting fees for meetings of the Board and/or Committees attended by them. Also, pursuant to the approval of members, Non-Executive Independent Directors have been paid Commission on the net profits of your company for the year 2015-16.

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

Name of the Director	Salary	Perquisites & Allowances	Retiral Benefits	Commission	Total	Stock Options granted*
Mr. K.K. Sarda	96.00	9.04	12.52	150.00	267.56	NIL
Mr. Pankaj Sarda	24.00	26.35	3.88	0	54.23	NIL
Mr. G.D. Mundra	17.10	13.85	3.05	0	34.00	NIL

* No stock options were granted during the year.

Note :

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

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

Name of the Director	Sitting fees	Commission	Total
Mr. A.K. Basu	1.40	3.00	4.40
Mr. C.K. Lakshminarayanan	1.60	3.00	4.60
Mr. G.S. Sahni	1.20	3.00	4.20
Mr. J. Balakrishnan	3.00	1.00	4.00
Mr. P.R. Tripathi	1.60	1.00	2.60
Mr. Rakesh Mehra	1.40	1.00	2.40
Mrs. Uma Sarda	0.80	0.00	0.80

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

CORPORATE GOVERNANCE

Stakeholders' Relationship Committee

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

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

The number of complaints received : 6 complaints were received which were attended in time. Apart from during the year the above, requests for issue of duplicate shares, share transmissions, revalidation of warrants and change in bank account details, were also received and were attended promptly.

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

Number of pending complaints : No complaint was pending for redressal as on 31st March, 2016.

Corporate Social Responsibility Committee

The role of the Committee is to:

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

Risk Management Committee

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

4. General Body Meetings

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

Date	Time	Location	Special Resolution Passed
28th September, 2015	3.00 p.m.	Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025	No Special Resolution was passed in the meeting
29th September, 2014	11.00 a.m.	Hotel Pride, Opp. Airport, Wardha Road, Nagpur - 440025	To enter into sale/ purchase contracts / arrangements with M/s. Sarda Metals & Alloys Limited, Wholly Owned Subsidiary, subject to annual limit of ₹ 500 crore.
28th September, 2013	2.30 p.m.	73-A, Central Avenue, Nagpur - 440018	No Special Resolution was passed in the meeting

Special Resolution(s) passed through Postal Ballot

During 2014-15, the members of the Company have approved :

- Borrowings by the Company for an amount not exceeding paid up capital plus free reserves plus ₹ 2,000 crore
- Creation of charges on the assets/properties of the Company for borrowings not exceeding paid up capital plus free reserves plus ₹ 2,000 crore
- adoption of new set of Articles of Association by passing Special Resolutions through postal ballot effective 27th March, 2015.

CORPORATE GOVERNANCE

The Board had appointed Ms. Deepmala Mall, Practicing Company Secretary of M/s. S.G. Kankani & Associates, Raipur as Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner.

The details of the voting pattern in respect of Special Resolutions passed was as under:

Special Resolution authorising Board to borrow, together with the money already borrowed, upto a sum not exceeding a sum equal to paid up equity capital plus free reserves plus ₹ 2,000 crores at any point of time:

Promoter/Public	No. of Shares held	No. of votes polled	% of Votes polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			$=[(2)/(1)] \times 100$			$=[(4)/(2)] \times 100$	$=[(5)/(2)] \times 100$
Promoter & Promoter Group	25648358	22806717	88.92	22806717	0	100.00	0.00
Public - Institutional Holders	2530059	1231944	48.69	1231944	0	100	0
Public - Others	7773936	39832	0.51	36528	3304	91.71	8.29
Total	35952353	24078493	66.97	24075189	3304	99.99	0.01

After excluding 650 votes of 6 shareholders declared invalid

Special Resolution authorizing the Board to create security on its immovable/movable properties, assets of the Company, upto an aggregate limit of paid up equity shares capital plus free reserves plus ₹ 2,000 crores in favour of its lenders:

Promoter/Public	No. of Shares held	No. of votes polled	% of Votes polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			$=[(2)/(1)] \times 100$			$=[(4)/(2)] \times 100$	$=[(5)/(2)] \times 100$
Promoter & Promoter Group	25648358	22806717	88.92	22806717	0	100.00	0.00
Public - Institutional Holders	2530059	1231944	48.69	1231944	0	100.00	0.00
Public - Others	7773936	38166	0.49	34332	3834	89.95	10.05
Total	35952353	24076827	66.97	24072993	3834	99.98	0.02

After excluding 2366 votes of 18 shareholders declared invalid

CORPORATE GOVERNANCE

Special Resolution for adoption of new set of Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013

Promoter/Public	No. of Shares held	No. of votes polled	% of Votes polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			$=[(2)/(1)] * 100$			$=[(4)/(2)] * 100$	$=[(5)/(2)] * 100$
Promoter & Promoter Group	25648358	22806717	88.92	22806717	0	100.00	0.00
Public - Institutional Holders	2530059	1231944	48.69	1231944	0	100.00	0.00
Public - Others	7773936	38566	0.50	35546	3020	92.17	7.83
Total	35952353	24077227	66.97	24074207	3020	99.99	0.01

After excluding 2566 votes of 21 shareholders declared invalid

5. Means of communication

Quarterly, half-yearly and annual results are submitted to the stock exchange in accordance with the Listing Regulations and published in Indian Express (English) and Loksatta (vernacular) newspapers. The financial results and other relevant information are placed simultaneously on the Company's website - www.seml.co.in. Neither official news releases nor any presentations have been made to the institutional investors or to the analysts during the year.

6. General shareholder information

Annual General Meeting	: Date: 30th September, 2016 : Time: 11.30 a.m. : Venue: Hotel Pride, Opp. Airport, Wardha Road, Nagpur (M.H.) 440025
Financial calendar for 2016-17(tentative)	:
Financial results for the quarters ended:	:
30th June, 2016	: 4th week of August, 2016
30th September, 2016	: 4th week of November, 2016
31st December, 2016	: 4th week of January, 2017
31st March, 2017	: 4th week of May, 2017 (audited)
Annual General Meeting (for F.Y. 2016-17)	September, 2017
Dividend payment date	No final dividend is proposed. Interim Dividend declared in March 2016 has already been paid.
Listing on stock exchanges	
Equity shares	: The shares of the Company are listed on the following exchanges: i. BSE Limited, Mumbai (504614) ii. The National Stock Exchange of India Limited, Mumbai (SARDAEN) ISIN no. NSDL & CDSL - INE385C01013

CORPORATE GOVERNANCE

Non-convertible debentures

: The 9.55% non-convertible debentures of your Company are listed on the BSE Limited, Mumbai.

Particulars	9.55% NCDs
Market Lot	1
Scrip Code	946886
Scrip ID on Bolt System	SEML26JUL10
ISIN Number	INE385C07028
Credit Rating	CARE A

No Security of the Company has been suspended from trading on any of the stock exchanges where they are listed. Your Company has paid annual listing fees to the BSE Limited for equity shares and the NCD's and to The National Stock Exchange of India Limited, Mumbai, for the equity shares for the financial year 2016-17.

Trustees for NCDs (9.55%)

: Axis Trustee Services Limited
Axis House, 2nd Floor
Wadia International Centre
Pandurang Budhkar Marg, Worli, Mumbai 400025

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

: Bigshare Services Private Limited
E/2-3, Ansa Industrial Estate
Saki Vihar Road, Sakinaka, Andheri (East), 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, if the documents are complete in all respects, processed within the stipulated time. All share transfer requests are approved by the Stakeholders' Relationship Committee or the persons authorised by the Board.

Market price data: High/low during the year 2015-16

Month	SEML on the BSE (in ₹)		SEML on the NSE (in ₹)	
	High	Low	High	Low
Apr 2015	176.30	123.40	178.30	123.15
May 2015	147.00	128.00	148.25	128.55
Jun 2015	136.30	105.00	139.80	104.60
Jul 2015	118.00	101.50	118.10	101.30
Aug 2015	142.00	90.10	142.90	89.00
Sep 2015	102.50	90.00	104.60	89.55
Oct 2015	122.35	99.80	121.85	97.20
Nov 2015	112.90	92.30	112.95	93.00
Dec 2015	112.50	99.20	112.05	99.05
Jan 2016	128.00	86.70	124.00	86.20
Feb 2016	95.00	75.50	97.40	75.50
Mar 2016	101.30	78.70	101.40	76.20

CORPORATE GOVERNANCE

Comparison of SEML share price movements with BSE Sensex



Shareholding pattern as on 31st March, 2016

Sl. No.	Category	No. of shares	Percentage
1.	Promoter and Promoter Group	2,56,48,079	71.29%
2.	Institutions	14,60,122	4.06%
3.	Resident Individuals	51,80,887	14.40%
4.	Bodies Corporate	18,08,711	5.02%
5.	Overseas Corporate Bodies	18,04,891	5.02%
6.	Individuals NRIs	75,629	0.21%
	TOTAL	3,59,78,319	100.00%

Distribution of shareholding as on 31st March, 2016

Shareholding of nominal value (₹)	Shareholders		No. of shares	
	Number	% to total	Number	% to total
Up to 5,000	13,680	89.93	16,22,245	4.51
5,001 – 10,000	706	4.64	5,64,599	1.57
10,001 – 20,000	375	2.47	5,69,401	1.58
20,001 – 30,000	146	0.96	3,73,486	1.04
30,001 – 40,000	52	0.34	1,86,853	0.52
40,001 – 50,000	45	0.30	2,07,499	0.58
50,001 – 1,00,000	93	0.61	6,76,306	1.88
1,00,001 and above	114	0.75	3,17,77,930	88.32
Total	15,211	100.00	3,59,78,319	100.00

CORPORATE GOVERNANCE

Dematerialisation of securities	<p>: Your Company has arrangement with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialisation of equity shares. As on 31st March, 2016, out of the total 3,59,52,353 equity shares held by about 15,211 (PY 13,887) shareholders, approximately 3,54,89,562 (PY 3,54,47,763) equity shares held by 10,963 (PY 9,556) shareholders representing 98.64% (PY 98.59%) percent of the total paid-up equity capital have been dematerialised.</p> <p>Debentures are also held in dematerialised form.</p>
Hedging of risk	<p>: Company is not having much exposure to foreign exchange and there is a natural hedging partly available in terms of exports made by the Company.</p> <p>In respect of price risk of raw materials used for manufacturing purpose the same is taken care of as per industry requirement.</p>
Plant location	: The plant of your company is located at Industrial Growth Centre, Siltara, Raipur (C.G).
Address for correspondence	<p>: Sarda Energy & Minerals Limited <u>Regd. Office:</u> 73-A, Central Avenue, Nagpur (M.H.) Ph: +91-771-2722407 / Fax: +91-771-2722107 e-mail: cs@seml.co.in <u>Works:</u> Industrial Growth Centre, Siltara Raipur [C.G.] 493 111 Ph: +91-771-2216100 / Fax: +91-771-2216198 e-mail: cs@seml.co.in</p>

7. Disclosures

a) Related Party Transactions

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

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

The Company's major related party transactions are generally with its subsidiaries and associates. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries and Associates.

All related party transactions are negotiated on an arms' length basis and are intended to further the Company's interests.

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

During the last three years, the Company has complied with all applicable cut and regulations and there was no non-compliance by the Company. No penalties, strictures were imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets. Your Company's application for delisting is pending with the Calcutta Stock Exchange, for long. The matter has been reported to SEBI. In view of the

CORPORATE GOVERNANCE

pendency of delisting application with the Calcutta Stock Exchange, your Company has stopped reporting about the same and has also stopped sending the information to the Calcutta Stock Exchange.

c) **Whistle Blower policy**

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

d) **Compliance**

All Accounting Standards mandatorily required have been followed without exception in preparation of the financial statements. There is no non-compliance of any of the requirements of Corporate Governance Report as required under the Listing Regulations.

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

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

e) **Web-links**

1. Related Party Transaction Policy

<http://seml.co.in/Corporate%20Governance/SEML%20-%20Policy%20on%20Related%20Party%20Transactions.pdf>

2. Material Subsidiary Policy

<http://seml.co.in/Corporate%20Governance/SEML%20--20Policy%20for%20determinig%20Material%20Subsidiaries.pdf>

3. Other Policies

<http://seml.co.in/policies.php>

f) **Material financial & commercial transactions by Senior Management**

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

CERTIFICATE

To the Members of
Sarda Energy & Minerals Limited

We have examined the compliance of conditions of Corporate Governance by Sarda Energy & Minerals Limited, for the year ended 31st March, 2016 as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI Listing Regulations] pursuant to the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations.

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

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

(Sanjay Singhania)
Partner
M.No.076961

Place: Raipur
Date: 24th August, 2016

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To the Members of
Sarda Energy & Minerals Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Sarda Energy & Minerals Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

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

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2016;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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Emphasis of Matters

We draw attention to the following matters in the notes to the financial statements:

- a) Note no. 38 which describes the uncertainty related to the compensation amount and exclusion of washery from the mine infrastructure cost of cancelled coal block of the Company for which the Company has filed writ petition in the court of law. Since the matter is subjudice, pending settlement of claim, no adjustment has been made for impairment.
- b) Similarly, note no. 33 which also describes uncertainty related to investments in Joint Venture Company where the allotted coal block has been cancelled. No impairment loss has been booked in anticipation that the realizable value of the assets of Joint Venture shall be more than the value of investment of the Company.
- c) Impact with respect to (a) and (b) are presently not ascertainable and as such cannot be commented by us.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure – B, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure - A.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial positions in its financial statements – Refer Note no. 36 of the financial statements.
 - (ii) In our opinion and according to the explanation given to us, the Company has not entered into any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **O P Singhania & Co.**
 (ICAI Firm Regn. No.002172C)
Chartered Accountants
Sanjay Singhania
Partner
 Membership No.076961

Raipur, 27th May, 2016

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Annexure - A

Re : SARDA ENERGY & MINERALS LIMITED

Referred to in paragraph 2(f) of Report on Other Legal and Regulatory Requirements of our report of even date :

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of Sarda Energy & Minerals Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sanjay Singhania
Partner

Membership No.076961

Raipur, 27th May, 2016

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Annexure - B

Re: SARDA ENERGY & MINERALS LIMITED

Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date :

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all major assets except certain low value items viz furniture & fixtures and office equipment have been physically verified by the management at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed.
- (c) The title deeds of immovable properties, as disclosed in Note 12 on fixed assets to the financial statements, are held in the name of the Company except the immovable properties of merged companies which has still carried on the name of erstwhile companies and are yet to be updated in revenue records.
- (ii) As explained to us, the physical verification of inventories have been conducted at reasonable intervals by the management during the year. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) The company has granted unsecured loan to four companies and one Limited Liability Partnership covered in the register maintained under section 189 of the companies Act, 2013 during the year. According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that:
 - (a) The terms & conditions of the grant of such loan are not prejudicial to the interest of the Company.
 - (b) As explained to us the principal amounts are repayable on demand, whereas the interest is payable annually at the discretion of the Company and the repayments or receipts are regular.
 - (c) Since the amount outstanding is not overdue, therefore, the provisions of clause 3 (iii)(c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (iv) In our opinion and according to the information & explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investment made, and guarantees and security provided by it. The Company has not granted any loans and made any investments, or provided any guarantees or security to the parties covered under Section 185 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public, in terms of the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and rules framed thereunder; therefore the provisions of clause 3(v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, in respect of Company's products to which the said rules are made applicable and are of the opinion that, prima facie, the prescribed accounts and records, have been made and maintained. We have, however, not made a detailed examination of the records.
- (vii) (a) According to the information & explanations given to us, during the year the company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute except the following cases:

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Name of the Statute	Nature of the Dues	Amount (₹ in Lac)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	20.56	Jul'1987 to Oct'1988	High Court
Central Excise Act, 1944	Excise Duty	7.62	Mar'1989 to Aug'1989	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	29.95	2008 to Aug'2012	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	11.61	Sept'2012 to Aug'2013	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	64.93	Apr'2008 to Dec'2012	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	51.23	Sept'2013 to Jul'2014	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty Penalty	6.50 2.00	Jan'2005 to Mar'2007	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty Penalty	78.48 83.48	Apr'2007 to Jul'2009	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty Penalty	16.96 16.96	Jan'2005 to May'2007	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty Penalty	0.01 0.86	Dec'2006 to Mar'2007	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	9.74	1st Mar'2011 to 23rd Mar' 2011	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty Penalty	17.49 17.49	2007-08	Customs Excise & Service Tax Appellate Tribunal
Finance Act 1994	Service Tax Penalty	15.55 15.55	2005-06	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty Penalty Penalty	3.33 3.33 6.98	2004-05 2006-07 2006-07	Customs Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Penalty	0.43	Jul'2010 to Jun'2012	Customs Excise & Service Tax Appellate Tribunal
Central Sales Tax Act & Sales Tax Acts of Various states and Entry Tax Act, 1976	Value Added Tax, Central sales tax and Entry tax	224.20	1992-93 to 2010-11	Appellate Authorities upto Commissioner's level
Income Tax Act, 1961	Income Tax	46.58	A.Y. 2012-13	CIT (Appeals)
Income Tax Act, 1961	Penalty	44.02	A.Y. 2006-07	CIT (Appeals) - Nagpur
Chhatisgarh Upkar Adhiniyam 1981	Energy Development Cess	4,452.2	May'2006 to Feb'2014	Supreme Court

- (viii) Based on our audit procedures, and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or debenture holders as at the balance sheet date.
- (ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). According to the information and explanations given to us, and in our opinion, the term loans have been applied progressively for the purpose for which the loans were obtained.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. Therefore, the provisions of clause 3(x) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xi) The Company has provided for managerial remuneration during the year in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.

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- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Therefore, the provisions of clause 3(xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, the provisions of clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

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

Sanjay Singhania
Partner

Membership No.076961

Raipur, 27th May, 2016

BALANCE SHEET

as at 31st March, 2016

(₹ in Lac)

Particulars	Note	31.03.2016	31.03.2015
I. EQUITY AND LIABILITIES :			
1. Shareholders' funds			
Share capital	3	3,597.83	3,595.24
Reserves and surplus	4	1,01,521.44	99,535.05
		1,05,119.27	1,03,130.29
2. Non-current liabilities			
Long-term borrowings	5	16,508.84	21,439.42
Deferred tax liabilities (Net)	6	7,678.18	7,013.80
Other Long term liabilities	7	317.97	362.19
Long-term provisions	8	3,255.36	3,248.48
		27,760.35	32,063.89
3. Current liabilities			
Short-term borrowings	9	15,718.86	17,633.45
Trade payables		6,621.35	5,301.38
Other current liabilities	10	10,505.75	19,013.98
Short-term provisions	11	515.27	845.59
		33,361.23	42,794.40
Total		1,66,240.85	1,77,988.58
II. ASSETS :			
Non-current assets			
1. Fixed assets	12		
Tangible assets		61,175.73	64,944.00
Intangible assets		3,983.84	4,019.27
Capital work-in-progress		3,080.60	3,108.35
Intangible assets under development		772.41	769.49
		69,012.58	72,841.11
Non-current investments	13	45,797.33	45,084.64
Long-term loans and advances	14	5,529.93	6,436.12
Other non-current assets	15	—	6.08
		1,20,339.84	1,24,367.95
2. Current assets			
Current investments	16	4.65	6.09
Inventories	17	17,727.57	33,502.74
Trade receivables	18	2,681.67	5,372.58
Cash and Bank Balances	19	116.10	165.37
Short-term loans and advances	20	25,329.30	14,493.67
Other current assets	21	41.72	80.18
		45,901.01	53,620.63
Total		1,66,240.85	1,77,988.58
Significant Accounting Policies	1 & 2		

The Accompanying Notes are forming integral part of Financial Statements

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

Dated : 27th May, 2016

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

Dated : 27th May, 2016

P. K. Jain

Chief Financial Officer

Manish Sethi

Company Secretary

STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2016

(₹ in Lac)

Particulars	Note	2015-16	2014-15
I. Revenue from operations (Gross) :	22	1,14,953.59	1,51,714.30
Less: Excise Duty		11,432.92	13,794.86
Revenue from operations (Net)		1,03,520.67	1,37,919.44
II. Other income	23	3,899.52	3,927.10
III. Total Revenue (I + II)		1,07,420.19	1,41,846.54
IV. Expenses:			
Cost of materials consumed	24	55,069.44	67,988.98
Purchases of Stock-in-Trade		1,541.85	5,065.05
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	11,980.66	(6,996.55)
Employee benefits expense	26	5,510.39	5,946.53
Finance costs	27	5,522.08	5,886.12
Depreciation and amortization expense	28	4,955.41	6,759.46
Other expenses	29	17,135.90	36,317.16
Total Expenses		1,01,715.73	1,20,966.75
V. Profit before Exceptional Items and Tax (III - IV)		5,704.46	20,879.80
VI. Exceptional items		–	12,633.66
VII. Profit Before Tax (V - VI)		5,704.46	8,246.14
VIII. Tax expense:			
(1) Current tax		1,376.11	2,347.19
(2) Deferred tax		664.39	315.39
(3) MAT Credit Entitlement		(90.98)	–
IX. Profit for the period (VII - VIII)		3,754.94	5,583.56
X. Earnings per equity share:	30		
Basic (Before prior period and exceptional items)		10.44	15.55
Basic (After prior period and exceptional items)		10.37	15.52
Diluted (Before prior period and exceptional items)		10.44	15.55
Diluted (After prior period and exceptional items)		10.37	15.52
Significant Accounting Policies	1 & 2		

The Accompanying Notes are forming integral part of Financial Statements

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

Dated : 27th May, 2016

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

Dated : 27th May, 2016

P. K. Jain

Chief Financial Officer

Manish Sethi

Company Secretary

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(₹ in Lac)

Particulars	2015-16	2014-15
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Statement of Profit & Loss	5,704.47	8,246.14
Adjusted for :		
Depreciation	4,955.41	6,759.46
Interest Income	(1,811.48)	(2,557.77)
Finance Costs	5,522.08	5,886.13
Unrealised Exchange (Gain)/Loss	74.44	7.72
Employee Stock Option Amortisation	0.49	(0.70)
Dividend income	(1,812.94)	(1,182.53)
(Profit)/Loss on sale of investments	(111.68)	(13.88)
(Profit)/Loss on sale of fixed assets	96.31	204.25
Exceptional Expenses on Project Assets Written off	—	1,878.33
	6,912.63	10,981.01
Operating Profit before Working Capital changes	12,617.10	19,227.15
Adjusted for :		
(Decrease)/Increase in trade & other payables	(1,925.26)	(1,393.06)
(Increase)/Decrease in inventories	15,775.18	(5,951.59)
(Increase)/Decrease in trade and other receivable	2,689.09	(381.71)
(Increase)/Decrease in loans, advances & other current assets	(18,633.97)	3,473.43
	(2,094.96)	(4,252.93)
Cash generated from Operations	10,522.14	14,974.22
Direct Taxes (Net)	(1,350.10)	(2,148.55)
Net Cash from/(used) in Operating Activities	9,172.04	12,825.67
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Investment in Fixed Assets including Capital WIP	(2,128.82)	(2,168.07)
Sale of Fixed Assets	64.07	131.43
(Increase)/decrease in Investments	(711.26)	(3,853.33)
Profit on sale of investments	111.68	13.88
Loan given to Subsidiary and other parties	9,691.24	1,847.81
Interest received	1,811.48	2,557.77
Dividend received	1,812.94	1,182.53
Net Cash from/(used) in Investing Activities	10,651.33	(287.98)

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(₹ in Lac)

Particulars	2015-16	2014-15
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from fresh issue of shares	32.46	132.24
Proceeds from long term borrowings	3,127.00	9,630.08
Repayment of long term borrowings	(13,664.01)	(16,809.53)
Short term borrowings (net)	(1,994.71)	(2,873.79)
Interest Paid	(5,602.01)	(5,950.01)
Dividend & dividend tax paid	(1,798.92)	(1,077.78)
Net Cash from/(used) in Financing Activities	(19,900.19)	(16,948.79)
Increase/(Decrease) in Cash and Cash equivalent (A+B+C)	(76.82)	(4,411.11)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR (as per note 19)	111.17	4,522.28
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR (as per note 19)	34.35	111.17
Increase/(Decrease) in Cash and Cash equivalent	(76.82)	(4,411.11)

Notes:

(a) Cash and cash equivalent include the following :		
Cash on Hand	23.86	35.02
Balances with banks	92.25	130.36
Less : Unclaimed Dividend	(81.76)	(54.21)
	34.35	111.17
(b) Previous year figures have been recast/restated wherever necessary.		
(c) Figures in brackets represent outflows.		

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

Dated : 27th May, 2016

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

Dated : 27th May, 2016

P. K. Jain

Chief Financial Officer

Manish Sethi

Company Secretary

NOTES

to Financial Statements for the year ended 31st March, 2016

Significant Accounting Policies

1. NATURE OF OPERATION

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

2. BASIS OF PREPARATION

a) Accounting Convention

These financial statements have been prepared under historical cost convention from books of accounts maintained on an accrual basis (unless otherwise stated hereinafter) in conformity with accounting principles generally accepted in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to Sec 129 & 133 of the Companies Act, 2013, of India. The accounting policies applied by the company are consistent with those used in previous year.

b) Use of Estimates

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

c) Current and Non-current classification

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

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

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

2.1. Summary of significant accounting policies

a) Fixed Assets

i) Tangible

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

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

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

The Ministry of Corporate Affairs (MCA) has issued Companies (Accounting Standards) Amendment Rules

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to Financial Statements for the year ended 31st March, 2016

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

ii) Intangible

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

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

iii) Capital Work in Progress

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

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

b) Lease

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

c) Impairment of fixed Assets

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

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

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to Financial Statements for the year ended 31st March, 2016

d) Depreciation / Amortization

Depreciation has been provided based on life assigned to each asset in accordance with Schedule II of the Companies Act, 2013.

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

Leased assets are amortized on a straight-line basis over the useful life of the asset or the remaining period of lease, whichever is earlier.

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

e) Investments

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

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

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

f) Valuation of Inventories

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

ii) Raw Materials are carried at cost (net of CENVAT & VAT credits availed) on moving average basis and net realizable value whichever is lower. However, raw materials held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

iii) Finished and semi finished products produced or purchased by the Company are carried at lower of cost and net realizable value. Cost includes direct material and labor cost and a proportion of manufacturing overheads. Cost of finished goods includes excise duty based on prevailing rate.

iv) By products are valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

g) Advance Stripping Costs

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

h) Mines Restoration Expenses

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

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to Financial Statements for the year ended 31st March, 2016

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

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

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

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

i) Borrowing Cost

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

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

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

j) Employee Benefits

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

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

NOTES

to Financial Statements for the year ended 31st March, 2016

k) Revenue Recognition

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

i) Sale of Goods

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

ii) Dividends

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

iii) Interest

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

iv) Incentives

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

l) Foreign Currency Transaction and Balances

i) Initial Recognition

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

ii) Conversion

a) Monetary Items

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

b) Non Monetary Items

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

iii) Exchange Differences

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

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

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

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to Financial Statements for the year ended 31st March, 2016

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

m) Taxes on Income

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

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

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

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

n) Segment Reporting

i) Identification of Segments

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

ii) Segment Accounting Policies

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

iii) Inter-Segment Transfers

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

iv) Allocation of Common Costs

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

v) Unallocated Items

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

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to Financial Statements for the year ended 31st March, 2016

o) Earnings per Share

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

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

p) Provisions

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

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

Clause 8.5 of the AS-4 "Contingencies and events occurring after the Balance Sheet date" states that proposed dividend is sometimes reflected in the financial statements because of statutory requirement. As per requirement of Schedule III, the Company is disclosing proposed dividend separately.

q) Onerous Contracts

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

r) Contingent Liabilities

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

s) Cash Flow Statement

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

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

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

3. SHARE CAPITAL	31.03.2016		31.03.2015	
	No.	₹	No.	₹
Authorised				
Equity Shares of ₹ 10/- each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued, Subscribed and fully paid up				
Equity Shares of ₹ 10/- each	3,59,78,319	3,597.83	3,59,52,353	3,595.24
	3,59,78,319	3,597.83	3,59,52,353	3,595.24

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

	31.03.2016		31.03.2015	
	No.	₹	No.	₹
Shares outstanding at the beginning of the year	3,59,52,353	3,595.24	3,58,50,000	3,585.00
Shares Issued during the year	25,966	2.59	1,02,353	10.24
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	3,59,78,319	3,597.83	3,59,52,353	3,595.24

b. Terms/rights attached to equity shares

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

The Board of Directors of the Company have declared interim dividend of ₹ 2 per share (P.Y. ₹ NIL).

The Board of Directors of the Company subject to the approval of the members in the ensuing general meeting, has proposed a dividend of ₹ NIL per share (P.Y. ₹ 3/-).

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

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

NAME OF SHAREHOLDER	31.03.2016		31.03.2015	
	No.	₹	No.	₹
Equity shares of ₹ 10/- each fully paid				
Chhatisgarh Investments Limited	1,22,94,179	34.17	1,22,94,179	34.20
Sarda Agriculture and Properties Private Limited	26,35,150	7.32	26,35,150	7.33
Asia Minerals Limited	18,04,891	5.02	18,04,891	5.02

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

d. SEML ESOP Scheme 2012

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

Particulars	SEML ESOP Scheme 2012 – Year Ended			
	31.03.2016		31.03.2015	
	Options	Weighted Average exercise price	Options	Weighted Average exercise price
	Number	Amount (in ₹)	Number	Amount (in ₹)
Outstanding at the beginning of year	2,01,848	125.00	3,33,360	125.00
Granted during the year	Nil	Nil	Nil	Nil
Exercised during the year	25,966	125	1,02,353	125
Forfeited during the year	Nil	Nil	Nil	Nil
Expired during the year	28,030	Nil	29,159	Nil
Outstanding at the end of the year	1,47,852	125.00	2,01,848	125.00
Exercisable at the end of the year (Options which have vested)	1,47,852	125.00	98,303	125.00
Number of Equity Shares of ₹ 10/- each fully paid up to be issued on exercise of option	3,33,360	125.00	3,33,360	125.00
Exercise price at the date of exercise	N.A.	N.A.	N.A.	N.A.
Weighted average remaining contractual life (months) (including exercise period)	11	–	17	–

f. Proforma accounting for stock option grants

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

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

S. No.	Particulars	Year Ended 31st March 2016	Year Ended 31st March 2015
		Amount	Amount
1	Net Profit as reported	3,754.94	5,583.56
2	Add : Stock based employee compensation expense debited to statement of profit and loss	1.66	4.83
3	Less : Stock based employee compensation expense based on fair value	1.66	3.18
4	Difference between (2) & (3)	—	1.65
5	Adjusted proforma profit	3,754.94	5,585.21
6	Difference between (1) & (5)	—	1.65
7	Basic earnings per share as reported	10.44	15.55
8	Proforma earnings per share	10.44	15.55
9	Diluted earnings per share as reported	10.37	15.52
10	Proforma Diluted earnings per share	10.37	15.52

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

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

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

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

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

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
4. RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last financial statements	404.78	404.78
Securities Premium Account		
Balance as per last financial statements	19,289.94	19,167.93
Addition on account of ESOP	29.86	122.00
Closing Balance	19,319.80	19,289.93
Debenture Redemption Reserve		
Balance as per last financial statements	3,125.00	2,500.00
Add : Transfer from surplus balance in Profit & Loss	0.00	625.00
Less : Transfer to General Reserve	1,041.00	—
Closing Balance	2,084.00	3,125.00
Employee Stock Option Outstanding		
Balance as per last financial statements	8.48	14.00
Less : Options exercised / forfeited during the year	(1.18)	(5.52)
(A)	7.30	8.48
Deferred stock compensation cost		
Balance as per last financial statements	1.66	6.49
Less : Amortisation during the year	(1.66)	(4.67)
Less : Options forfeited during the year	—	(0.16)
(B)	—	1.66
Closing Balance (A) - (B)	7.30	6.82
General Reserve		
Balance as per last financial statements	14,057.75	14,057.75
Add : Transfer from Debenture Redemption reserve	1,041.00	—
Closing Balance	15,098.75	14,057.75
Surplus in the statement of Profit and Loss		
Balance as per last financial statements	62,650.77	58,769.98
Add : Profit for the year	3,754.94	5,583.56
Less : Appropriations		
Equity Dividend	(1,798.90)	(1,077.77)
Transfer (to)/from Debenture Redemption reserve	—	(625.00)
Closing Balance	64,606.81	62,650.77
Total	1,01,521.44	99,535.05

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

5. LONG TERM BORROWINGS	Non-Current portion		Current Maturities	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Bonds/debentures (Secured)				
1250(1250) 9.55 % Redeemable Non-convertible Debentures of ₹ 6.67 lac (P.Y. ₹ 10 Lac) each	4,166.67	8,333.33	4,166.67	4,166.67
Term loans (Secured)				
<u>from banks</u>				
Indian Rupee Loan	12,210.84	11,542.54	2,458.69	4,500.00
<u>from other parties</u>				
Indian rupee loan from Financial institution	–	1,041.67	1,041.67	4,166.67
Hire purchase loans	131.33	521.88	393.91	358.82
	16,508.84	21,439.42	8,060.94	13,192.16
Deferred payment liabilities				
Deferred Sales tax Loan (Unsecured)	–	–	–	475.22
	–	–	–	475.22
Total	16,508.84	21,439.42	8,060.94	13,667.38

Terms of repayment

- The Non-Convertible Debentures are redeemable in three equal annual installments commencing from July 2015. The Company has an option to redeem these debentures earlier; however, no redemption will take place before the end of 3rd year from the date of allotment.
- Rupee term loan from a financial institution is payable in 12 equal quarterly installments commencing from September 2013. Eleven installments have already been paid.
- Rupee term loan of ₹ 5,000 Lac from Bank is payable in 11 quarterly installments starting from September 2013 quarter. 10% of the loan has been repaid in the financial year 2013-14, 20% has been repaid in the financial year 2014-15 and the remaining 4 installments involving 70% of the loan amount has been repaid fully in the financial year 2015-16.
- Rupee term loan of ₹ 5,000 Lac from bank is payable in 10 equal half yearly installments starting from August 2014. Four installments have been repaid upto the financial year 2015-16.
- Rupee term loan of ₹ 11,670 lac from bank is payable in 32 equal quarterly installments starting from June 2016.
- Hire purchase loan of ₹ 1,080.08 Lac from bank is payable in 35 equal installments starting from August 2014.
- Deferred sales tax loan is interest free and payable at the end of fifth year from the end of the financial year of accrual. It has been repaid fully in the financial year 2015-16.

Security

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

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

Term Loan of ₹ 5,000 Lac from HDFC Bank is secured by way of mortgage of immovable properties of related companies.

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

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

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
6. DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability / (assets) at the beginning of the year	7,013.80	6,698.41
Deferred tax liability / (assets) during the year on account of timing difference	664.38	315.39
Deferred tax liability / (assets) at the end of the year	7,678.18	7,013.80

	31.03.2016	31.03.2015
7. OTHER LONG TERM LIABILITIES		
Others		
Security Deposit Received		
Deposits from Vendors	256.15	273.18
Deposit from Employees	47.49	51.58
Other payables	14.33	37.43
Total	317.97	362.19

	31.03.2016	31.03.2015
8. LONG TERM PROVISIONS		
Provision for employee benefits		
Leave Encashment	175.45	197.77
Other provisions	3,079.91	3,050.71
Total	3,255.36	3,248.48

	31.03.2016	31.03.2015
9. SHORT TERM BORROWINGS		
From Banks (Secured)		
Working capital loans (repayable on demand)	8,544.01	12,491.16
Working capital Buyers Credit loans	4,022.81	1,356.55
	12,566.82	13,847.71
From Banks and Financial Institutions (Unsecured)		
From banks	2,000.00	3,500.00
From Others	1,000.00	—
Other loans and advances		
Loans from Related Parties	152.04	285.74
	3,152.04	3,785.74
Total	15,718.86	17,633.45

Terms of repayment

Short term loan from Bank of ₹ 2,000 Lac is payable in June 2016 and ₹ 1,000 Lac from others is payable in January 2017.

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

Security

Working Capital loans from banks are secured by first pari-passu charge on stocks & book debts and second pari-passu charge on all present and future movable Plant & Machinery and second charge by way of joint equitable mortgage of immovable properties located at Industrial Growth Centre, Siltara, Raipur. These facilities are also secured by irrevocable personal guarantees of Mr. K.K.Sarda, Mr. Pankaj Sarda and Mr. Manish Sarda.

Short term loan from others is secured by pledge of shares belonging to related companies.

	31.03.2016	31.03.2015
10. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (Refer Note No. 5)	8,060.93	13,667.37
Interest accrued but not due on borrowings	190.01	269.94
Unpaid dividends	81.76	54.21
<u>Other payables</u>		
Indirect taxes payable	369.60	475.03
TDS payable	141.36	147.11
Salary & Reimbursements	679.46	865.50
Expenses payable	634.30	2,740.80
Advances from customers	347.78	521.55
Deposits from Customers	0.55	272.47
Total	10,505.75	19,013.98

	31.03.2016	31.03.2015
11. SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity	88.61	87.82
Others		
Provision for expenses	426.66	757.77
Total	515.27	845.59

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to Financial Statements for the year ended 31st March, 2016

12.	FIXED ASSETS	(₹ in Lac)									
Particulars		Gross Block			Depreciation			Net Block			
		As on 01.04.2015	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2016	Up to 01.04.2015	Depreciation for the year	Transfer / Adjustment	As on 31.03.2016	As on 31.03.2015	
	Tangible Fixed Assets										
	Freehold Land	3,512.10	—	—	3,512.10	—	—	—	3,512.10	3,512.10	
	Leasehold Land	918.47	—	—	918.47	66.44	9.41	75.85	842.62	852.03	
	Building	19,475.99	291.71	—	19,767.70	4,764.15	854.25	—	5,618.40	14,711.84	
	Plant & Machinery	86,256.32	935.30	286.00	86,905.62	41,077.30	3,801.91	148.68	44,730.53	45,179.02	
	Furniture, Fixture & Equipment	936.88	58.96	2.52	993.32	670.84	107.69	1.68	776.85	266.04	
	Vehicles	1,052.79	14.36	73.81	993.34	629.82	134.97	51.59	713.20	422.97	
	Total	1,12,152.55	1,300.33	362.33	1,13,090.55	47,208.55	4,908.23	201.95	51,914.83	64,944.00	
	Previous Year	1,09,605.62	3,214.89	667.96	1,12,152.55	40,996.53	6,544.29	332.27	47,208.55	68,609.09	
	Capital Work in Progress (Including capital stock)				3,080.60				3,080.60	3,108.35	

Particulars	Gross Block				Depreciation			Net Block	
	As on 01.04.2015	Addition during the year	Transfer / Sale / Adjustment	As on 31.03.2016	Up to 01.04.2015	Depreciation for the year	Transfer / Adjustment	As on 31.03.2016	As on 31.03.2015
Intangible Fixed Assets									
Software	349.13	11.75	–	360.88	250.82	28.58	–	279.40	98.31
Mining Rights & Development	4,885.82	–	–	4,885.82	964.86	18.60	–	983.46	3,920.96
Total	5,234.95	11.75	–	5,246.70	1,215.68	47.18	–	1,262.86	4,019.27
Previous Year	5,169.31	65.64	–	5,234.95	1,000.51	215.17	–	1,215.68	4,168.80
Intangible assets under development				772.41				772.41	769.49

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
13. NON CURRENT INVESTMENTS		
Trade Investments		
Investment in Equity Instruments at Cost (Unquoted)		
Fully paid up with face value of ₹ 10/- each unless otherwise specified		
In Subsidiaries		
10,00,000 (P.Y. 10,00,000) Equity Shares of Sarda Energy & Minerals HongKong Limited of HK\$ 1.00 each	55.83	55.83
10,85,100 (P.Y. 10,10,000) Equity Shares of Sarda Global Venture Pte Limited of US\$ 1.00 each	660.88	625.25
7,16,307 (P.Y. 9,29,807) Equity Shares of Sarda Energy Limited	7,460.34	9,682.88
2,10,16,000 (P.Y. 2,10,16,000) Equity Shares of Sarda Metals & Alloys Limited	20,971.00	20,971.00
5,35,86,000 (P.Y. 4,09,14,000) Equity Shares of Madhya Bharat Power Corporation Limited	12,889.50	9,721.50
7,83,182 (P.Y. 7,83,182) Equity Shares of Parvatiya Power Private Limited	783.52	783.52
1,64,700 (P.Y. 1,64,700) Equity Shares of Sarda Hydropower Private Limited	21.49	21.49
11,000 (P.Y. 11,000) Equity Shares of Raipur Fabritech Private Limited	1.10	1.10
5,100 (P.Y. 5,100) Equity Shares of Raipur Industrial Gases Private Limited	0.51	0.51
7,155 (P.Y. 7,155) Equity Shares of Natural Resources Energy Private Limited	0.72	0.72
In Joint Ventures		
1,30,800 (P.Y. 1,30,800) Equity Shares of Raipur Infrastructure Company Private Limited	210.70	210.70
1,74,030 (P.Y. 2,30,144) Equity Shares of Madanpur South Coal Company Limited	243.20	321.61
14,990 (P.Y. 14,990) Equity Shares of Godawari Natural Resources Limited	1.50	1.50
In Other Companies		
4,85,000 (P.Y. 4,85,000) Equity Shares of Chhattisgarh Ispat Bhumi Limited	48.50	48.50
Investments in LLP		
Shri Ram Electricity LLP	351.80	351.01
Chhattisgarh Hydro Power LLP	2,096.74	1,829.52
Other non-current investments		
Share Application Money		
Madhya Bharat Power Corporation Limited	—	453.00
Investment in Government or Trust securities		
NIL units (P.Y. 49,990 units) of KBC Mutual Fund	—	5.00
Total	45,797.33	45,084.64

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
14. LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, considered good	1,821.31	2,662.88
Security Deposits		
Unsecured, considered good	519.14	405.32
Other loans and advances		
Unsecured, considered good		
MAT Credit Entitlement	615.97	525.00
Advance Income Tax (Net of Provision)	2,070.50	1,944.74
Prepaid Expenses	32.93	18.10
Other advances	470.08	880.08
Total	5,529.93	6,436.12
	31.03.2016	31.03.2015
15. OTHER NON CURRENT ASSETS		
Others		
Unsecured, considered good		
Unamortised Expenses	—	6.08
Total	—	6.08
	31.03.2016	31.03.2015
16. CURRENT INVESTMENTS		
Investment in Equity Instruments (Quoted)		
(valued at lower of cost or market value)		
In Other Companies		
32,813 (P.Y. 32,813) Equity Shares of Abhishek Mills Limited	32.81	32.81
3,688 (P.Y. 3,688) Equity Shares of Indian Metals & Ferro Alloys Limited	1.84	1.84
Provision for diminution in the value of Investments	(30.00)	(28.56)
Total	4.65	6.09
Aggregate amount of quoted investments	34.66	34.67
Aggregate Market value of quoted investments	4.65	6.10

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
17. INVENTORIES		
(valued at lower of cost and net realisable value)		
Raw Materials and components	4,674.78	7,642.01
Finished / Semi Finished goods	10,511.75	22,621.43
Stock-in-trade	166.71	37.68
Stores and spares	2,374.33	3,201.62
Total	17,727.57	33,502.74
	31.03.2016	31.03.2015
18. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	490.77	89.81
Unsecured, considered doubtful	293.43	267.16
Less: Provision for doubtful debts	293.43	267.16
	490.77	89.81
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	2,190.90	5,282.77
	2,190.90	5,282.77
Total	2,681.67	5,372.58
	31.03.2016	31.03.2015
19. CASH AND BANK BALANCES		
Balances with banks		
In current accounts	10.49	66.15
On unpaid dividend	81.75	54.20
FDR with Bank	—	10.00
Cash on hand	23.86	35.02
Total	116.10	165.37

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
20. SHORT TERM LOANS AND ADVANCES		
Loans and advances to related parties		
Unsecured, considered good	17,119.90	7,428.65
	17,119.90	7,428.65
Others		
Unsecured, considered good		
Earnest Money Deposit	40.17	20.75
Advances to Employees	53.74	62.04
Advances to Vendors	1,765.34	4,569.64
Claims & Recoverables	129.81	761.68
Loans & Advances to Others	5,082.60	314.97
Advance Forest Transit Fees & Royalty	12.99	2.86
Prepaid Expenses	113.60	133.40
Balances with Tax Authorities	1,011.15	1,199.68
Doubtful advances to Vendors	129.57	89.53
Less: Provision for doubtful advances	129.57	89.53
	8,209.40	7,065.02
Total	25,329.30	14,493.67

	31.03.2016	31.03.2015
21. OTHER CURRENT ASSETS		
INR Receivable from Bank in forex A/c	35.64	58.21
Unamortised Expenses	6.08	21.97
Total	41.72	80.18

	2015-16	2014-15
22. REVENUE FROM OPERATIONS		
Sale of products		
Sponge Iron	21,762.90	27,103.10
Ferro Alloys	36,415.98	46,923.75
Steel Billets	9,906.99	10,500.24
Wire Rod / HB Wire	26,984.32	32,119.73
Pellet	14,096.81	18,255.11
Power	558.74	930.24
Others	4,812.31	14,860.76
Other operating revenues	415.54	1,021.37
Revenue from Operations (Gross)	1,14,953.59	1,51,714.30

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	2015-16	2014-15
23. OTHER INCOME		
Interest Income	1,811.48	2,557.77
Dividend Income		
From Subsidiaries	1,812.88	1,103.94
From Others	0.06	78.59
Net gain on sale of investments	111.68	13.88
Other non-operating income (net of expenses directly attributable to such income)	163.42	172.92
Total	3,899.52	3,927.10

	2015-16	2014-15
24. COST OF RAW MATERIAL CONSUMED		
Iron Ore	19,033.84	26,826.22
Mn Ore	14,495.15	19,447.85
Coal	15,226.85	14,529.22
Scrap	4,739.92	5,266.73
Other Material	1,573.68	1,918.96
Total	55,069.44	67,988.98

	2015-16		2014-15	
	₹ in Lac	%	₹ in Lac	%
24.1 RAW MATERIAL CONSUMPTION				
Raw Material - Indigenous consumption	42,843.24	77.80%	51,831.50	76.24%
Raw Material - Imported consumption	12,226.20	22.20%	16,157.48	23.76%
Total	55,069.44	100.00%	67,988.98	100.00%

	2015-16	2014-15
25. CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS AND STOCK-IN-TRADE		
Inventories at the end of the year		
Finished Goods / Semi-finished goods	10,511.75	22,621.43
Trading Goods	166.71	37.68
	10,678.46	22,659.11
Inventories at the beginning of the year		
Finished Goods / Semi-finished goods	22,621.44	14,353.35
Trading Goods	37.68	1,309.21
	22,659.12	15,662.56
Increase/(Decrease) in Inventories	(11,980.66)	6,996.55

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(₹ in Lac)

	2015-16	2014-15
26. EMPLOYEE BENEFIT EXPENSE		
Salaries, incentives & Managerial Remuneration	5,099.09	5,409.97
Contributions to -		
Provident fund	260.06	267.42
Superannuation scheme	8.50	9.00
Gratuity fund	24.18	110.01
Staff welfare expenses	118.56	150.13
Total	5,510.39	5,946.53

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

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

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's balance sheet as at 31st March 2016.

	2015-16	2014-15
Assumptions		
Discount Rate (beginning of the year)	8.00%	8.25%
Discount Rate (end of the year)	8.00%	8.00%
Rate of increase in Compensation levels	9.50%	9.50%
Rate of Return on Plan Assets	8.00%	9.00%
Expected Average remaining working lives of employees (years)	19.88	20.77
Table showing changes in present value of obligations		
Present Value of Obligation as at the beginning of the year	748.58	600.16
Acquisition adjustment	0.00	0.00
Interest Cost	60.85	60.69
Current Service Cost	90.50	102.64
Curtailment Cost/(Credit)	—	—
Settlement Cost/(Credit)	—	—
Benefits paid	(55.63)	(8.49)
Actuarial (gain)/loss on obligations	(75.70)	(6.42)
Present Value of Obligation as at the end of the year	768.60	748.58
Table showing changes in the Fair value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	660.75	597.48
Acquisition Adjustments		
Expected Return of Plan Assets	53.63	56.62
Contributions	21.16	21.28
Benefits paid	(55.63)	(8.49)
Actuarial Gain/(loss) on Plan Assets	0.08	(6.14)
Fair Value of Plan Assets at the end of the year	679.99	660.75

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	2015-16	2014-15
Tables showing Fair Value of Plan Assets		
Fair value of plan asset at the beginning of year	660.75	597.48
Acquisition adjustments		
Actual return on plan assets	53.71	50.48
Contributions	21.16	21.28
Benefits paid	(55.63)	(8.49)
Fair value of plan assets at the end of year	679.99	660.75
Funded status	(88.61)	(87.83)
Excess of actual over estimated return on plan assets	0.08	(6.14)
Actuarial Gain/Loss Recognized		
Actuarial (gain)/loss for the year – Obligation	(75.70)	(6.42)
Actuarial (gain)/loss for the year – Plan Assets	(0.08)	6.14
Total (gain)/loss for the year	(75.78)	(0.28)
Actuarial (gain)/loss recognized in the year	(75.78)	(0.28)
Unrecognized actuarial (gains)/losses at the end of year	–	–
The amounts to be recognized in Balance Sheet and Statements of Profit & Loss		
Present value of obligation as at the end of the year	768.60	748.58
Fair value of Plan Assets as at the end of the year	679.99	660.75
Funded status	(88.61)	(87.83)
Net Asset/(Liability) Recognized in Balance Sheet	(88.61)	(87.83)
Expense recognized in the Statement of Profit & Loss		
Current Service Cost	90.50	102.64
Interest Cost	60.85	60.69
Expected Return of Plan Assets	(53.63)	(56.62)
Curtailment Cost/(Credit)	–	–
Settlement Cost/(Credit)	–	–
Net actuarial (gain)/loss recognized in the year	(75.78)	(0.28)
Expenses recognized in the Statement of Profit & Loss	21.94	106.43

Note : Gratuity paid and debited to Statement of Profit & Loss ₹2.23 (PY ₹ 3.58) has not been considered above since it is borne by the company besides funding to LIC and SBI Life Insurance Company Limited.

	2015-16	2014-15
27. FINANCE COSTS		
Interest expense	5,125.49	4,882.59
Other borrowing costs	277.57	650.04
Amortisation of ancilliary borrowing costs	21.97	40.34
Exchange difference to the extent considered as an adjustment to borrowing costs	97.05	313.15
Total	5,522.08	5,886.12

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	2015-16	2014-15
28. DEPRECIATION AND AMORTISATION		
Depreciation of Tangible Assets	4,908.23	6,544.29
Amortisation of Intangible Assets	47.18	215.17
Total	4,955.41	6,759.46

	2015-16	2014-15
29. OTHER EXPENSES		
Stores & Spares Consumption	5,652.67	7,064.18
Power	477.11	1,373.34
Manufacturing Expenses -		
Plant process & services	1,494.25	1,507.67
Material handling Expenses	2,333.37	3,116.90
Other Manufacturing Expenses	2,538.45	7,598.81
Increase/ (Decrease) of excise duty on inventory	(564.21)	(320.55)
Mining Expenses	—	7,418.62
Repairs & Manitenance		
Building	157.73	279.62
Plant & Machinery	763.01	901.44
Others	377.74	360.22
Rent	116.11	115.49
Rates & Taxes	454.94	3,454.08
Insurance Charges	147.25	126.88
Miscellaneous Expenses		
Travelling & Conveyance expenses	385.70	461.67
Legal & Professional Expenses	661.03	577.56
Administrative and Other Expenses	587.65	847.18
Selling Expenses		
Carriage Outward	1,276.64	1,136.93
Selling Commission & Brokerage	327.98	358.92
Other Selling Expenses	8.34	34.24
Exchange differences (net)	(77.31)	(105.09)
Payment to Auditors	16.00	14.00
Provision for Diminution in value of Current Investment	1.45	(4.95)
Total	17,135.90	36,317.16

NOTES

to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	2015-16		2014-15	
	₹ in Lac	%	₹ in Lac	%
29.1 STORES & SPARES CONSUMPTION				
Stores & spares -Indigenous consumption	4,980.43	88.11%	6,612.27	93.60%
Stores & spares -Imported consumption	672.24	11.89%	451.91	6.40%
Total	5,652.67	100.00%	7,064.18	100.00%

	2015-16	2014-15
29.2 PAYMENTS TO THE AUDITOR		
As auditor:		
Audit fee	14.00	12.00
Tax audit fee	2.00	2.00
Total	16.00	14.00

	2015-16	2014-15
30. EARNINGS PER SHARE (EPS)		
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in Lac)	3,754.94	5,583.56
Nominal Value of Equity Shares (₹)	10	10
Weighted average number of Equity Shares used as denominator for calculating basic EPS	3,59,74,559	3,59,11,160
Weighted average number of Equity Shares used as denominator for calculating Diluted EPS	3,62,02,282	3,59,72,520
Basic (₹)	10.44	15.55
Diluted (₹)	10.37	15.52

31. SEGMENT REPORTING

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

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

a) Business Segment Primary

Particulars	2015-16				2014-15			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
Revenue								
Sales & other income	65,953.93	34,976.29	1,837.63	1,02,767.85	87,552.56	48,694.82	946.04	1,37,193.42
Inter segment sales		617.26	15,332.01	15,949.27		725.01	13,435.23	14,160.24
Others Unallocated				752.82				726.02
Total Revenue	65,953.93	35,593.55	17,169.64	1,19,469.94	87,552.56	49,419.83	14,381.27	1,52,079.68

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

Particulars	2015-16				2014-15			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
Result								
Segment Result	9,027.41	2,478.83	447.51	11,953.76	10,742.05	5,962.79	612.16	17,317.00
Unallocated Expenses net off unallocated income				(804.52)				(3,289.82)
Operating Profit				11,149.24				14,027.18
Interest & Forex Fluctuation Loss (Net)				(5,444.78)				(5,781.04)
Profit Before Tax & Extraordinary Item				5,704.46				8,246.14
Provision for taxation								
For Current Year				(1,376.11)				(2,347.19)
For Deferred Taxation				(664.39)				(315.39)
Deferred tax related to prior period				–				–
MAT credit entitlement				(90.98)				–
Profit After Taxation				3,754.94				5,583.56
Other Information								
Segment Assets	64,451.41	11,496.80	12,481.73	88,429.93	82,248.52	15,758.80	14,462.88	1,12,470.20
Unallocated Assets				28,819.45				17,053.66
Total Assets				1,17,249.39				1,29,523.86
Segment Liabilities	6,056.17	3,810.95	1,657.66	11,524.78	8,652.58	3,714.75	1,589.74	13,957.07
Unallocated Liabilities				1,592.01				1,162.99
Total Liabilities				13,116.79				15,120.06
Capital Expenditure	608.74	31.14	(41.82)	598.07	1,318.85	265.85	287.65	1,872.35
Depreciation / Amortisation	3,326.87	407.77	422.48	4,157.12	4,845.32	497.65	467.99	5,810.96
Unallocated Capital Exp. & Depreciation				457.19				(1,652.68)

32. CAPITALIZATION OF EXPENDITURE

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

	2015-16	2014-15
Salaries	3.81	3.63
Finance Cost	47.50	63.93
Total	51.31	67.56

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

33. INTEREST IN JOINT VENTURES

	Proportion of ownership interest as at 31st March	
	2016	2015
Raipur Infrastructure Company Limited	33.33%	33.33%
Madanpur South Coal Company Limited	20.63%	20.63%
Godawari Natural Resources Limited	29.98%	29.98%

The above joint venture companies are incorporated in India. The Company's share of assets and liabilities as on 31st March, 2016 and income and expenses for the year ended on that date are given below which are based on audited figures of the joint venture companies.

	As at 31st March	
	2016	2015
Assets		
Non Current Assets	564.66	529.12
Current Assets	240.31	289.62
Total	804.97	818.74
Liabilities		
Non Current Liabilities	—	1.02
Current Liabilities	4.35	10.77
Total	4.35	11.79
Income	248.55	189.22
Expenses	106.66	156.52
Contingent Liabilities	NIL	NIL
Capital Commitments	NIL	NIL

The company is having investment of ₹ 243.20 lac in the Joint venture company M/s. Madanpur South Coal Company Limited. Post cancellation of coal blocks by the Hon'ble Supreme Court, no impairment has been booked against the investment because the company feels that realizable value of the assets (including land) shall be more than the value of investment.

34. RELATED PARTY DISCLOSURE

a) Names of related parties and description of relationship

S.No.	Relationship	Name of Related Parties
1.	Subsidiaries	Sarda Energy & Minerals Hongkong Limited, Hongkong
		Sarda Global Ventures Pte Limited, Singapore
		Sarda Metals & Alloys Limited
		Sarda Energy Limited
		Madhya Bharat Power Corporation Limited
		Parvatiya Power Limited
		Sarda Hydro Power Private Limited
		Raipur Fabritech Private Limited
		Raipur Industrial Gases Private Limited
		Natural Resources Energy Private Limited

NOTES

to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

S.No.	Relationship	Name of Related Parties
2.	Joint Ventures	Raipur Infrastructure Company Limited
		Madanpur South Coal Company Limited
		Godawari Natural Resources Limited
3.	Controlled Entities	Chhattisgarh Hydro Power LLP
		Shri Ram Electricity LLP
4.	Related Enterprises where significant influence exist	Chhattisgarh Investments Limited
		Sarda Solutions & Technologies Private Limited
		Rishabh Mining and Transport Company Private Limited
		Sarda Dairy & Food Products Limited
		Goldenlife Financial Services Private Limited
		Royal Carbon Black Private Limited
		Jai Balaji Enterprises
		M/s A. V. Associates
5.	Key Management Personnel (KMP)	Mr. Kamal Kishore Sarda
		Mrs. Uma Sarda
		Mr. Pankaj Sarda
		Mr. Ghanshyam Das Mundra
		Mr. Padam Kumar Jain
		Mr. Manish Sethi
6.	Relatives of KMPs'	Mr. Ghanshyam Sarda
		Mrs. Veena Sarda
		Mr. Mahesh Kumar Khator

b) Material Transactions with Related Parties

Particulars	Subsidiaries	Joint Ventures	Controlled Entities	Related Enterprises Where significant influence exists	KMP	Relatives of KMP's
Loans/Advances Given	9,895.15 (2,40,001.90)		3,136.78 -	18,499.62 (15,139.46)		
Loans/Advances Received Back	6,989.75 (22,846.96)	- (49.91)	650.00 -	14,797.09 (15,404.84)		
Material Transferred/ Sold	1,682.08 (1,148.47)		9.76 (1.85)	56.39 (24.79)	0.07 -	
Materials Purchased	1,217.86 (3,561.98)			15.67 (0.79)		
Interest Received	362.04 (536.77)	- (0.47)	240.82 -	679.72 (597.28)		
Interest Paid	- (0.16)			42.65 (0.11)		0.70 -
Commission Paid				4.14 (5.79)		0.20 (0.70)

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

Particulars	Subsidiaries	Joint Ventures	Controlled Entities	Related Enterprises Where significant influence exists	KMP	Relatives of KMP's
Dividend Income	1,812.88 (1,103.94)	- (78.48)				
Remuneration					406.10 (434.22)	
Rent Paid				120.61 (105.85)	- (10.44)	2.40 (4.20)
Services Offered		3.00 (3.00)		355.89 (858.31)		
Corporate Guarantee Given	6,000.00 (NIL)					
Investments made/ Share application money	2,750.63 (3,708.80)	- (1.50)	268.02 (162.55)			
Investments Buyback	2,222.54 -	78.42 -				

Outstanding as at 31.03.2016

Receivable	5,018.63 (1,335.20)	NIL (NIL)	2,703.52 -	8,004.23 (3,744.95)	3.05 (3.64)	0.14 (NIL)
Corporate Guarantee Outstanding	6,417.09 (417.09)	NIL (NIL)				
Investments	42,844.89 (41,863.79)	455.40 (533.81)	2,448.55 (2,180.53)			
Share Application Money Pending Allotment	NIL (453.00)					
Payables	NIL (NIL)	48.00 -		202.27 (378.93)	0.25 (NIL)	12.63 (1.69)

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

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

Particulars	2015-16	2014-15
Loans/Advances given		
Sarda Metals & Alloys Limited	6,631.74	23,410.00
Chhatisgarh Investments Limited	17,699.62	12,900.46
Parvatiya Power Limited	3,263.41	281.90
Goldenlife Financial Services Private Limited	800.00	2,239.00
Loans/Advances Received Back		
Sarda Metals & Alloys Limited	5,494.85	19,763.00
Chhatisgarh Investments Limited	14,169.07	11,694.84
Materials Transferred/Sold		
Sarda Metals & Alloys Limited	1,667.00	1,146.55

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

Particulars	2015-16	2014-15
Materials Received/Purchased		
Sarda Metals & Alloys Limited	1,217.86	3,561.98
Interest Received		
Sarda Metals & Alloys Limited	261.04	534.96
Chhatisgarh Investments Limited	679.72	562.83
Chhattisgarh Hydro Power LLP	240.82	NIL
Interest Paid		
Goldenlife Financial Services Private Limited	42.53	NIL
Commission paid		
Jai Balaji Enterprises	4.14	5.79
Dividend Income		
Sarda Energy & Minerals Hongkong Limited	1,812.88	1,103.94
Remuneration Paid		
Shri Kamal Kishore Sarda	267.56	299.35
Shr Pankaj Sarda	54.23	52.16
Shri Ghanshyam Das Mundra	34.00	34.64
Shri Padam Kumar Jain	40.92	39.03
Rent Paid		
Chhatisgarh Investments Limited	75.64	70.54
Rishabh Mining and Transport Company Private Limited	44.97	35.30
Services Offered		
Sarda Solutions & Technologies Private Limited	118.93	108.22
M/s A. V. Associates	202.74	716.38
Corporate Guarantee Given		
Sarda Metals & Alloys Limited	6,000.00	NIL
Investment Made including Share Application		
Madhya Bharat Power Corporation Limited	2,715.00	3,703.00
Investment Buy Back		
Sarda Energy Limited	2,222.54	NIL

Outstanding

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Investments		
Sarda Metals & Alloys Limited	20,971.00	20,971.00
Madhya Bharat Power Corporation Limited	12,889.50	9,721.50
Sarda Energy Limited	7,460.34	9,682.88
Receivables		
Sarda Metals & Alloys Limited	2,851.17	1,030.20
Chhatisgarh Investment Limited	7,859.81	3,717.51
Parvatiya Power Limited	2,164.40	NIL
Chhattisgarh Hydro Power LLP	2,703.52	NIL
Share Application Money Pending Allotment		
Madhya Bharat Power Corporation Limited	NIL	453.00
Corporate Guarantee Given		
Sarda Metals & Alloys Limited	6,417.09	417.09

NOTES

to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Payables		
M/s A. V. Associates	NIL	83.52
Remuneration	106.05	135.96
Raipur Infrastructure Company Limited	48.00	NIL
Goldenlife Financial Services Private Limited	152.04	285.74
Rishabh Mining and Transport Company Private Limited	43.14	NIL

35. CAPITAL AND OTHER COMMITMENTS

- Estimated amount of contracts remaining to be executed on Capital Account, net of advance given ₹ 3,068.96 lac (P.Y. ₹ 3,330.66 lac).
- Company has commitments of ₹ 644.00 lac (P.Y. ₹ 911.88 lac) for further investment in controlled entity Chhatisgarh Hydro Power LLP and ₹ 12,447.00 lac (P.Y. ₹ 19,106.50 lac) in Madhya Bharat Power Corporation Limited.

36. CONTINGENT LIABILITIES

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Guarantees given by Company's bankers	1,046.42	2,075.68
Guarantees given to DGFT on behalf of wholly owned subsidiary for meeting export obligation	98.88	98.88
Guarantees given to Assistant Commissioner of Customs on behalf of wholly owned subsidiary	318.21	318.21
Bills discounted with the Company's bankers under Letters of Credit	1,901.26	3,156.28
Corporate Guarantee given to L & T Infrastructure Finance Company Limited for disbursement of term loan to Sarda Metals & Alloys Limited, wholly owned subsidiary of the Company (SMAL)	6,000.00	NIL
Claims against the Company not acknowledged as debt & disputed in appeals	1,473.49	679.63
Excise Duty & Service Tax Demand	481.05	418.36
VAT, CST & Entry Tax	224.20	124.81
Income Tax	90.60	46.58
Energy Development Cess	4,452.20	3,933.80

- Guarantee given to Director General of Foreign Trade ₹ 98.88 lac (P.Y. ₹ 98.88 lac) and Assistant Commissioner of Customs ₹ 318.21 lac (P.Y. ₹ 318.21 lac) on behalf of Sarda Metals & Alloys Limited, wholly owned subsidiary of the Company for fulfillment of Export Obligation against import of capital goods under Export Promotion Capital Goods Scheme.
- Excise Duty & Service Tax
 - Excise duty demand of ₹ 20.57 lac (P.Y. ₹ 20.56 lac) raised on account of Cenvat credit availed, which the Company has disputed in High Court.
 - Excise Duty demand of ₹ 172.58 lac (P.Y. ₹ 174.51 lac) raised on account of Cenvat credit availed which the Company has disputed and has filed appeal before the Central Excise & Service Tax Appellate Tribunal (CESTAT).
 - Excise Duty demand of ₹ 77.40 lac (P.Y. ₹ 129.39 lac) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the CESTAT.

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

- d) ₹ 6.97 lac (P.Y. ₹ 6.97 Lac) on account of duty on VAT Collected by the Company against which the Company has filed an appeal before the CESTAT.
 - e) ₹ 6.66 lac (P.Y. ₹ 6.66 Lac) on account of duty on sale of waste and scrap by the Company. The case has been decided in favour of the Company by Commissioner Central Excise (Appeals) (CCE(A)). The Central Excise Department has filed appeal before the CESTAT against decision of the CCE(A).
 - f) Excise Duty demand of ₹ 92.79 lac (P.Y. ₹ 41.56 lac) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
 - g) Excise Duty demand of ₹ 7.62 lac (P.Y. ₹ 7.62 lac) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
 - h) Service Tax demand of ₹ 31.09 lac (P.Y. ₹ 31.09 lac) raised on account of Service Tax on foreign services availed, which the Department has disputed and has filed appeal before CESTAT.
 - i) Service Tax demand of ₹ 65.37 lac (P.Y. ₹ NIL) raised on account of Cenvat credit availed on service Tax on construction services (Ready mix concrete) has been disputed before Commissioner (Appeals), Raipur.
- iii) Value Added Tax/Central Sales Tax/Entry Tax
- Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 224.20 lac (P.Y. ₹ 124.81 lac) are pending in appeal against assessment of various years.
- iv) Income Tax
- ₹ 46.58 Lac (P.Y. ₹ 46.58 lac) for the Assessment Year 2012-13 on account of partial disallowance of deduction claimed under Section 80IA of the Income Tax Act, 1961, disputing the transfer pricing of Power captively consumed by other divisions. For Assessment year 2012-13, the company has filed appeals before Commissioner of Income Tax (Appeals), Nagpur and the matter is pending. ₹ 44.02 Lac (P.Y. ₹ Nil) for the Assessment Year 2006-07 on account of penalty u/s 271(1)(C) of the Income Tax Act, 1961, for the same, the company has filed appeals before Commissioner of Income Tax (Appeals), Raipur and the matter is pending.
- v) Energy Development Cess of ₹ 4,452.20 lac (P.Y. ₹ 3,933.80 lac) net of amount deposited ₹ 294.34 lac (P.Y. ₹ 294.34 Lac) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to February 2014. The Honorable High Court of Chhattisgarh has held the levy of Energy Development Cess as unconstitutional vide its Order dated 20th June 2008. The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.
- vi) Bank Guarantee of ₹ 500.00 lac (P.Y. ₹ 500.00 lac) given as security deposit against contract for disposal of old power project awarded to the company was invoked by M/s. West Bengal Power Development Corporation Limited. The Company has challenged the wrongful invocation in the High court of Kolkata. WBPDCCL has on the orders of the Hon'ble High Court deposited the amount of bank guarantee with the Court. The Company has been legally advised that it has a strong case in its favour, hence no liability provided.
- vii) Bank Guarantee of ₹ 780.00 lac (P.Y. ₹ NIL) was invoked by M/s. Power Grid Corporation Limited after the company notified force majeure for annulling the transmission corridor agreement for its proposed 350 MW power project. Implementation of the project became impossible as the land on which the power project was to come-up has been notified as coal bearing area and allocated to NTPC for development of coal mine. On company's petition, CERC has asked PGCIL to keep the money in separate deposit account.
- 37.** During the previous year, the Income Tax Department has conducted a search operation U/s 132 of the Income Tax Act, 1961. During the course of search:-
- i) The various documents and records have been seized by them and physical verification of stocks was also conducted by independent agencies appointed by them.
 - ii) The company does not foresee any liability at this stage, however the due provision of liability, if any, shall be made after completion of the block assessment.
- 38.** Consequent to the deallocation of the coal block Gare Palma IV/7, the company has filed a writ petition before the Hon'ble High court of Delhi challenging the compensation amount and exclusion of washary from the mine infrastructure. Since, the matter is subjudice, pending settlement of the claim, no adjustment has been made in the accounts for the impairment, if any.

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to Financial Statements for the year ended 31st March, 2016

39. CORPORATE SOCIAL RESPONSIBILITY

During the year, in terms of the requirements of Section 135 of the Companies Act, 2013, the Company has spent a sum of ₹ 212.49 lac on CSR Activities. The details of the same are given in the annexure to the directors' Report.

40. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Derivatives outstanding as at the reporting date

Particulars	Purpose	31.03.2016		31.03.2015	
		USD in Lac	INR in Lac	USD in Lac	INR in Lac
Forward Contract to sell USD	To Hedge Receivables	31.00	2,053.52	44.00	2,749.78
Forward Contract to Buy USD	To Hedge Payables	10.00	662.43	–	–

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

Particulars	Currency	31.03.2016		31.03.2015	
		Foreign Currency in Lac	INR in Lac	Foreign Currency in Lac	INR in Lac
Trade Payable	USD	84.88	5,622.42	42.56	2,659.89
Trade Receivable	USD	1.699	112.57	20.01	1,250.40
Trade Receivable	JPY	647.58	382.16	–	–

41. DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENT

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others

Name of the entities	Relationship	Amount outstanding as at 31.03.2016 (₹ in Lac)	Maximum amount outstanding during the year (₹ in Lac)	Investment by the loanee in the shares of the Company
Loans where there is no repayment schedule :-				No. of shares
Parvatiya Power Limited	Subsidiary	2,164.40	2,187.50	–
Sarda Metals & Alloys Limited	Subsidiary	2,851.17	2,851.17	–
Chhattishgarh Hydro Power LLP	Controlled Entity	2,703.52	2,703.52	–
Mosh Varaya Infrastructure Limited	Others	3,121.91	3,159.02	–
Kamal Trading Company	Others	0.10	0.10	–
B K Infrastructure Private Limited	Others	0.00	0.18	–
Orient Press Limited	Others	0.00	100.36	–
Manees Pipes Private Limited	Others	0.00	0.05	–
Earthstahl & Alloys Private Limited	Others	9.13	148.09	–
Chhatisgarh Investments Limited	Others	7,859.81	10,268.13	1,22,94,179
Sarda Power & Steel Limited	Others	1,537.94	1,537.94	–
Simplex Prefab Infrastructure India Private Limited	Others	31.16	31.16	–
Shree Pariyojna Nirman Limited	Others	0.00	387.70	–

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to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

Name of the entities	Relationship	Amount outstanding as at 31.03.2016 (₹ in Lac)	Maximum amount outstanding during the year (₹ in Lac)	Investment by the loanee in the shares of the Company
Loans where there is no repayment schedule :-				No. of shares
Shiv Trading Company	Others	0.00	100.34	–
G.R. Mining and Logistics Private Limited	Others	683.40	1,054.11	–
Gnani Investments and Trading	Others	986.07	986.07	
Loans where there no repayment schedule and no interest is charged:				
Bhawans' R K Sarda Vidya Mandir	Others	720.08	980.08	–
Natural Resources Energy Private Limited	Subsidiary	1.99	305.00	–

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

42. DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2016 as micro, small or medium enterprises. Consequently the amount paid/ payable to these parties during the year is NIL.

43. FOREIGN CURRENCY INCOME & EXPENDITURE

i) Income in Foreign Exchange (Accrual Basis)

Particulars	2015-16	2014-15
FOB Value of Exports	8,374.44	18,053.94
Interest Received	NIL	1.34
Dividend	1,812.88	1,103.94

ii) Expenditure in Foreign Currency (Accrual Basis)

Particulars	2015-16	2014-15
Value of Imports Calculated on CIF Basis		
Raw Materials	10,547.31	11,715.82
Components, Stores & Spare Parts	301.25	719.92
Capital Goods	379.89	167.12
Expenditure		
Travelling Expenses	8.82	10.70
Commission	8.19	15.83
Others	3.49	179.52
Interest	53.86	327.03

NOTES

to Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	2015-16	2014-15
Net dividend remitted		
Year of Remittance	2015-16	2014-15
Period to which it relates Final Dividend	01.04.2014 to 31.03.2015 and 01.04.2015 to 31.03.2016	01.04.2013 to 31.03.2014
Interim Dividend		
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	18,04,891	18,04,891
Amount remitted	90.24	54.15

44. PREVIOUS YEAR FIGURES HAVE BEEN RECASTED / REGROUPED / RESTATED WHEREVER NECESSARY TO MAKE THEM COMPARABLE.

Signatures to Notes 1 to 44

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

Dated : 27th May, 2016

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

Dated : 27th May, 2016

P. K. Jain

Chief Financial Officer

Manish Sethi

Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT

auditor's report

TO THE MEMBERS OF

SARDA ENERGY & MINERALS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SARDA ENERGY & MINERALS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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Opinion

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

- i) of the consolidated state of affairs of the Group and jointly controlled entities as at 31st March, 2016; and
- ii) their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the Notes to the financial statements:

- a) Note no.39 which describes the uncertainty related to compensation amount and exclusion of washery from the mine infrastructure cost of cancelled coal block of the company for which the company has filed writ petition in the court of law. Since the matter is subjudice, pending settlement of claim, no adjustment has been made for impairment.
- b) Similarly note no.33 which also describes uncertainty related to investments in Joint Venture Company where the allotted coal block has been cancelled. No impairment loss has been booked in anticipation that the realizable value of the assets of the JV shall be more than the value of investment of the company.
- c) Impact with respect to (a) and (b) are presently not ascertainable and as such cannot be commented upon by us.

Our opinion is not qualified in respect of these matters.

Other Matters

We did not audit the financial statements of nine subsidiaries and one jointly controlled entity, whose financial statements reflect total assets of ₹ 1,57,350.79 lac and net assets of ₹ 65,319.20 lac as at 31st March, 2016, total revenues of ₹ 50,186.31 lac, net loss of ₹ 623.27 lac and net cash flows amounting to ₹ 6,023.68 lac for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiaries included in the group and jointly controlled companies including relevant records relating to the preparation of the consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries included in the group and jointly controlled companies including relevant records relating to the preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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auditor's report

- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the of the Holding Company, its subsidiaries and jointly controlled companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure - A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled companies— Refer Note.36 to the consolidated financial statements.
 - ii. The Group and jointly controlled companies did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries and jointly controlled companies incorporated in India.

Raipur, 27th May, 2016

For **O P Singhania & Co.**
 (ICAI Firm Regn. No.002172C)
Chartered Accountants
Sanjay Singhania
Partner
 Membership No.076961

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Annexure – A**Re: SARDA ENERGY & MINERALS LIMITED**

Referred to in paragraph 1(f) of Report on Other Legal and Regulatory Requirements of our report of even date.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of Sarda Energy & Minerals Limited ("the Holding Company") and its subsidiaries and jointly controlled companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiaries and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Sanjay Singhania
Partner

Membership No.076961

Raipur, 27th May, 2016

Corporate Overview

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CONSOLIDATED BALANCE SHEET

as at 31st March, 2016

(₹ in Lac)

Particulars	Note	31.03.2016	31.03.2015
I. EQUITY AND LIABILITIES :			
1. Shareholders' funds			
Share capital	3	3,597.83	3,595.24
Reserves and surplus	4	1,17,929.59	1,17,365.27
		1,21,527.42	1,20,960.51
2. Minority Interest		7,233.11	7,065.06
3. Non-current liabilities			
Long-term borrowings	5	88,810.01	82,122.14
Deferred tax liabilities	6	8,651.40	7,801.98
Other Long term liabilities	7	839.10	1,325.41
Long-term provisions	8	3,370.59	3,363.49
		1,01,671.10	94,613.02
4. Current liabilities			
Short-term borrowings	9	27,687.23	47,257.78
Trade payables		9,199.88	7,058.70
Other current liabilities	10	15,210.70	26,554.59
Short-term provisions	11	632.24	880.72
		52,730.05	81,751.79
Total		2,83,161.68	3,04,390.38
II. ASSETS :			
1. Non-current assets			
Fixed assets	12		
Tangible assets		1,23,060.60	1,28,402.42
Intangible assets		4,775.64	4,858.38
Capital work-in-progress		58,862.21	43,371.72
Intangible assets under development		772.41	769.49
		1,87,470.86	1,77,402.01
Non-current investments	13	1,915.88	422.88
Deferred tax assets		—	0.20
Long-term loans and advances	14	11,689.06	12,843.11
Other non-current assets	15	481.67	10.93
		2,01,557.47	1,90,679.13
2. Current assets			
Current investments	16	13,379.39	27,473.37
Inventories	17	22,128.62	42,797.49
Trade receivables	18	11,296.52	9,729.63
Cash and Bank Balances	19	1,194.15	1,134.42
Short-term loans and advances	20	32,153.16	32,114.24
Other current assets	21	1,452.37	462.10
		81,604.21	1,13,711.25
Total		2,83,161.68	3,04,390.38
Significant Accounting Policies	1 & 2		

The Accompanying Notes are forming integral part of Financial Statements

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

Dated : 27th May, 2016

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

Dated : 27th May, 2016

P. K. Jain

Chief Financial Officer

Manish Sethi

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2016

(₹ in Lac)

Particulars	Note	2015-16	2014-15
I. Revenue from operations (Gross) :	22	1,61,194.60	1,90,335.81
Less: Excise Duty		12,604.02	14,348.10
Revenue from operations (Net)		1,48,590.58	1,75,987.71
II. Other income	23	3,494.35	6,254.69
III. Total Revenue (I + II)		1,52,084.93	1,82,242.40
IV. Expenses:			
Cost of materials consumed	24	76,126.32	94,818.50
Purchases of Stock-in-Trade		4,993.10	5,374.95
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	15,251.82	(11,920.97)
Employee benefits expense	26	6,825.60	7,212.47
Finance costs	27	10,868.79	12,035.76
Depreciation and amortization expense	28	7,445.29	9,298.30
Other expenses	29	25,856.51	42,768.15
Total Expenses		1,47,367.43	1,59,587.16
V. Profit before Exceptional Items and Tax (III - IV)		4,717.50	22,655.24
VI. Exceptional items		11.37	13,927.46
VII. Profit Before Tax (V - VI)		4,706.13	8,727.78
VIII. Tax expense:			
(1) Current tax		1,927.25	2,592.26
(2) Deferred tax		849.62	644.78
(3) MAT Credit Entitlement		353.63	(140.00)
IX. Profit for the year (VII - VIII)		1,575.63	5,630.74
X. Less: Minority Interest		37.92	139.73
XI. Net Profit after minority interest		1,537.71	5,491.01
XII. Earnings per equity share:	30		
Basic (Before prior period and exceptional items)		4.27	15.29
Basic (After prior period and exceptional items)		4.25	15.26
Diluted (Before prior period and exceptional items)		4.27	15.29
Diluted (After prior period and exceptional items)		4.25	15.26
Significant Accounting Policies	1 & 2		

The Accompanying Notes are forming integral part of Financial Statements

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

Dated : 27th May, 2016

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

Dated : 27th May, 2016

P. K. Jain

Chief Financial Officer

Manish Sethi

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2016

(₹ in Lac)

Particulars	2015-16	2014-15
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Statement of Profit & Loss	4,706.13	8,727.78
Adjusted for :		
Depreciation	7,445.29	9,298.30
Interest Income	(2,636.51)	(4,396.79)
Finance Costs	10,868.79	12,035.76
Unrealised Exchange (Gain)/Loss	82.17	85.40
Employee Stock Option Amortisation	0.49	(0.70)
Dividend income	(172.16)	(182.32)
(Profit) / Loss on sale of investments	(461.21)	(652.79)
(Profit) / Loss on sale of fixed assets	100.94	224.16
Effect of exchange differences on translation of subsidiaries	795.18	681.35
Profit pertaining to associates/minority interest & pre acquisition profits(net)	(37.92)	(139.73)
	15,985.06	16,952.64
Operating Profit before Working Capital changes	20,691.19	25,680.42
Adjusted for :		
Increase in trade & other payables	806.77	(2,153.17)
Increase in inventories	20,668.87	(14,351.22)
(Increase)/decrease in trade and other receivables	(1,572.82)	(3,224.27)
(Increase)/decrease in loans, advances & other current assets	6,334.79	(6,822.20)
	26,237.61	(26,550.86)
Cash generated from Operations	46,928.80	(870.44)
Direct Taxes (Net)	(2,484.22)	(2,775.67)
Net Cash from/(used) in Operating Activities	44,444.58	(3,646.12)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Investment in Fixed Assets including Capital WIP	(15,840.82)	(8,281.22)
Sale of Fixed Assets	(691.97)	(1,389.00)
Increase in Investments	12,600.98	29,270.59
Profit on sale of investments	461.21	652.79
Creditors for capital goods	(837.31)	8.76
Loan given to Subsidiaries and other parties	(7,496.41)	6,886.04
Interest received	2,636.51	4,396.79
Dividend received	172.16	182.32
Increase in minority interest	168.04	338.51
Capital reserve on acquisition of subsidiaries	—	932.26
Net Cash from/(used) in Investing Activities	(8,827.60)	32,997.82

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2016

(₹ in Lac)

Particulars	2015-16	2014-15
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase in Securities premium account & issue of shares	32.45	132.24
Proceeds from long term borrowings	13,063.68	13,190.70
Repayment of long term borrowings	(16,193.86)	(22,251.51)
Short term borrowings (net)	(19,606.38)	(16,441.99)
Interest Paid	(11,081.77)	(12,041.73)
Dividend & dividend tax paid	(1,798.92)	(1,086.38)
Net Cash from/(used) in Financing Activities	(35,584.80)	(38,498.67)
Increase/(Decrease) in Cash and Cash equivalent (A+B+C)	32.18	(9,146.96)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR (as per note 19)	1,080.21	10,227.17
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR (as per note 19)	1,112.39	1,080.21
Increase/(decrease) in Cash and Cash equivalents	32.18	(9,146.96)

Notes:

(a) Cash and cash equivalent include the following :		
Cash in Hand	31.64	45.89
Balances with banks	1,162.51	1,088.53
Less : Unclaimed Dividend	(81.76)	(54.21)
	1,112.39	1,080.21
(b) Previous year figures have been recast/restated wherever necessary.		
(c) Figures in brackets represent outflows.		

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

Dated : 27th May, 2016

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

Dated : 27th May, 2016

P. K. Jain

Chief Financial Officer

Manish Sethi

Company Secretary

NOTES

to Consolidated Financial Statements for the year ended 31st March, 2016

Significant Accounting Policies on Consolidated Financial Statements

1. Basis of Consolidation

The Consolidated Financial Statements comprise individual financial statements of Sarda Energy & Minerals Limited, its subsidiaries, jointly controlled entities and associates as on 31st March, 2016. 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 specified under section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules 2014. The assets and liabilities of foreign subsidiaries are translated at year end exchange rates and all other items in Statement of Profit and Loss are translated at average annual rate. The resultant gains and losses are shown separately as Foreign Currency Translation Reserve under Reserves and Surplus.
- ii) The Financial Statements of jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions resulting in unrealized profits or losses as per Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' as specified under section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules 2014 using the proportionate consolidation method.
- iii) The Group's investments in associates are accounted under the equity method and its share of pre-acquisition profits / losses is reflected as Capital Reserve / Goodwill in the carrying value of investments in accordance with Accounting Standard 23 on 'Accounting for Investments in Consolidated Financial Statements' as specified under section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules 2014.
- 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. 31st March, 2016.
- v) The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the Consolidated Financial Statements as Goodwill/Capital Reserve as the case may be.
- vi) Minority interest in the net assets of the subsidiaries consists of the amount of equity attributable to minorities at the date on which investments are made in subsidiaries. Net Profit for the year of the subsidiaries attributable to minorities is identified and adjusted against the Profit of the Group in order to arrive at the net profit attributable to the shareholders of the Group.

2. Other significant accounting policies

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

NOTES

to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

3. SHARE CAPITAL	31.03.2016		31.03.2015	
	No.	₹	No.	₹
Authorised				
Equity Shares of ₹ 10/- each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued, Subscribed and fully paid up				
Equity Shares of ₹ 10/- each	3,59,78,319	3,597.83	3,59,52,353	3,595.24
	3,59,78,319	3,597.83	3,59,52,353	3,595.24

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

	31.03.2016		31.03.2015	
	No.	₹	No.	₹
Shares outstanding at the beginning of the year	3,59,52,353	3,595.24	3,58,50,000	3,585.00
Shares Issued during the year	25,966	2.59	1,02,353	10.24
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,59,78,319	3,597.83	3,59,52,353	3,595.24

b. Terms/rights attached to equity shares

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

The Board of Directors of the Company have declared interim dividend of ₹ 2 per share (P.Y. ₹ NIL).

The Board of Directors of the Company subject to the approval of the members in the ensuing general meeting, has proposed a dividend of ₹ NIL per share (P.Y. ₹ 3/-).

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

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

NAME OF SHAREHOLDER	31.03.2016		31.03.2015	
	No.	₹	No.	₹
Equity shares of ₹ 10/- each fully paid				
Chhatigarh Investments Limited	1,22,94,179	34.17	1,22,94,179	34.20
Sarda Agriculture and Properties Private Limited	26,35,150	7.32	26,35,150	7.33
Asia Minerals Limited	18,04,891	5.02	18,04,891	5.02

NOTES

to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
4. RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last financial statements	1,524.46	592.20
Add/(Less): Adjustment during the year	—	932.26
Closing Balance	1,524.46	1,524.46
Capital Redemption Reserve		
Balance as per last financial statements	—	—
Add: on account of buy back of shares	26.96	—
	26.96	—
Securities Premium Account		
Balance as per last financial statements	19,289.93	19,167.93
Addition on account of ESOP	29.86	122.00
Closing Balance	19,319.79	19,289.93
Debenture Redemption Reserve		
Balance as per last financial statements	3,125.00	2,500.00
Add : Transfer from surplus balance in Profit & Loss	—	625.00
Less : Transfer to General Reserve	1,041.00	—
Closing Balance	2,084.00	3,125.00
Employee Stock Option Outstanding		
Balance as per last financial statements	8.48	14.00
Less : Options exercised / forfeited during the year	(1.18)	(5.52)
(A)	7.30	8.48
Employee Stock Option Outstanding		
Balance as per last financial statements	1.67	6.50
Less: Amortisation during the year	(1.67)	(4.67)
Less: Option forfeited during the year	—	(0.16)
(B)	—	1.67
Closing Balance (A-B)	7.30	6.81
General Reserve		
Balance as per last financial statements	14,057.75	14,057.75
Add: Transfer from Debenture redemption reserve	1,041.00	—
Closing Balance	15,098.75	14,057.75
Foreign Currency Translaton Reserve	3,632.62	2,837.44
Surplus in the statement of Profit and Loss		
Balance as per last financial statements	76,523.88	72,748.99
Add: Adjustment during year	—	—
Add : Profit for the year	1,537.71	5,491.01
Less: Transferred to Capital Redemption Reserve	(26.96)	—
Less: Appropriations		
Equity dividend	(1,798.92)	(1,077.78)
Tax on proposed equity dividend	—	(13.34)
Transfer to debenture redemption reserve	—	(625.00)
Closing Balance	76,235.71	76,523.88
Total	1,17,929.59	1,17,365.27

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

5. LONG TERM BORROWINGS	Non-Current portion		Current Maturities	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Bonds/debentures (Secured)				
1250(1250) 9.55 % Redeemable Non-convertible Debentures of ₹ 6.67 Lac (P.Y. ₹ 10 Lac) each	4,166.67	8,333.33	4,166.67	4,166.67
Term loans (Secured)				
From Banks				
Indian Rupee Loan	38,795.04	33,735.89	2,458.69	7,352.89
From other				
Indian rupee loan from Financial institution	45,716.97	39,529.80	1,994.05	6,477.77
Hire purchase loans	131.33	521.88	393.91	358.82
	88,810.01	82,120.90	9,013.32	18,356.15
Deferred payment liabilities				
Deferred Sales tax Loan (Unsecured)	–	–	–	475.22
Loans & advances (unsecured)				
From other parties	–	1.24	–	–
Total	88,810.01	82,122.14	9,013.32	18,831.37

	31.03.2016	31.03.2015
6. DEFERRED TAX LIABILITIES		
Deferred tax liabilities at the beginning of the year	7,801.78	7,157.25
Deferred Tax adjustment due to earlier year depreciation	664.39	–
Deferred tax liabilities during the year on account of timing difference	185.23	644.73
Deferred tax liabilities at the end of the year	8,651.40	7,801.98

	31.03.2016	31.03.2015
7. OTHER LONG TERM LIABILITIES		
Creditors for capital goods	–	837.31
Others		
Security Deposit Received		
Deposits from Vendors	758.89	353.79
Deposit from Employees	65.88	96.88
Other payables	14.33	37.43
Total	839.10	1,325.41

	31.03.2016	31.03.2015
8. LONG TERM PROVISIONS		
Provision for employee benefits		
Leave encashment / Gratuity	290.68	312.78
Other provisions	3,079.91	3,050.71
Total	3,370.59	3,363.49

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
9. SHORT TERM BORROWINGS		
From Banks (Secured)		
Short term loans	3,429.14	15,506.60
Working capital facilities	14,270.51	15,644.73
Buyers credit facilities	6,816.07	12,308.65
	24,515.72	43,459.98
From Banks and Financial Institutions (Unsecured)		
From banks	2,000.00	3,500.00
From Others	1,000.00	–
Other loans and advances (unsecured)		
Loans from other parties	17.16	297.80
From related parties	154.35	
	3,171.51	3,797.80
Total	27,687.23	47,257.78

	31.03.2016	31.03.2015
10. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (Refer Note No. 5)	9,013.32	18,831.37
Interest accrued but not due on borrowings	827.62	1,040.61
Unpaid dividends	81.76	54.21
Other payables		
Indirect taxes payable	556.29	1,148.09
TDS payable	224.68	178.99
Salary & reimbursements	832.49	1,013.90
Deposits from vendors	1,012.06	104.10
Expenses payable	2,314.13	3,389.30
Advances from customers	347.80	521.55
Deposits from Customers	0.55	272.47
Total	15,210.70	26,554.59

	31.03.2016	31.03.2015
11. SHORT TERM PROVISIONS		
Provision for employee benefits		
Leave encashment / Gratuity	111.75	105.48
Others		
Provision for expenses	427.50	758.29
Provision for Income tax	92.99	16.95
Total	632.24	880.72

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

12. FIXED ASSETS	(₹ in Lac)									
Particulars	Gross Block				Depreciation			Net Block		
	As on 01.04.2015	Addition during the year	Transfer / Sale / Ad- justment	As on 31.03.2016	Up to 01.04.2015	Depreciation for the year	Transfer / Adjustment	As on 31.03.2016	As on 31.03.2016	As on 31.03.2015
Tangible Fixed Assets										
Freehold Land	6,505.14	67.22	–	6,572.36	–	–	–	–	6,572.36	6,505.14
Leasehold Land	1,937.62	4.04	–	1,941.66	81.32	10.68	–	92.00	1,849.66	1,856.30
Building	29,472.12	1,189.32	–	30,661.44	5,724.93	1,505.65	–	7,230.58	23,430.86	23,747.19
Plant & Machinery	1,42,401.72	1,262.74	720.83	1,42,943.63	47,085.46	5,586.76	204.00	52,468.22	90,475.41	95,316.26
Furniture, Fixture & Equipment	1,208.23	81.32	2.89	1,286.66	790.76	137.35	3.95	924.16	362.50	417.47
Vehicles	1,277.97	14.89	102.24	1,190.62	717.91	174.74	71.84	820.81	369.81	560.06
Total	1,82,802.80	2,619.53	825.96	1,84,596.37	54,400.38	7,415.18	279.79	61,535.77	1,23,060.60	1,28,402.42
Depreciation taken to Preoperative Expenses						26.13				
Net Depreciation during the year						7,389.05				
Previous Year	1,79,456.21	4,923.40	1,576.81	1,82,802.80	45,709.87	9,102.48	411.97	54,400.38	1,28,402.42	1,33,746.33
Capital Work in Progress (Including capital stock)				58,862.21					58,862.21	43,371.72

Particulars	Gross Block			Depreciation				Net Block	
	As on 01.04.2015	Addition during the year	Transfer / Sale / Ad- justment	As on 31.03.2016	Up to 01.04.2015	Depreciation for the year	Transfer / Adjustment	As on 31.03.2016	As on 31.03.2015
Intangible Fixed Assets									
Goodwill	327.79	0.01	44.86	282.94	—	—	—	282.94	327.79
Computer Software	349.30	11.74	—	361.04	250.97	28.59	—	279.56	98.33
Mining Rights & Develop- ment	4,885.82	—	—	4,885.82	964.86	18.60	—	983.46	3,920.96
Rights to use land	527.50	6.61	—	534.11	16.20	9.05	—	25.25	511.30
Total	6,090.41	18.36	44.86	6,063.91	1,232.03	56.24	—	1,288.27	4,858.38
Previous Year	5,552.28	538.13	—	6,090.41	1,008.14	223.89	—	1,232.03	4,544.14
Intangible assets under development				772.41				772.41	769.49

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
13. NON CURRENT INVESTMENTS		
Trade Investments		
Investment in Equity Instruments at Cost (Unquoted)		
In Other Companies		
4,85,000 (P.Y. 4,85,000) Equity Shares of Chhattisgarh Ispat Bhumi Limited	48.50	48.50
18,40,000 (P.Y. 3,45,000) Equity Shares of Sarda Dairy & Food Products Limited	1,843.60	345.60
75 (75) Equity Shares of ₹ 10/- each of Apex Equipment Private Limited	23.78	23.78
Non Trade Investment		
Investment in Mutual Fund		
Nil (P.Y. 49,990 units) of KBC Mutual Fund	—	5.00
Total	1,915.88	422.88

	31.03.2016	31.03.2015
14. LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, considered good	7,536.87	8,619.16
Security Deposits		
Unsecured, considered good	774.60	649.14
Other loans and advances		
Unsecured, considered good		
MAT Credit Entitlement	615.97	525.00
Advance Income Tax (Net of Provision)	2,137.14	2,024.78
Prepaid Expenses	45.00	35.55
Other advances	579.48	989.48
Total	11,689.06	12,843.11

	31.03.2016	31.03.2015
15. OTHER NON CURRENT ASSETS		
Others		
Unsecured, considered good		
Unamortised Expenses	481.67	10.93
Total	481.67	10.93

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
16. CURRENT INVESTMENTS		
Investment in Equity Instruments (Quoted)		
(valued at lower of cost or market value)		
Fully paid up with face value of ₹ 10/- each		
In Other Companies		
32,813 (P.Y. 32,813) Equity Shares of Abhishek Mills Limited	32.81	32.81
3,688 (P.Y. 3,688) Equity Shares of Indian Metals & Ferro Alloys Limited	1.84	1.84
Less : Provision for diminution in the value of Investments	—	28.55
Total	34.65	6.10
Investment in debentures / bonds (Quoted)	12,897.21	22,205.22
Less : Provision for diminution in the value of Investments	1,855.33	1,031.23
	11,041.88	21,173.99
Investments in Mutual Funds		
27400.917 Units (P.Y. Nil) of IDBI Liquid Fund- Direct Plan Growth	1,850.00	—
32.589 Units (P.Y. 32.589) UTI Money Market Fund	0.19	0.19
3,995.298 Units (P.Y. 7898.337) of UTI Mutual Fund	22.45	40.54
7603.546 Units (P.Y. Nil) UTI Treasury Advantage Fund	30.22	—
Bank of Baroda Pioneer Mutual Fund	400.00	—
	2,302.86	40.73
Investments in fixed deposit (Pledged)	—	6,252.55
Total	13,379.39	27,473.37
	31.03.2016	31.03.2015
17. INVENTORIES		
(valued at lower of cost and net realisable value)		
Raw Materials and components	6,750.18	11,067.68
Finished / Semi Finished goods	12,267.31	27,564.39
Stock-in-trade	257.41	212.15
Stores and spares	2,853.72	3,953.27
Total	22,128.62	42,797.49

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
18. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	654.60	190.74
Unsecured, considered doubtful	293.43	267.16
Less: Provision for doubtful debts	293.43	267.16
	654.60	190.74
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	10,641.92	9,538.89
	10,641.92	9,538.89
Total	11,296.52	9,729.63

	31.03.2016	31.03.2015
19. CASH AND BANK BALANCES		
Balances with banks		
In current accounts	753.46	414.58
In Fixed Deposit	327.29	619.74
In unpaid dividend	81.76	54.21
Cash in hand	31.64	45.89
Total	1,194.15	1,134.42

	31.03.2016	31.03.2015
20. SHORT TERM LOANS AND ADVANCES		
Loans and advances to related parties (Refer note no.34)		
Unsecured, considered good	12,956.95	13,517.00
	12,956.95	13,517.00
Others		
Unsecured, considered good		
Earnest money deposit	40.17	20.75
Advances to employees	73.44	81.45
Advances to vendors	2,422.23	4,852.75
Claims & recoverables	129.81	2,924.45
Loans & advances to others	11,381.19	3,884.78
Advance royalty paid	12.99	2.86
Prepaid expenses	202.02	326.69
Balances with tax authorities	4,934.36	6,503.51
	19,196.21	18,597.24
Doubtful advances to vendors	129.57	89.53
Less : Provision for doubtful advances	129.57	89.53
Total	32,153.16	32,114.24

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	31.03.2016	31.03.2015
21. OTHER CURRENT ASSETS		
Interest and INR Receivable from bank in forex	187.22	440.13
Other Receivable	329.56	—
Insurance Claim Receivable	776.06	—
Export Incentive Receivable	153.45	—
Unamortised expenses	6.08	21.97
Total	1,452.37	462.10

	2015-16	2014-15
22. REVENUE FROM OPERATIONS (GROSS)		
Sale of products		
Sponge Iron	21,762.90	27,103.10
Ferro Alloys	57,897.44	63,054.93
Steel Billets	9,906.99	10,500.24
Wire Rod / HB Wire	26,984.32	32,119.73
Pellet	14,096.81	18,255.11
Power	25,640.65	22,638.78
Others	3,910.67	14,872.32
Other operating revenues	994.82	1,791.60
Total	1,61,194.60	1,90,335.81

	2015-16	2014-15
23. OTHER INCOME		
Interest Income	2,636.51	4,396.79
Dividend Income		
From Others	172.16	182.32
Net gain on sale of investments	461.21	652.79
Other non-operating income (net of expenses directly attributable to such income)	224.47	1,022.79
Total	3,494.35	6,254.69

	2015-16	2014-15
24. COST OF RAW MATERIAL CONSUMED		
Iron Ore	19,033.84	24,181.41
Manganese Ore	18,929.35	27,376.44
Coal	29,757.49	33,891.47
Scrap	4,739.92	5,266.73
Other Material	3,665.72	4,102.45
Total	76,126.32	94,818.50

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	2015-16	2014-15
25. CHANGES IN INVENTORIES OF FINISHED GOODS, SEMI-FINISHED GOODS AND STOCK-IN-TRADE		
Inventories at the end of the year		
Finished Goods / Semi-finished goods	12,358.01	27,564.39
Trading Goods	166.71	37.68
	12,524.72	27,602.07
Inventories at the beginning of the year		
Finished Goods / Semi-finished goods	27,738.85	14,371.89
Trading Goods	37.69	1,309.21
	27,776.54	15,681.10
Increase/(Decrease) in Inventories	(15,251.82)	11,920.97

	2015-16	2014-15
26. EMPLOYEE BENEFIT EXPENSE		
Salaries, incentives & Managerial Remuneration	6,288.63	6,554.81
Contributions to -		
Provident fund	301.25	313.29
Superannuation scheme	8.50	9.00
Gratuity fund	42.86	128.08
Staff welfare expenses	184.36	207.29
Total	6,825.60	7,212.47

	2015-16	2014-15
27. FINANCE COSTS		
Interest expense	10,091.08	10,685.19
Other borrowing costs	658.69	997.08
Amortisation of ancilliary borrowing costs	21.97	40.34
Exchange difference to the extent considered as an adjustment to borrowing costs	97.05	313.15
Total	10,868.79	12,035.76

	2015-16	2014-15
28. DEPRECIATION AND AMORTISATION		
Depreciation of Tangible Assets	7,389.05	9,074.43
Amortisation of Intangible Assets	56.24	223.87
Total	7,445.29	9,298.30

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

	2015-16	2014-15
29. OTHER EXPENSES		
Stores & Spares Consumption	6,709.32	8,086.52
Power & Fuel	670.04	1,639.91
Manufacturing Expenses-		
Plant Process & Services	2,278.79	2,188.06
Material Handling Expenses	3,010.61	3,538.76
Other Manufacturing Expenses	2,551.33	8,727.34
Increase/ (Decrease) of Excise Duty on Inventory	(911.76)	180.49
Mining Expenses	0.00	5,743.25
Exceptional Items	11.37	—
Repairs & Maintenance		
Building	167.67	290.24
Plant & Machinery	968.51	1,153.47
Others	484.27	458.42
Rent	225.80	209.14
Rates & Taxes	684.62	4,225.49
Insurance Charges	277.75	207.81
Miscellaneous Expenses		
Travelling & Conveyance Expenses	561.86	630.84
Legal & Professional Expenses	782.46	721.73
Administrative and Other Expenses	1,332.72	1,214.95
Selling Expenses		
Carriage Outward	2,040.44	1,569.59
Selling Commission & Brokerage	327.98	358.92
Other Selling Expenses	1,415.68	542.97
Exchange Differences (net)	442.19	44.59
Payment to Auditors	35.00	33.76
Provision for Diminution in value of Current Investment	1,801.22	1,001.90
Total	25,867.87	42,768.15

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(₹ in Lac)

	2015-16	2014-15
30. EARNINGS PER SHARE (EPS)		
Net Profit after tax (before prior period deferred tax) as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in Lac)	1,537.71	5,491.01
Net Profit after tax (after prior period deferred tax) as per Statement of Profit & Loss attributable to Equity Shareholders (₹ in Lac)	1,537.71	5,491.01
Nominal Value of Equity Shares (₹)	10	10
Weighted average number of Equity Shares used as denominator for calculating basic EPS	3,59,74,559	3,59,11,160
Weighted average number of Equity Shares used as denominator for calculating Diluted EPS	3,62,02,282	3,59,72,520
Basic (Before prior period Deferred Tax)(₹)	4.27	15.29
Basic (After prior period Deferred Tax)(₹)	4.25	15.26
Diluted (Before prior period Deferred Tax)(₹)	4.27	15.29
Diluted (After prior period Deferred Tax)(₹)	4.25	15.26

31. SEGMENT REPORTING

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

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

a) Business Segment Primary

Particulars	2015-16				2014-15			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
Revenue								
Sales & other income	65,953.93	44,340.41	31,794.24	1,42,088.58	87,552.56	59,944.73	29,085.18	1,76,582.47
Inter segment sales		5,469.52	15,332.01	20,801.53		725.01	13,435.23	14,160.24
Others Unallocated				6,116.89				922.54
Total Revenue	65,953.93	49,809.93	47,126.25	1,69,007.00	87,552.56	60,669.74	42,520.41	1,91,665.25
Result								
Segment Result	9,028.76	(422.53)	12,459.73	21,065.96	10,742.05	5,666.58	9,015.12	25,423.75
Unallocated Expenses net off unallocated income				(4,314.05)				(4,615.62)
Operating Profit				1,6751.91				20,808.13
Interest & Forex Fluctuation Loss (Net)				(12,045.78)				(12,080.34)
Profit Before Tax & Extraordinary Item				4,706.13				8,727.79
Provision for taxation								
For Current Year				(1,927.25)				(2,592.26)
For Deferred Taxation				(849.62)				(644.78)
MAT credit entitlement				(353.63)				140.00

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

Particulars	2015-16				2014-15			
	Steel	Ferro	Power	Total	Steel	Ferro	Power	Total
Shares of loss of Associates								
Others unallocated								
Minority Interest								
Others unallocated				(37.92)				(139.73)
Profit After Taxation				1,537.71				5,491.02
Other Information								
Segment Assets	64,451.41	55,020.88	1,13,320.42	2,32,792.71	82,248.52	47,599.11	1,15,449.13	2,45,296.76
Unallocated Assets				28,510.92				27,611.44
Total Assets				2,61,303.63				2,72,908.20
Segment Liabilities	6,056.17	6,164.03	4,465.95	16,686.15	8,652.58	6,098.36	3,311.24	18,062.18
Unallocated Liabilities				21.88				994.74
Total Liabilities				16,708.03				19,056.92
Capital Expenditure	608.74	206.88	16,556.02	17,371.64	1,318.85	775.96	12,152.83	14,247.64
Depreciation / Amortisation	3,326.87	1,234.08	1,623.95	6,184.90	4,845.32	1,307.55	1,695.34	7,848.21
Unallocated Capital Exp. & Depreciation				(18.94)				(3,018.12)

32. INTEREST IN SUBSIDIARIES

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

Name of Subsidiaries	Country of Origin	Proportion of ownership interest As at 31st March (%)	
		2015-16	2014-15
Sarda Energy & Minerals Hongkong Limited	Hongkong	100.00	100.00
Sarda Global Ventures Pte Limited	Singapore	100.00	100.00
Sarda Metals & Alloys Limited	India	100.00	100.00
Sarda Energy Limited	India	100.00	100.00
Chhattisgarh Hydro Power LLP	India	60.92	60.92
Parvatiya Power Limited	India	51.00	51.00
Madhya Bharat Power Corporation Limited	India	63.54	67.59
Shri Ram Electricity LLP	India	51.00	51.00
Sarda Hydro Power Private Limited	India	60.00	60.00
Raipur Fabritech Private Limited	India	52.38	52.38
Raipur Industrial Gases Private Limited	India	51.00	51.00
Natural Resources Energy Private Limited	India	71.55	71.55

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

33. INTEREST IN JOINT VENTURES

The financial statements of the following Joint Ventures have been considered in consolidation:

Name of the Company	Proportion of ownership interest as at 31st March	
	2016	2015
Raipur Infrastructure Company Limited	33.33%	33.33%
Madanpur South Coal Company Limited	20.63%	20.63%
Godavari Natural Resources Limited	29.98%	29.98%

The above joint venture companies are incorporated in India. The groups' share of the assets and liabilities as on 31st March, 2016 and income and expenses for the year ended on that date are given below which are based on audited figures of the joint venture companies.

Particulars	As at 31st March	
	2016	2015
Assets		
Non Current Assets	564.66	529.12
Current Assets	240.31	289.62
Total	804.97	818.74
Liabilities		
Non Current Liabilities	—	1.02
Current Liabilities	4.35	10.77
Total	4.35	11.79
Income	248.55	189.22
Expenses	106.66	156.52
Contingent Liabilities	NIL	900.00
Capital Commitments	NIL	NIL

The company has invested ₹ 243.20 lac in the Joint venture company M/s. Madanpur South Coal Company Limited as its contribution. Post cancellation of coal blocks by the Hon'ble Supreme Court, no impairment has been booked against the investment because the company feels that realizable value of the assets (including land) shall be more than the value of investment.

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

34. RELATED PARTY DISCLOSURE

a) Names of related parties and description of relationship

S.No.	Relationship	Name of Related Parties
1.	Related Enterprises where significant influence exist	Chhatisgarh Investments Limited
		Sarda Solutions & Technologies Private Limited
		Goldenlife Financial Services Private Limited
		Rishabh Mining and Transport Company Private Limited
		Sarda Dairy & Food Products Limited
		Royal Carbon Black Private Limited
		Jai Balaji Enterprises
		M/s A. V. Associates
		Vikas Associates
		Kashmirilal Constructions Private Limited
		Apex Equipment Private Limited
		Hemnidhi Securities Limited
		R. R. Sarda & Co
2.	Key Management Personnel (KMP)	Mr. Kamal Kishore Sarda
		Mr. Pankaj Sarda
		Mrs. Uma Sarda
		Mr. Ghanshyam Das Mundra
		Mr. Padam Kumar Jain
		Mr. Manish Sethi
		Mr. Bhagwati Prasad Agarwal
		Mr. Kashmirilal Agarwal
		Ms. Sheen Agarwal
		Mr. Manish Sarda
		Mr. Neeraj Sarda
		Mrs. Sonal Sarda
		Mr. Binod Goswami
		Mr. P. S. Duttagupta
		Ms. Shilpa Rathod
		Mrs. Shakuntala Devi Sarda
3.	Relatives of KMPs'	Mr. Ghanshyam Sarda
		Mrs. Veena Sarda
		Mr. Mahesh Kumar Khator

Corporate Overview

Statutory Report

Financial Statements

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

b) Material Transactions with Related Parties

Particulars	Related Enterprises where significant influence exists	Key Management Personnel	Relatives of Key Management Personnel
Remuneration		592.82 (630.61)	– (–)
Rent Paid	143.54 (108.85)	– (10.44)	2.40 (4.20)
Loans Granted	18,510.62 (15,872.08)		
Loans Received Back	19,375.07 (15,545.47)		
Loans Taken	628.02 (–)	– (1.00)	
Loans Repaid	800.00 (–)		
Interest Paid	42.65 (0.11)		0.70 (–)
Interest Received	1,245.79 (1,187.72)		
Sale of Goods	56.39 (24.79)	0.07 (–)	
Purchase of Goods	17.58 (0.79)		
Services offered	410.89 (861.88)		
Commission Paid	4.14 (5.79)		0.20 (0.70)
Investment made	1,498.00 (129.38)		
<u>Outstanding as on 31st March</u>			
Receivables	144.42 (27.44)	5.60 (3.64)	0.14 (–)
Loans Receivable	10,916.76 (11,141.06)		
Loans Payable	152.04 (285.74)	1.00 (1.00)	
Payables	91.54 (96.76)	1.10 (1.28)	12.63 (2.39)

35. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on Capital Account, net of advance given ₹ 30,171.28 lac (P.Y. ₹ 34,853.17 lac).

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

36. CONTINGENT LIABILITIES

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
Guarantees given by group's bankers	2,150.18	2,585.43
Guarantees given to DGFT on behalf of wholly owned subsidiary for meeting export obligation	98.88	98.88
Guarantees given to Assistant Commissioner of Customs on behalf of wholly owned subsidiary	318.21	318.21
Corporate Guarantee given to L & T Infrastructure Finance Company Limited for disbursement of term loan to Sarda Metals & Alloys Limited, wholly owned subsidiary of the Company (SMAL)	6,000.00	NIL
Bills discounted with the group's bankers under Letters of Credit	1,901.26	3,156.28
Claims against the group, not acknowledged as debt & disputed in appeals	2,771.15	2,000.79
Excise Duty, Customs Duty & Service Tax Demand	613.68	418.36
VAT, CST & Entry Tax	224.20	124.81
Income Tax	90.60	46.58
Energy Development Cess	4,452.20	3,933.80

- (i) Guarantee given to Director General of Foreign Trade ₹ 98.88 Lac (P.Y. ₹ 98.88 lac) and Assistant Commissioner of Customs ₹ 318.21 Lac (P.Y. ₹ 318.21 lac) on behalf of Sarda Metals & Alloys Limited, wholly owned subsidiary of the Company for fulfillment of Export Obligation against import of capital goods under Export Promotion Capital Goods Scheme.
- (ii) Claim against the group not acknowledged as debt comprises idle time claimed by main Civil Contractor M/s. SEW Infrastructures Limited of Madhya Bharat Power Corporation Limited amounting to ₹ 1,297.66 Lac (P.Y. ₹ 1,321.16 Lac) as on the Balance Sheet date, However the company is contesting the demand by counter claim on the contractor for breach of settlement agreement. Besides this disputed claims of ₹ 1,473.49 Lac (P.Y. ₹ 679.63 Lac) are pending in various court of law.
- (iii) Excise Duty & Service Tax
- Excise duty demand of ₹ 20.57 lac (P.Y. ₹ 20.56 Lac) raised on account of Cenvat credit availed, which the Company has disputed in High Court.
 - Excise Duty demand of ₹ 172.58 lac (P.Y. ₹ 174.51 lac) raised on account of Cenvat credit availed which the Company has disputed and has filed appeal before the Central Excise & Service Tax Appellate Tribunal (CESTAT).
 - Excise Duty demand of ₹ 77.40 lac (P.Y. ₹ 129.39 lac) raised on account of Cenvat credit availed which the Department has disputed and has filed appeal before the CESTAT.
 - ₹ 6.97 lac (P.Y. ₹ 6.97 Lac) on account of duty on VAT Collected by the Company against which the Company has filed an appeal before the CESTAT.
 - ₹ 6.66 lac (P.Y. ₹ 6.66 Lac) on account of duty on sale of waste and scrap by the Company. The case has been decided in favour of the Company by Commissioner Central Excise (Appeals) (CCE(A)). The Central Excise Department has filed appeal before the CESTAT against decision of the CCE(A).
 - Excise Duty demand of ₹ 92.79 lac (P.Y. ₹ 41.56 lac) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.
 - Excise Duty demand of ₹ 7.62 lac (P.Y. ₹ 7.62 lac) raised on account of Cenvat credit availed has been disputed before Commissioner (Appeals), Raipur.

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to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

- (h) Service Tax demand of ₹ 31.09 lac (P.Y. ₹ 31.09 lac) raised on account of Service Tax on foreign services availed, which the Department has disputed and has filed appeal before CESTAT.
- (i) Service Tax demand of ₹ 65.37 lac (P.Y. ₹ NIL) raised on account of Cenvat credit availed on service Tax on construction services (Ready mix concrete) has been disputed before Commissioner (Appeals), Raipur.
- (iv) Value Added Tax/Central Sales Tax/Entry Tax
Value Added Tax/Central Sales Tax/ Entry Tax demands of ₹ 224.20 lac (P.Y. ₹ 124.81 lac) are pending in appeal against assessment of various years.
- (v) Income Tax
₹ 46.58 Lac (P.Y. ₹ 46.58 lac) for the Assessment Year 2012-13 on account of partial disallowance of deduction claimed under Section 80IA of the Income Tax Act, 1961, disputing the transfer pricing of Power captively consumed by other divisions. For Assessment year 2012-13, the company has filed appeals before Commissioner of Income Tax (Appeals), Nagpur and the matter is pending. ₹ 44.02 Lac (P.Y. Nil) for the Assessment Year 2006-07 on account of penalty u/s 271(1)(C) of the Income Tax Act, 1961, for the same, the company has filed appeals before Commissioner of Income Tax (Appeals), Raipur and the matter is pending.
- (vi) Energy Development Cess of ₹ 4,452.20 lac (P.Y. ₹ 3,933.80 lac) net of amount deposited ₹ 294.34 lac (P.Y. ₹ 294.34 Lac) demanded by the Chief Electrical Inspector, Govt. of Chhattisgarh for the period May 2006 to February 2014. The Honorable High Court of Chhattisgarh has held the levy of Energy Development Cess as unconstitutional vide its Order dated 20th June 2008. The State Govt. has filed a Special Leave Petition before the Honorable Supreme Court.
- (vii) Bank Guarantee of ₹ 500.00 lac (P.Y. ₹ 500.00 lac) given as security deposit against contract for disposal of old power project awarded to the company was invoked by M/s. West Bengal Power Development Corporation Limited. The Company has challenged the wrongful invocation in the High court of Kolkata. WBPDCCL has on the orders of the Hon'ble High Court deposited the amount of bank guarantee with the Court. The Company has been legally advised that it has a strong case in its favour, hence no liability provided.
- (viii) Bank Guarantee of ₹ 780.00 lac (P.Y. ₹ NIL) was invoked by M/s. Power Grid Corporation Limited after the company notified force majeure for annulling the transmission corridor agreement for its proposed 350 MW power project. Implementation of the project became impossible as the land on which the power project was to come-up has been notified as coal bearing area and allocated to NTPC for development of coal mine. On company's petition, CERC has asked PGCIL to keep the money in separate deposit account.
- 37.** Provision of contingencies – ₹ NIL
- 38.** During the previous year, the Income Tax Department has conducted a search/survey operations U/s 132/133A of the Income Tax Act, 1961 in Sarda Group. During the course of search/survey:-
 - (i) The various documents and records have been seized by them and physical verification of stocks was also conducted by independent agencies appointed by them.
 - (ii) The group company does not foresee any liability at this stage, however the due provision of liability, if any, shall be made after completion of the block assessment.
- 39.** Consequent to the deallocation of its coal block Gare Palma IV/7, the company has filed a writ petition before the Hon'ble High court of Delhi challenging the compensation amount and exclusion of washary from the mine infrastructure. Since, the matter is subjudice, pending settlement of the claim, no adjustment has been made in the accounts for the impairment, if any.

NOTES

to Consolidated Financial Statements for the year ended 31st March, 2016

(₹ in Lac)

40. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Derivatives outstanding as at the reporting date

Particulars	Purpose	31.03.2016		31.03.2015	
		FC in Lac	INR in Lac	FC in Lac	INR in Lac
Forward Contract to sell USD	To Hedge Receivables	81.01	5,366.61	197.33	12,332.17
Forward Contract to sell EURO	To Hedge Receivables	–	–	15.00	1,007.36
Forward Contract to buy USD	To Hedge Payables	10.00	662.43	–	–

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

Particulars	Currency	31.03.2016		31.03.2015	
		Foreign Currency in Lac	INR in Lac	Foreign Currency in Lac	INR in Lac
Bank Loans	USD	51.77	3,429.27	246.55	15,408.10
Trade & Other Payable	EURO	13.81	1,041.33	11.11	746.12
Trade & Other Payable	USD	152.72	10,116.63	247.55	15,470.35
Investment held for Trading	USD	167.15	11,072.30	336.71	21,042.75
Other Investment	USD	–	–	99.41	6,212.83
Trade & Other Receivables	USD	110.98	7,351.78	82.92	5,181.94
Trade & Other Receivables	JPY	647.58	382.16	–	–
Cash & Cash Equivalents	USD	4.24	280.72	0.26	8.50

41. PREVIOUS YEAR FIGURES HAVE BEEN RECASTED / REGROUPED / RESTATED WHEREVER NECESSARY TO MAKE THEM COMPARABLE.

Signatures to Notes 1 to 41

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

Dated : 27th May, 2016

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

Dated : 27th May, 2016

P. K. Jain

Chief Financial Officer

Manish Sethi

Company Secretary

NOTES

to Consolidated Financial Statements for the year ended 31st March, 2016

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures.

Name of the Enterprise	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ In Lac)	As % of consolidated profit or loss	Amount (₹ In Lac)
Parent				
Srda Energy & Minerals Limited	86.50	1,05,119.27	244.19	3,754.95
Subsidiary				
Indian				
SMAL - Sarda Metals & Alloys Limited	11.55	14,041.25	(16.68)	(256.46)
SEL - Sarda Energy Limited	5.87	7,136.35	27.04	415.80
CHPPL - Chhattisgarh Hydro Power LLP	2.83	3,441.81	0.00	0.00
MBPCL - Madhya Bharat Power Corporation Limited	16.29	19,794.14	(15.31)	(235.41)
PPL - Parvatiya Power Limited	2.41	2,934.54	16.42	252.53
SHPPL- Sarda Hydro Power Private Limited	0.03	35.82	0.00	0.00
SRE LLP - Shri Ram Electricity LLP	0.25	309.47	0.52	7.98
RFPL- Raipur Fabritech Private Limited	0.00	2.10	0.00	0.00
RIGPL- Raipur Industrial Gases Private Limited	0.00	1.00	0.00	0.00
NREPL- Natural Resources Energy Private Limited	0.00	0.16	0.29	4.46
Foreign				
SEMHKL - Sarda Energy & Minerals Hongkong Limited	11.55	14,041.25	(36.51)	(561.43)
SGV - Sarda Global Venture Pte. Ltd.	0.25	308.58	(5.28)	(81.12)
Joint Venture				
RICL- Raipur Infrastructure Company Limited	0.50	606.91	5.68	87.36
MSCCL- Madanpur South Coal Company Limited	0.16	192.06	(0.01)	(0.21)
GNRL- Godawari Natural Resources Limited	0.00	1.70	0.00	0.06
Minority Interest in all subsidiaries	5.95	7,233.11	2.47	37.92

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to Consolidated Financial Statements for the year ended 31st March, 2016

Statement pursuant to section 129(3) of the Companies Act, 2013 read with rule 5 part A of Companies (Accounts) Rules, 2014 in respect of the Subsidiary Companies / associates / Joint venture

Summary of Financial Information of Subsidiary Companies as on 31.03.2016

S.No.	Particulars/Name of the Subsidiary Company	SEMHKL	SGV	SMAL	CHP LLP	PPL	MBPCL	SEL	SRE LLP	SHPPL	RFPL	RIGPL	NREPL
		Hongkong 31.03.2016	Singapore 31.03.2016	India 31.03.2016	India 31.03.2016	India 31.03.2016	India 31.03.2016	India 31.03.2016	India 31.03.2016	India 31.03.2016	India 31.03.2016	India 31.03.2016	India 31.03.2016
1	Financial year of the Subsidiary Company/LLP ended on	17th Sep. 2007	12th June, 2008	15th June, 2009	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	1st March, 2011	21st Sept. 2010	25th Aug. 2011	13th Dec. 2011	10th Feb. 2015
2	Date from which it became Subsidiary Company/LLP	85.42	718.77	2,101.60	3,441.81	153.57	8,433.00	71.63	351.80	27.45	2.10	1.00	1.00
3	Capital	13,955.82	(410.20)	20,981.99	-	2,780.98	11,361.14	7,064.72	(42.33)	8.37	-	-	(0.84)
4	Reserves & Surplus	17,142.32	3,105.01	75,898.35	12,657.55	5,127.89	53,031.62	7,155.41	373.75	35.91	2.19	2.09	3.52
5	Total Assets	14,041.25	308.58	23,083.59	3,441.81	2,934.54	19,794.14	7,136.35	309.47	35.82	2.10	1.00	0.16
6	Total Liabilities	10,214.54	857.34	0.28	400.00	1,867.38	1,850.00	2,782.00	-	-	-	-	-
7	Investments	1,358.08	18.39	48,017.10	-	655.13	-	534.51	10.73	-	-	-	4.31
8	Turnover	(561.43)	(81.12)	485.87	-	317.15	(4.09)	513.69	9.86	-	-	-	4.08
9	Profit before Taxation	-	-	742.33	-	64.62	231.32	97.88	1.88	-	-	-	(0.38)
10	Provision for Taxation	(561.43)	(81.12)	(256.46)	-	128.79	(149.59)	415.80	7.98	-	-	-	4.46
11	Profit After Taxation	1,854.72	-	-	-	-	-	-	-	-	-	-	-
12	Proposed Dividend	100.00%	100.00%	100.00%	60.92%	51.00%	67.59%	100.00%	51.00%	60.00%	52.38%	51.00%	71.55%
13	% of Shareholding	Yes	No	Yes	No	Yes	No	No	No	No	No	No	No
14	Whether commenced operation	Yes	No	Yes	No	Yes	No	No	No	No	No	No	No

The Indian rupee equivalents of the figures given in the foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31.03.2016, i.e. 1US\$ = INR 66.24 [SGV and SEMHKL]

Notes :

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

NOTES

to Consolidated Financial Statements for the year ended 31st March, 2016

Statement pursuant to section 129(3) of the Companies Act, 2013 read with rule 5 part B of Companies (Accounts) Rules, 2014 in respect of the Subsidiary Companies / associates/ Joint venture

Summary of Financial Information of Joint Ventures as on 31.03.2016

(₹ in Lac)

S. No.	Particulars/Name of the Joint Ventures	RICL	MSCCL	GNRL
		India	India	India
1	Financial year of the Subsidiary Company/LLP ended on	31st March, 2016	31st March, 2016	31st March, 2016
2	Share of Joint Ventrues held by the company on the year end			
	No.	1,30,800	1,74,030	14,990
	Amount of Investment	210.70	243.20	1.50
	Extend of Holding %	33.33%	20.63%	29.98%
3	Networth	606.91	192.06	1.70
4	Profit/(Loss) for the year			
	i. Considered in Consolidation	87.36	(0.21)	0.06
	ii. Not Considered in Consolidation	-	-	-
5	Whether commenced operation	Yes	No	No

Notes :

1. RICL- Raipur Infrastructure Company Limited
2. MSCCL- Madanpur South Coal Company Limited
3. GNRL- Godawari Natural Resources Limited

As per our report of even date attached

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

(ICAI FRN 002172C)

Chartered Accountants

Sanjay Singhania

Partner

Membership No. 076961

Raipur

Dated : 27th May, 2016

For and on Behalf of the Board

K. K. Sarda

Chairman & Managing Director

DIN: 00008170

Raipur

Dated : 27th May, 2016

P. K. Jain

Chief Financial Officer

Manish Sethi

Company Secretary

NOTES

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सत्यमेव जयते

भारत सरकार
GOVERNMENT OF INDIA
वाणिज्य एवं उद्योग मंत्रालय
MINISTRY OF COMMERCE & INDUSTRY
विदेश व्यापार महानिदेशालय
DIRECTORATE GENERAL OF FOREIGN TRADE

मान्यता प्रमाण पत्र
Certificate of Recognition
दो सितारा निर्यात सदन
TWO STAR EXPORT HOUSE

मैसर्स STATUS HOLDER NO.: 50/2/2217/151104

(आई ई सी और आयकर पैन)
को विदेश व्यापार नीति, 2015-2020 के प्रावधानों के अनुसार दो सितारा निर्यात सदन का स्तर
प्रदान किया जाता है। यह प्रमाण पत्र, प्रक्रिया पुस्तक (2015 -2020) के पैरा 3.20 (बी) में दी गयी
शर्तों के निहित वर्षों की अवधि के लिए दिनांक से तक वैध होगा।

M/s SARDAR ENERGY & MINERALS LIMITED,
73 A CENTRAL AVENUE NAGPUR MAHARASHTRA - 440018
(IEC 0393072002 and Income Tax PAN AAACR6149L)
are hereby accorded the status of Two Star Export House in accordance with the provisions
of the Foreign Trade Policy, 2015-2020. This Certificate is valid for a period of years
effective from 2015 to 2020 subject to the conditions prescribed in
Para 3.20(b) of the Hand Book of Procedures (2015-2020).

सं./No. B/ 2217

तारीख/Date : 04.11.2015

स्थान/Place : NAGPUR

F.No. 50/21/105/00008/AM-16

(फाइल सं./File No.) तारीख/Date :

SEAL

अपर/संयुक्त/उप महानिदेशक,
विदेश व्यापार/विकास आयुक्त (एस.ई.जेड.)
Additional/ Joint/ Deputy
Director General of Foreign Trade/
Development Commissioner (SEZ)



Sarda Energy & Minerals Limited
www.seml.co.in