

ANNUAL REPORT

FY 2012-13

ARDENT STEEL LIMITED

DIRECTORS' REPORT

Dear Shareholders,

ARDENT STEEL LIMITED

Registered Office: A-401, Lotus Corporate Park, Jay Coach Signal, Off. Western Express Highway, Goregaon (East), Mumbai-400063.

Your Directors have pleasure in presenting the Annual Report of the Company with the Audited Statement of Accounts and the Auditors' Report of your Company for the Financial Year ended 31st March, 2013. The summarized financial result for the year ended 31st March 2013 as under:

	Year ended 31.03.2013 (Rs. in Lacs)	Year ended 31.03.2012 (Rs. in Lacs)
Net Turnover	40788.41	23596.92
Other Income	127.70	16.26
Total Income from Operations	40916.11	23613.18
Profit/(Loss) before Interest, Depreciation & Tax	7439.66	3197.13
Less: Finance Cost	1907.52	1743.36
Less: Depreciation for the Year	976.89	888.83
Profit/(Loss) before Taxation	4555.25	564.94
Less: Total Tax Expenses	1512.45	183.30
Profit for the Year after Tax	3042.80	381.64

REVIEW OF OPERATIONS:

Your Directors are pleased to inform that during the year under review, your Company has registered net sales turnover of Rs. 40788.41 Lacs as compared to net sales of Rs. 23596.92 Lacs during the previous year representing growth of 73%. Your Company registered EBIDTA of Rs.7439.66 Lacs and net profit of Rs.3042.80 Lacs during the year under review as compared to EBIDTA of Rs. 3197.13 Lacs and net profit of Rs. 381.64 Lacs during the previous year respectively.

The financial year 2012-13, was the full year of operation for the Company setting up the project for manufacture of iron ore pellets. The Company has during the year achieved production of 537827 MTPA iron ore pellets as against 300588.11 MTPA during the previous year.

DIVIDEND:

Your directors feel it prudent to plough back the profits with an intention to utilize the same for the growth of the Company. Keeping in view the requirement of funds in future, your Directors have not recommended any dividend for the year ended 31st March 2013.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

There were no foreign exchange earnings during the year. However your company has incurred Rs. 1091.23 Lacs towards import of stores and spares.

PARTICULARS OF EMPLOYEES:

None of the employee of the Company was in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence, particulars as required under the Companies (Particulars of Employees) Rules, 1975 are not given.

CHANGE IN REGISTERED OFFICE OF THE COMPANY:

During the year under review your company has changed the Registered Office of the company from “Unit No. 606, Town Centre, 6th Floor, Andheri Kurla Road, Saki Naka, Andheri (East) Mumbai, Maharashtra” to “A-401, Lotus Corporate Park, Jay Coach Signal, Off. Western Express Highway, Goregaon (East), Mumbai-400063”.

ALTERATION OF ARTICLES:

During the year under review, the shareholders in their Annual General Meeting held on 22.09.2012 had altered the Article of Association in respect of the following clauses:

- 1:** Incorporating a clause relating to payment of sitting fees.
- 2:** Incorporating a clause for service of notice, reports, documents and other communication in electronic mode.
- 3:** Incorporating a clause to allow the member(s) of the Company to participate in the General Meeting(s) through any type of electronic mode like video conferencing, etc.,
- 4:** Incorporating a clause to participate in the meeting(s) of the Board or any Committee of the Directors through any type of electronic mode like video conferencing etc

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company’s Articles of Association, Shri Sanjay Gupta & Shri Hari Om Haritash, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- (ii) That your Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities; and
- (iv) That your Directors have prepared the annual accounts on a going concern basis.

APPOINTMENT OF COST AUDITOR:

The Ministry of Corporate Affairs vide Notification No.52/26/CAB/-2010 dated, 24th January, 2012 has ordered cost audit of the Cost Accounting records maintained by the Company and the Central Government has approved the appointment of the M/s. S.C Mohanty & Associates as cost auditors for conducting Cost audit for the financial year 2012-13 of the Company. The due date for filing the Cost Audit Report for the financial year ended 31st March, 2013 is 30th September, 2013.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

Information on Conservation of Energy, required to be disclosed under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, are provided as an annexure to this report.

AUDITORS:

M/s O.P. Singhania and Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

AUDITORS' REPORT:

There is no qualifying remark in the Auditors Report on the Annual Accounts of the Company for the financial year 2012-13 and hence does not require any clarification in the Directors Report.

AUDIT COMMITTEE:

The due procedure with regard to the Audit Committee has been followed and necessary compliances have been made as per section 292A of the Companies Act, 1956 during the year under review.

The Board of directors in their meeting held on 08.02.2013 has inducted Shri Sanjay Bothra, Director as a member of the Audit Committee.

The committee met four times during the year 2012-13 on 21.05.2012, 10.08.2012, 02.11.2012 and 08.02.2013. The composition of the committee the details of meeting attended by the directors during the year are given below:

Name of Chairman / Member	Category	No. of Meeting attended
1. Dinesh Gandhi	Member (Chairman)	04
2. Sanjay Gupta	Member	04
3. B.N. Ojha	Member	04
4. Sanjay Bothra*	Member	NA

*Inducted as member of the Committee w.e.f 08.02.2013

ACKNOWLEDGEMENT:

The Board expresses its sincere gratitude to the shareholders, bankers especially Canara Bank, Oriental Bank of Commerce and Corporation Bank, State and Central Government Officials and clients for their continued support. The Board also wholeheartedly acknowledges with thanks the dedicated efforts of all the staff and employees of the Company.

For and on behalf of the Board of Directors

Date: May 27, 2013
Place: Raipur

Sanjay Gupta
Director

Sanjay Bothra
Director

ANNEXURE-“A” TO THE DIRECTOR’S REPORT

STATEMENT CONTAINING PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTOR’S REPORT.

A. CONSERVATION OF ENERGY:

- (A) Energy Conservation Measures Taken: The Company has successfully obtained and installed GRID Power Connection of 4.8 MVA in December, 2012. This has reduced dependency on DG Power and thus reduces consumption of DG fuel (HSD).
- (B) Additional Investments and proposals, if any being implemented for the reduction of energy consumption: Rs 6.27 crore has been spent in F.Y. 2012-13 to complete installation of Grid Power Connection.
- (C) The impact of measures at (A) and (B) above, for reduction of energy consumption and consequent impact on the cost of production of goods: It has resulted in reduction of Rs. 289 / per ton of Pellet from January-, 2013 onwards and would provide substantial reduction in F.Y. 2013-14.
- (D) The required data in form A of the Annexure to the aforesaid Rules as applicable are furnished below:

I. POWER AND FUEL CONSUMPTION

Particulars	2012-13	2011-12
Electricity		
1. Purchased		
Total units Consumed (No. of units (KW/H) in crores)	4355	Nil
Amount (Rs. In crores)	2.65	Nil
Average Rate Per Unit (Rs.)	6.08	Nil
2. Own Generation of Electricity		
Total units consumed (No. of units (KW/H) in crores)	1.98	1.61
Amount (Rs. In crores)	24.77	16.94
Average Rate Per Unit (Rs.)	12.52	10.94
Coal and Coke		
Quantity (M.T.)	27454.00	10338.03
Total Cost (Rs.) in crores	24.73	6.58
Average Rate Per M.T. (Rs.)	9007.22	6361.38
Furnace Oil/LDO		
Quantity (MT)	10676.00	8105.58
Total cost (Rs crores)	50.97	35.21
Average Rate Per MT (Rs)	47742.29	43440.75

- Conservation of fuel by way of adding Coal fines into filter coke.

II. CONSUMPTION PER UNIT OF PRODUCTION (PER MT)

Particulars	2012-13	2011-12
Electricity		
1. Pellet Production		
Production (MT)	537827.00	300588.11
Consumption	24133930	16073794
Average Consumption Per MT	44.87	53.47
Coal & Coke		
1. Pellet Production		
Production (MT)	537827.00	300588.11
Consumption	27454	10338.03
Average Consumption Per MT	0.05	0.03
Furnace Oil/LDO		
1. Pellet Production		
Production (MT)	537827.00	300588.11
Consumption	10676	8105.58
Average Consumption Per MT	0.02	0.02

B.TECHNOLOGY ABSORPTION: Efforts made in Technology Absorption is given below:-

RESEARCH AND DEVELOPMENT (R & D)

(a) Research and Development :

1. Specific Area in R& D : The Company has not taken up any R & D carried out by the Company activities
2. Benefits derived as a result of the Above R & D : To be derived in F.Y. 2014
3. Future plan of action: To focus on energy conservation
4. Expenditure on R & D. Nil

The Company has planned to install coal mill & PCI units for input heat inside the kiln & travelling gate for uniformly distribution of heat insider to attain best efficiency in respect of conservation of fuel.

For and on behalf of the Board of Directors

Date : May 27, 2013
Place : Raipur

Sanjay Gupta
Director

Sanjay Bothra
Director

OPSinghania & Co.

CHARTERED ACCOUNTANTS
JDS CHAMBERS, 1ST FLOOR, 6-CENTRAL AVENUE,
CHOUBE COLONY, RAIPUR -492001(C.G.) INDIA
PHONE: 0771-4041235, 4041236
Email:opsinghania.co@gmail.com

Independent Auditor's Report To the Members of Ardent Steel Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Ardent Steel Limited** ("the Company") which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and 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 Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- (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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
 - e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For, **OPSinghania & Co.**
(Firm Reg. No.002172C)
Chartered Accountants

SANJAY SINGHANIA
Partner
Membership No.: 076961

Raipur, 27th May'2013

Annexure

Re: Ardent Steel Limited

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

- (i)
 - (a) The Company has maintained the proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, in phased verification programme, which, in our opinion, is reasonable, looking to the size of the company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.
- (ii)
 - (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the inventory records of the company, we are of the opinion that, the company is maintaining proper records of inventory. 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)
 - (a) The company has granted unsecured loans to a company covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs.1400.00 lacs and the year-end balance was Rs.Nil.
 - (b) In our opinion, the terms & conditions on which loan has been granted to a company listed in the register maintained under section 301 of the Companies Act 1956, are not prima facie prejudicial to the interest of the company.
 - (c) The receipt of the principal amount and interest wherever applicable was regular.
 - (d) There was no overdue amount of loans granted to companies listed in the register maintained under section 301 of the Companies Act, 1956.
 - (e) The company has taken unsecured loans from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.200.00 lacs and the year-end balance was Rs. Nil.
 - (f) In our opinion, the terms & conditions on which loan has been taken from a company listed in the register maintained under section 301 of the Companies Act 1956, are not prima facie prejudicial to the interest of the company.
 - (g) The company was regular in repaying the amount as stipulated.

- (iv) In our opinion and according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v)
 - (a) According to the information & explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information & explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the company has not accepted deposits from public during the year therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (vii) In our opinion the company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 209(1)(d) of the Companies Act, 1956, 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.
- (ix)
 - (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, wealth tax, service tax, income tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information & explanations given to us, no undisputed amounts of statutory dues as stated above were in arrears as at 31st March 2013 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The company does not have any accumulated losses and has not incurred cash losses during the financial year covered by our audit and also in the preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks or financial institutions.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others, therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvi) As the company has not taken any term loans during the year under audit, therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that, short-term funds have not been used for long term investment.
- (xviii) According to the information and explanations given to us the company has not made any preferential allotment of shares during the year covered in the register maintained u/s.301 of the Companies Act,1956. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xix) The company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) The company has not raised any money by public issue during the year, therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order,2003 are not applicable to the company.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year. Therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

For **OPSinghania & Co.**
(Firm Reg. No.002172C)
Chartered Accountants

SANJAY SINGHANIA
Partner
Membership No: 076961

Raipur, 27th May'2013

Ardent Steel Limited
Balance Sheet as at 31st March,2013

Particulars	Notes	2013 ₹	2012 ₹
EQUITY AND LIABILITIES			
<u>Shareholders' Funds</u>			
Share capital	3	100,000,000	100,000,000
Reserves and surplus	4	833,272,808	528,992,469
		<u>933,272,808</u>	<u>628,992,469</u>
<u>Non-current liabilities</u>			
Long-term borrowings	5	628,408,399	843,053,813
Deferred tax liabilities (net)	6	166,880,592	18,973,606
Long-term provisions	7	3,018,979	1,889,327
		<u>798,307,970</u>	<u>863,916,746</u>
<u>Current liabilities</u>			
Short-term borrowings	8	286,604,925	228,914,985
Trade payables	9	409,133,603	504,419,824
Other current liabilities	9	256,388,286	231,007,293
Short-term provisions	7	12,588,285	5,929,428
		<u>964,715,099</u>	<u>970,271,530</u>
TOTAL		<u><u>2,696,295,877</u></u>	<u><u>2,463,180,745</u></u>
ASSETS			
<u>Non-current assets</u>			
Fixed Assets			
Tangible assets	10	1,865,534,437	1,763,564,558
Capital work-in-progress including capital advances		37,037,533	133,531,513
Non-current investments	11	199,000	199,000
Long-term loans and advances	12	28,996,194	1,590,938
Other non-current assets	13.2	3,848,585	2,899,618
		<u>1,935,615,749</u>	<u>1,901,785,627</u>
<u>Current assets</u>			
Inventories	14	420,741,984	369,043,637
Trade receivables	13.1	14,807,081	36,256,077
Cash & bank balances	15	72,470,463	93,992,832
Short-term loans and advances	12	251,800,237	62,006,172
Other current assets	13.2	860,363	96,400
		<u>760,680,128</u>	<u>561,395,118</u>
TOTAL		<u><u>2,696,295,877</u></u>	<u><u>2,463,180,745</u></u>
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For OPSinghania & CO.

(Firm Reg. No.002172C)

Chartered Accountants

For and on behalf of the Board of Directors of Ardent Steel Limited

per Sanjay Singhania

Partner

Membership No.076961

Sanjay Gupta

Whole Time Director

Sanjay Bothra

Director

Place : Raipur

Date : 27.05.2013

Niharika Verma

Company Secretary

Ardent Steel Limited**Statement of Profit & Loss for the year ended 31st March, 2013**

	Notes	2013 ₹	2012 ₹
INCOME			
Revenue from operations (gross)	16	4,703,406,616	2,606,750,419
Less: Excise duty		624,565,132	247,058,510
Less: Sales Tax/VAT		-	-
Revenue from operations (net)		4,078,841,484	2,359,691,909
Other Income	17	12,769,927	1,625,722
TOTAL REVENUE (I)		4,091,611,411	2,361,317,631
EXPENDITURE			
Cost of raw material and component consumed	18	1,816,405,255	1,134,400,921
(Increase)/decrease in inventories of finished goods work-in-progress	19	(72,391,040)	(9,657,680)
Employees benefits expenses	20	87,534,148	65,524,945
Other Expenses	21	1,516,096,079	851,336,452
TOTAL REVENUE (II)		3,347,644,441	2,041,604,638
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		743,966,969	319,712,993
Depreciation expenses	22	97,689,114	88,882,864
Finance costs	23	190,751,892	174,335,671
Profit/(loss) before tax		455,525,963	56,494,458
Tax expenses			
Current tax		93,659,782	11,002,988
MAT Credit entitlement		(91,514,949)	(11,010,935)
Deferred Tax		147,906,986	18,338,315
Income tax related to earlier year		1,193,805	38
Total tax expenses		151,245,624	18,330,406
Profit/(loss) for the year from continuing operations (PAT)		304,280,339	38,164,052
Earnings per equity share [nominal value of share @ Rs.10/- (31st March,2012" Rs.10]	24		
Basic		30.43	3.82
Diluted		30.43	3.82
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For OPSinghania & CO.

(Firm Reg. No.002172C)

Chartered Accountants

or and on behalf of the Board of Directors of Ardent Steel Limited

per Sanjay Singhania
Partner
Membership No.076961

Sanjay Gupta
Whole Time Director

Sanjay Bothra
Director

Place : Raipur
Date : 27.05.2013

Niharika Verma
Company Secretary

Ardent Steel Limited**Cash Flow Statement for the year ended 31st March, 2013**

	2013	2012
	₹	₹
Cash Flow from operating activities		
Profit before tax from continuing operations	455,525,963	56,494,458
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation on continuing operation	97,689,114	88,882,864
Provision for gratuity	1,104,429	405,781
Amortization of ancillary cost	96,400	96,400
Loss on sale of fixed assets	168,568	-
Interest Expenses	190,751,892	174,335,671
Interest Income	(12,312,527)	(865,954)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	733,023,839	319,349,220
Movements in working capital :		
Increase/(decrease) in trade payables	(95,286,221)	368,454,454
Increase/(decrease) in other current liabilities	6,425,640	345,955
Decrease/(increase) in trade receivables	21,448,996	(17,854,180)
Decrease/(increase) in inventories	(51,698,347)	(226822393)
Decrease/(increase) in long-term loans and advances	(27,405,256)	(109500)
Decrease/(increase) in short-term loans and advances	(98,279,116)	34,224,258
Decrease/(increase) in other current assets	(763,963)	0
Decrease/(increase) in other non-current assets	(217,737)	(636697)
Cash generated from/(used in) operations	487,247,834	476,951,117
Direct taxes paid (net of refunds)	(88,169,507)	(5,344,485)
Net Cash flow from/(used in) operating activities	A 399,078,327	471,606,632
Cash flows from investing activities		
Purchase of fixed assets & CWIP	(103,843,386)	(199,146,830)
Proceeds from sale of fixed assets	509,805	-
Investments in bank deposits (having original maturity of more than three months)	(14,097,788)	(6,230,000)
Interest received	12,312,527	865,954
Net cash flow from/(used in) investing activities	B (105,118,842)	(204,510,876)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	154,360,361
Repayment of long-term borrowings	(195,690,061)	(199,769,995)
Proceeds from short-term borrowings	57,689,940	5,966,714
Interest paid	(190,751,892)	(174,335,671)
Net cash flow from/(used in) financing activities	C (328,752,013)	(213,778,591)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(34,792,527)	53,317,164
Cash and Cash Equivalents at the beginning of the year	83,887,832	30,570,668
Cash and Cash Equivalents at the end of the year	49,095,304	83,887,832
Components of cash and cash equivalents		
Cash in hand	264,919	375,570
With banks- on current account	47,212,369	74,462,262
- on deposit account	1,618,017	9,050,000
	49,095,305	83,887,832

As per our report of even date

For OPSinghania & CO.

(Firm Reg. No.002172C)

Chartered Accountants

For and on behalf of the Board of Directors of Ardent Steel Limited

per Sanjay Singhania**Partner**

Membership No.076961

Sanjay Gupta

Whole Time Director

Sanjay Bothra

Director

Place : Raipur

Date : 27.05.2013

Niharika Verma

Company Secretary

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

1. Corporate information

Ardent Steel Ltd. (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is mainly engaged in manufacturing of Iron Ore Pellets.

2. Basis of preparation

- i) The financial statements are prepared under the historical cost convention, on going concern concept and in compliance with the accounting standards as notified by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- ii) The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- iii) The accounting policies have been consistently applied by the Company and except for the changes in accounting policies discussed below, are consistent with those used in the previous year.

2.1 Summary of significant accounting policies

a) 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 amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the 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. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

b) Tangible Fixed Assets

Tangible Fixed Assets are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight, installation and other direct or allocated expenses upto the date of commencement of commercial production and are net of CENVAT credit.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The various expenditure incurred during the construction stage and upto the date of commencement of commercial production for setting-up the relevant project-assets are grouped under the head "Pre-operative Expenditure" and allocated to related fixed assets on pro-rata basis upon completion of project and put to use.

c) Depreciation on tangible fixed assets

- i) Depreciation is provided on Straight Line Method based on estimated useful life of the assets which is same as envisaged in schedule XIV of the Companies Act, 1956.
- ii) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.
- iii) Free-hold land and site & land development cost are not depreciated. Leasehold land is amortised annually on the basis of tenure of lease period.

d) Investments :

- i) Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such is other than temporary, in the opinion of the management.
- ii) Current Investments are stated at lower of cost/quoted fair value, computed categorywise.

e) Inventories :

- i) Inventories are valued at lower of cost and net realizable value, after providing for obsolesces, if any.
- ii) Cost of Raw Materials and stores & spares, Finished Goods & Goods in Process are computed on FIFO basis.
- iii) Cost of Finished Goods and Goods in Process includes direct materials, labour, conversion and proportion of manufacturing overheads incurred in bringing the inventories to their present location and condition.
- iv) Proceeds in respect of sales/disposal of raw materials is credited to the raw material purchases.

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

f) Excise Duty

- i) The Excise Duty in respect of closing inventory of finished goods is provided in books of account and included as part of inventory.
- ii) CENVAT Credit relating to raw materials/components are debited under current assets for availing credit against CENVAT and credited to respective materials/component account.

g) Revenue recognition

Revenue is recognised 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 Products

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The company collects sales taxes and value added taxes (VAT) on behalf of Government and, therefore, these are not economic benefits flowing to the company, hence they are excluded from revenue. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

ii) Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

h) Borrowing Cost

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/construction of fixed assets are capitalized only with respect to qualifying fixed assets i.e. those which take substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

i) Contingent Liabilities

Liabilities which are material and whose future outcome cannot be reasonably ascertained are treated as contingent and not provided for and disclosed by way of notes to the accounts.

j) Taxes on Income

Current Taxes are accounted based on provisions of Income Tax Act, 1961.

Deferred Tax is recognized, subject to the consideration of prudence, in timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

k) Foreign Currency Transactions

i) Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate prevailing as on the date of transaction.

ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. Non-monetary items which are carried in terms of historical cost denominating in a foreign currency are reported using the exchange rate at the date of transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values are determined.

iii) Exchange differences

From accounting periods commencing on or after 7 December, 2006, the company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- 1 Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognised as income or as expenses in the same period in which the gain or loss on disposal is recognized.

- 2 Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
 - 3 Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
 - 4 All other exchange differences are recognized as income or as expenses in the period in which they arise.
- iv) All loans and deferred credits repayable in foreign currency and outstanding at the close of the year are expressed in Indian currency at the appropriate rates of exchange prevailing as on the date of the balance sheet, except in cases where these borrowings are covered by forward exchange contracts. Any increase or reduction in these liabilities are booked to revenue.
 - v) In respect of transactions covered by Forward Foreign Exchange Contracts, the difference between the forward rate and exchange rate at the inception of contract is recognized as income or expenses over the life of the contract.

l) Retirement and other Employee Benefits

- i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective funds.
- ii) Gratuity Liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Value of encashable leave are encashed during the year and charged to the statement of Profit & Loss.
- iv) Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

m) Provisions

Provisions are recognised, where the company has any legal or constructive obligation or where reliable estimate can be made for the amount of the obligation and as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) Impairment of Tangible Assets

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to statement of profit & loss.. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

o) Cash and Cash equivalents

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

p) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a right issue to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

q) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit & loss. The company measures EBITDA on the basis of profit/(loss) from continuing operations. In this measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

	2013	2012
	₹	₹
3. Share capital		
Authorised shares 10000000 (10000000) Equity Share of J 10/- each	100,000,000	10,000,000
	<u>100,000,000</u>	<u>10,000,000</u>
Issued, subscribed and fully paid-up shares 10000000 (10000000) Equity Shares of J 10/- each fully paidup	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>

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

Equity shares

	2013		2012	
	No.	₹	No.	₹
At the beginning of the period	100,000,000	100,000,000	10,000,000	100,000,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	<u>100,000,000</u>	<u>100,000,000</u>	<u>10,000,000</u>	<u>100,000,000</u>

b. Terms/rights attached to equity shares

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

In the event of liquidation of the company, the holders of the 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. Shares of the company held by holding company

Out of the equity shares issued by the company, shares held by its holding company are as below:

	2013	2012
	₹	₹
Equity shares of J 10 each fully paid 7500000 nos. os shares held by Godawari Power & Ispat Limited, Holding company	75,000,000	75,000,000
	<u>75,000,000</u>	<u>75,000,000</u>

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

	2013		2012	
	No.	% of holding in the class	No.	% of holding in the class
Equity shares of J 10 each fully paid				
Maharathi Steel Pvt. Ltd.	1204700	12.05	1204700	12.05
Realframe Infrastructure Pvt. Ltd.	638300	6.38	638300	6.38
Godawari Power & Ispat Limited	7500000	75.00	7500000	75.00
	<u>9343000</u>	<u>93.43</u>	<u>9343000</u>	<u>93.43</u>

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

	2013 ₹	2012 ₹
4. Reserves and Surplus		
Securities Premium Reserve		
Balance as per last financial statements	<u>490,000,000</u>	<u>490,000,000</u>
	490,000,000	490,000,000
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	38,992,469	828,417
Profit for the year	<u>304,280,339</u>	<u>38,164,052</u>
Net surplus in the statement of profit and loss	<u>343,272,808</u>	<u>38,992,469</u>
Total reserves and surplus	833,272,808	528,992,469

5. Long-term borrowings

	Non-current portion		Current maturities	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Term Loans				
Indian rupee loan from banks (secured)	619,399,804	837,952,133	226,269,900	206,062,500
Other loans and advances				
Other Loans (secured)	9,008,595	5,101,680	4,589,915	5,841,962
	<u>628,408,399</u>	<u>843,053,813</u>	<u>230,859,815</u>	<u>211,904,462</u>
The above amount includes				
Secured borrowings	628,408,399	843,053,813		
Amount disclosed under the head "other current liabilities" (note 9)			<u>(230,859,815)</u>	<u>(211,904,462)</u>
Net amount	<u>628,408,399</u>	<u>843,053,813</u>	<u>-</u>	<u>-</u>

- a. Indian rupee term loan-I and II from Canara Bank, Corporation Bank and Oriental Bank of Commerce are availed under consortium arrangement. The loan-I is repayable in 66 monthly instalments from the date of Commercial Operation Date viz.31.07.2010 and the loan-II is repayable in 24 quarterly instalments with one year of moratorium from the date of loan i.e. 31.03.2012. The loan is secured by Pari-passu 1st Charge on Hypothecation of plant & machineries, equipments, Furniture & Fixtures, Structures, Other movable assets present & future and also pari-passu 1st Charge on remaining Misc. Fixed Assets, EMT of 50.00 acres of Land situated at Vill. & Po. Phuljhar, Via – Suakati, Dt. Keonjhar, Orissa.and Building / Works/ Project to be constructed thereon.

The above loan is further secured by Pari-passu 2nd charge by way of hypothecation of Entire Current Assets consisting of Raw materials, SIP, Finished goods, Stores & spares etc., & Book debts of the company (present and future) and also secured by Personal Guarantee of Mr. Sanjay Gupta & Mr. B.L. Agrawal.

- b. Other loans are secured by hypothecation of vehicles.

Ardent Steel Limited**Notes to financial statements for the year ended 31st March, 2013****6. Deferred Tax Liabilities (Net)**

	2013	2012
	₹	₹
Deferred Tax Liability		
Fixed assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting	169,079,918	128,164,525
	169,079,918	128,164,525
Deferred Tax Assets		
Carried forward unabsorbed depreciation	1,377,643	108,727,568
Provision for gratuity	821,683	463,351
Gross deferred tax assets	2,199,326	109,190,919
	166,880,592	18,973,606

7. Provisions

	Long-term		Short-term	
	2013	2012	2013	2012
	₹	₹	₹	₹
Provision for employee benefits				
Provision for gratuity (note 28)	3,018,979	1,889,327	-	25,223
	3,018,979	1,889,327	-	25,223
Provisions for taxation(net of advance)			12,588,285	5,904,205
	-	-	12,588,285	5,904,205
	3018979	1889327	12,588,285	5,929,428

8. Short-term borrowings

	2013	2012
	₹	₹
Cash Credit from banks (secured)	286,604,925	208,914,985
Loans & Advances from holding company repayable on demand (unsecured)	-	20,000,000
	286,604,925	228,914,985
The above amount includes		
Secured borrowings	286,604,925	208,914,985
Unsecured borrowings	-	20,000,000

Cash credit limit from Canara Bank, Corporation Bank and Oriental Bank of Commerce being consortium advances banks is secured by Hypothecation of entire Current Assets consisting of raw materials, SIP, finished Goods, stores & spares etc. (Present & Future); Hypothecation of book Debts (Present & Future) and second pari passu charge on the entire movable plant & machineries & immovable assets of the company.

9. Other Current Liabilities

	2013	2012
	₹	₹
Trade payables (including acceptances (refer note 27 for details of dues for micro and small enterprises)	326,664,173	287,773,748
Creditors for capital goods	1,854,291	11,260,786
Advance From customers	80,615,139	205,385,290
Other liabilities		
Current maturities of long-term borrowings (secured) (note -5)	230,859,815	211,904,462
Interest accrued but not due on borrowings	1,369,148	9,850,519
Other payable	24,159,323	9,252,312
	665,521,889	735,427,117

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

10. Tangible assets

	Freehold Land	Site & Land Development	Factory Shed & Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Total
	₹	₹	₹	₹	₹	₹	₹
Cost or valuation							
At 1 April 2011	16,229,048	9,317,887	204,619,506	1,512,173,820	3,202,930	9,793,145	1,755,336,336
Additions	-	751,884	-	99,072,482	2,006,673	2,911,537	104,742,576
Disposals	-	-	-	-	-	-	-
Other adjustments							
- Borrowing costs	-	-	-	13,652,316	-	-	13,652,316
At 31 March, 2012	16,229,048	10,069,771	204,619,506	1,624,898,618	5,209,603	12,704,682	1,873,731,228
Additions	-	265,000	48,594,682	142,379,380	964,283	8,134,021	200,337,366
Disposals	-	-	-	408,000	-	567,573	975,573
At 31st March, 2013	16,229,048	10,334,771	253,214,188	1,766,869,998	6,173,886	20,271,130	2,073,093,021
Depreciation							
At 1 April 2011	-	-	1,636,145	19,449,263	43,340	155,058	21,283,806
Charge for the year	-	-	5,244,660	82,400,466	275,386	962,352	88,882,864
Disposals	-	-	-	-	-	-	-
At 31 March, 2012	-	-	6,880,805	101,849,729	318,726	1,117,410	110,166,670
Charge for the year	-	-	5,739,577	90,027,439	362,980	1,559,118	97,689,114
Disposals	-	-	-	81,358	-	215,842	297,200
At 31 March, 2013	-	-	12,620,382	191,795,810	681,706	2,460,686	207,558,584
Net Block							
At 31 March, 2012	16,229,048	10,069,771	197,738,701	1,523,048,889	4,890,877	11,587,272	1,763,564,558
At 31st March, 2013	16,229,048	10,334,771	240,593,806	1,575,074,188	5,492,180	17,810,444	1,865,534,437

Capitalized borrowing costs

The borrowing cost capitalized during the year ended 31st March, 2013 was Rs. Nil (31st March, 2012: Rs.13652316/-). The company capitalized this borrowing cost in the capital work-in-progress (CWIP). The amount of borrowing cost shown as other adjustments in the above note reflects the amount of borrowing cost transferred from CWIP.

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

11. Non-current investments		2013	2012	
		₹	₹	
Trade				
Unquoted, fully Paid up				
19,900 equity shares of Rs.10/- each in Sag International Limited		199,000	199,000	
		199,000	199,000	
12. Loans and advances (unsecured, considered good)				
	Non-current		Current	
	2013	2012	2013	2012
	₹	₹	₹	₹
Advances recoverable in cash or in kind			125,669,347	28,736,562
Other loans and advances				
Prepaid expenses			854,386	518,731
MAT Credit entitlement			102,790,775	11,275,826
Balance with statutory/govt. authorities			22,485,729	21,475,053
Security deposit with govt. & others	28,996,194	1,590,938	-	-
Total	28,996,194	1,590,938	251,800,237	62,006,172
13. Trade receivables and other assets				
13.1 Trade receivables				
			Current	
			2013	2012
			₹	₹
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
			400,082	16,818,012
Other receivables				
			14,406,999	19,438,065
Total				
			14,807,081	36,256,077
13.2 Other assets				
	Non-current		Current	
	2013	2012	2013	2012
	₹	₹	₹	₹
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note-15)				
	2,547,288	1,719,658	-	-
Unamortized expenditure				
Unamortized preliminary expenses				
	96,400	192,800	96,400	96,400
Others				
Interest accrued on fixed deposits				
	1,204,897	987,160	763,963	-
	3,848,585	2,899,618	860,363	96,400

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

14. Inventories (valued at lower of cost and net realizable value)	2013		2012	
	₹		₹	
Raw Materials and components (refer note 18)	72,733,397		152,447,607	
Work-in-progress (refer note 19)	12,353,286		19,889,979	
Finished goods (refer note 19)	140,577,790		60,650,057	
Stores & spares	195,077,511		136,055,994	
	420,741,984		369,043,637	

15. Cash and bank balances

	Non-current		Current	
	2013	2012	2013	2012
	₹		₹	
Cash and cash equivalents				
Balances with banks:				
On current accounts			47,212,369	74,462,262
Deposits with original maturity of less than three months			1,618,017	9,050,000
Cash on hand			264,919	375,570
			49,095,305	83,887,832
Other bank balances				
Deposits with original maturity for more than 12 months	2,547,288	1,719,658	-	-
Deposits with original maturity for more than 3 months but less than 12 months			2,975,158	7,605,000
Margin money deposit			20,400,000	2,500,000
	2,547,288	1,719,658	23,375,158	10,105,000
Amount disclosed under non-current assets (note 13.2)	2,547,288	1,719,658		
	-	1,719,658	72,470,463	93,992,832

Margin money deposits given as security

Deposits and margin money with a carrying amount of Rs.275.40)lacs (31st March 2012:Rs.208.75 lacs) are pledged with the bank against letter of credit and bank guarantee.

16. Revenue from operations

	2013		2012	
	₹		₹	
Revenue from operations				
Sale of products				
Manufacturing Goods			4,703,406,616	2,606,425,829
Other operating revenue				
Scrap sales			-	324,590
Revenue from operations (gross)			4,703,406,616	2,606,750,419
Less: Excise duty & other taxes			624,565,132	247,058,510
Revenue from operations (net)			4,078,841,484	2,359,691,909

Excise duty & other taxes on sales amounting to Rs.62,45,65,132/- (31st March, 2012: Rs.24,70,58,510/-) has been reduced from sale in profit & loss account and excise duty on increase/decrease in stock amounting to Rs.1,16,73,922/- (31st March,2012: Rs.22,13,775/-) has been considered as (income)/expense in note 21 of financial statements.

Details of products sold

	2013		2012	
	₹		₹	
Finished Goods Sold				
Pellet			4,703,406,616	2,606,425,829
			4,703,406,616	2,606,425,829

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

17. Other Income	2013	2012	
	₹	₹	
Interest Income on			
Bank Deposits	2,036,470	865,954	
Others	10,276,057	-	
Other non-operating income (net of expenses directly attributable to such income)	457,399	759,768	
	<u>12,769,927</u>	<u>1,625,722</u>	
18. Cost of raw material and components consumed	2013	2012	
	₹	₹	
Inventory at the beginning of the year	152,447,607	22,494,333	
Add: purchases	1,736,691,045	1,264,354,195	
	1,889,138,652	1,286,848,528	
Less : Inventory at the end of the year	72,733,397	152,447,607	
Cost of raw material and components consumed	<u>1,816,405,255</u>	<u>1,134,400,921</u>	
Details of raw material and components consumed	2013	2012	
	₹	₹	
Iron Ore fines	1,776,919,884	1,040,621,125	
Others	39,485,371	93,779,796	
	<u>1,816,405,255</u>	<u>1,134,400,921</u>	
Details of Inventory	2013	2012	
	₹	₹	
Raw Material and Components			
Iron Ore fines	69,955,662	149,616,843	
Others	2,777,735	2,830,764	
	<u>72,733,397</u>	<u>152,447,607</u>	
19. (Increase)/Decrease in Inventories	2013	2012	(Increase)/Decrease
	₹	₹	₹
Inventories at the end of the year			31st March, 2012
Finished goods	140,577,790	60,650,057	(79,927,733)
Work-in-progress including red pellet & substandard material	12,353,286	19,889,979	7,536,693
	<u>152,931,076</u>	<u>80,540,036</u>	<u>(72,391,040)</u>
Inventories at the beginning of the year			31st March, 2012
Finished goods	60,650,057	16,247,522	(44,402,535)
Work-in-progress	19,889,979	54,634,834	34,744,855
	<u>80,540,036</u>	<u>70,882,356</u>	<u>(9,657,680)</u>
Net (increase)/decrease in inventories	<u>(72,391,040)</u>	<u>(9,657,680)</u>	
Details of Inventories	2013	2012	
	₹	₹	
Work-in-progress			
Filter Cake	12,353,286	19,889,979	
	<u>12,353,286</u>	<u>19,889,979</u>	
Finished goods			
Pellet	140,577,790	60,650,057	
	<u>140,577,790</u>	<u>60,650,057</u>	

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

20. Employee benefit expense	2013	2012
	₹	₹
Salaries, wages and bonus	84,133,590	59,435,415
Contribution to provident and other fund	2,202,671	2,488,892
Gratuity Expense (Note 28)	1,104,429	405,781
Workmen and staff welfare expenses	93,458	3,194,857
	87,534,148	65,524,945
21. Other Expense	2013	2012
	₹	₹
Consumption of stores and spares	165,050,547	63,154,344
Increase/(decrease) of excise duty on inventory	11,673,922	2,213,775
Power & Fuel	1,028,266,202	595,997,717
Other manufacturing expenses	9,525,173	11,689,132
Rent	2,214,209	1,385,853
Rates and taxes		
- Others	10,643,613	5,753,116
Insurance	1,454,255	811,967
Repairs and maintenance		
- Plant and machinery	42,238,829	39,960,782
- Buildings	16,227,757	-
- Others	5,150,481	439,489
Rebate, shortage claims & other deductions	-	5,762,556
Commission		
- Other than Sole selling agents	11,615,411	9,210,520
Travelling and conveyance	6,024,611	4,502,460
Communication expenses	2,443,060	2,095,778
Printing and stationery	486,824	382,330
Legal and professional fees	4,277,391	3,784,110
Loss on sale of fixed assets	168,568	-
Directors' remuneration	4,088,133	4,093,795
Payment to Auditor (Refer details below)	175,000	200,000
Frieght and forwarding charges	174,514,015	83,990,981
Security service charges	6,651,312	5,048,525
Preliminary expenses written off	96,400	96,400
Miscellaneous expenses	13,110,366	10,762,822
	1,516,096,079	851,336,452
Payment to Auditor	2013	2012
	₹	₹
As auditor :		
Audit fee	125,000	125,000
Tax Audit fee	25,000	25,000
In other capacity		
Taxation matters	25,000	25,000
Other services	-	25,000
	175,000	200,000
22. Depreciation expense	2013	2012
	₹	₹
Depreciation on tangible assets	97,689,114	88,882,864
	97,689,114	88,882,864

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

23. Finance Costs	2013	2012
	₹	₹
Interest		
- on term loans	141,522,526	137,791,468
- on working capital	31,074,407	23,161,145
- on others	17,692,640	5,159,047
- on income tax	343,929	26,778
Bank charges	118,390	8,197,233
	190,751,892	174,335,671

24. Earnings per share (EPS)	2013	2012
	₹	₹
Net profit as per profit and loss account	304,280,339	38,164,052
Net profit for calculation of basic EPS & Diluted EPS	304,280,339	38,164,052
Weighted average number of equity shares in calculating Basic EPS	10,000,000	10,000,000
Weighted average number of equity shares in calculating Diluted EPS	10,000,000	10,000,000
Basic & Diluted EPS		
- Basic earning per share	30.43	3.82
- Diluted earning per share	30.43	3.82

25. Contingent Liabilities and Capital Commitments are not provided for in respect of :-

Counter Guarantees given to banks against Bank guarantees issued by the Company Banker aggregate to Rs.66.63 lacs (Previous Year Rs.103.41 lacs.)

26. Information on Related Party as required by Accounting Standard-18, "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, are given below :

i) Related Parties

a) Holding

Godawari Power & Ispat Limited

b) Other Related Enterprises where control exist

-- Hira Cement Ltd.
-- Hira Global Ltd.

c) Key

-- Shri B.L.Agrawal
-- Shri Sanjay Gupta

d) Subsidiary of Holding Company

-- Hira Ferro Alloys Ltd.

ii) Transaction with Related Parties in the ordinary course of business

		2013	2012
Holding Company	Purchase of Raw Materials	45.20	148.07
	Purchase of Capital Goods	342.39	128.66
	Interest Paid	0.00	39.57
	Interest	86.30	0.00
	Advances	3272.95	3445.00
	Advances	3472.95	2945.00
	Outstandings		
Payables	0.00	200.00	
Subsidiary of Holding Company	Purchase of Raw Materials	97.35	129.67
	Outstandings		
	Payables	0.00	27.03
Other Related Enterprises where control	Purchase of Raw Materials	119.12	57.28
	Purchase of Capital Goods	34.02	72.54
	Outstandings		
	Payables	0.00	30.87
Key Management personnel	Remuneration paid	40.88	40.94

iii) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type

Purchase of Raw Materials:	2013	2012
Hira Cement	119.12	57.28
Godawari Power & Ispat Ltd.	45.20	148.07
Hira Ferro Alloys Limited	97.35	129.67
Purchase of Capital Goods:	2013	2012
Godawari Power & Ispat Ltd.	342.39	128.66
Hira Cement	23.38	72.54
Hira Global Ltd	10.64	0.00
Interest Paid	2013	2012
Godawari Power & Ispat Ltd.	0.00	39.57
Interest Received	2013	2012
Godawari Power & Ispat Ltd.	86.30	0.00
Remuneration paid	2013	2012
Shri Sanjay Gupta	40.88	40.94

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2013

27. The Company has identified the amount due to Micro, Small and Medium Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2013

	(Rs. in lacs)	
	2013	2012
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March, 2013		
Principal Amount	0.00	3.80
Interest	0.00	0.00
ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day for the year ending 31st March, 2013	0.00	0.00
iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	0.00	0.00
iv) The amount of interest accrued and remaining unpaid for the year ending 31st March, 2013	0.00	0.00
v) The amount of further interest remaining due and payable for the earlier years.	0.00	0.00

Note : The information has been given in respect of such suppliers to the extent they could be identified as "Micro, Small and Medium" enterprises on the basis of information available with the Company.

28. Gratuity and other post-employment benefit plans :

The Company has a defined gratuity benefit plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employees after completion of 5 years of service. The Gratuity liability has not been externally funded. Company makes provision of such gratuity liability in the books of account on the basis of actuarial valuation as per the Projected unit credit method.

The following tables summarise the components of net benefit expense recognized in the profit and loss account and the unfunded status and amounts recognized in the balance sheet for the Gratuity.

Profit and Loss account

Net employee benefit expense (recognized in Employee Cost)

Rs. in Lacs

	(Gratuity)	(Gratuity)
	March 31'2013	March 31, 2012
Current Service cost	9.39	5.21
Interest cost on benefit obligation	2.22	1.37
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	(0.56)	(2.52)
Past service cost	0.00	0.00
Actual return on plan assets	11.05	4.06

Balance Sheet

Details of provision for Gratuity

Rs. in Lacs

	March 31'2013	March 31, 2012
	Defined benefit obligation	30.19
Fair value of plan assets	0.00	0.00
	30.19	19.14
Less : Unrecognised past service cost	0.00	0.00
Plan liability	30.19	19.14

Changes in the present value of the defined benefit obligation are as follows :

Rs. in Lacs

	March 31'2013	March 31, 2012
	Defined benefit obligation as at April 1, 2012	19.14
Interest cost	2.22	0.00
Current Service Cost	9.39	4.06
Benefits paid	0.00	0.00
Actuarial losses on obligation	(0.56)	0.00
Defined benefit obligation as at March 31, 2013	30.19	19.14

Since the entire amount of plan obligation is unfunded therefore changes in the fair value of plan assets are not given. Further the entire amount of plan obligation is unfunded therefore categories of plan assets as a percentage of the fair value of total plan assets and Company's expected contribution to the plan assets in the next year is not given.

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below :

	March 31'2013	March 31, 2012
Discount Rate	8.00%	8.00%
Increase in Compensation cost	5.00%	5.00%
Rate of return on plan assets	0.00	0.00
Expected average remaining working lives of employee (years)	28.11	28.72

Ardent Steel Limited**Notes to financial statements for the year ended 31st March, 2013**

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Contribution to Defined Contribution Plans :

	Rs. in Lacs	Rs. in Lacs
Provident Fund	22.03	24.89

29. In the opinion of the Board, the value of realization of short term loans & advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated.

30. BREAKUP OF RAW MATERIAL CONSUMED	2013		2012	
	%	Rs. in Lacs	%	Rs. in Lacs
Imported	0.00%	0.00	0.00%	0.00
Indigenous	100.00%	18164.05	100.00%	11344.01
	100.00%	18164.05	100.00%	11344.01

31. BREAKUP OF STORES & SPARES CONSUMED	2013		2012	
	%	Rs. in Lacs	%	Rs. in Lacs
Imported	44.68%	737.38	13.96%	88.17
Indigenous	55.32%	913.12	86.04%	543.37
	100.00%	1650.50	100.00%	631.54

(Rs. In lacs)

32. Value of import on CIF basis	2013	2012
	- Capital Goods	0.00
- Stores & Spares	1083.75	88.17

(Rs. In lacs)

	2013	2012
33. Expenditure in Foreign Currency	7.48	1.55
34. Earning in Foreign Exchange	0.00	0.00

35. Previous year figures have been regrouped or rearranged wherever necessary.

The accompanying notes are integral part of the financial statements.

As per our report of even date

For OPSinghania & CO.

(Firm Reg. No.002172C)

Chartered Accountants

For and on behalf of the Board of Directors of Ardent Steel Limited

per Sanjay Singhania

Partner

Membership No.076961

Sanjay Gupta

Whole Time Director

Sanjay Bothra

Director

Place : Raipur

Date : 27.05.2013

Niharika Verma

Company Secretary