

ANNUAL REPORT

2011-12

ARDENT STEEL LIMITED

DIRECTORS' REPORT

Dear Shareholders,

ARDENT STEEL LIMITED

Registered Office: Unit No.606, Town Centre, 6th Floor, Andheri Kurla Road, Saki Naka, Andheri (East), Mumbai (MH)

Your Directors have pleasure in presenting the Fifth 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, 2012. The summarized financial result for the year ended 31st March 2012 as under:

	Year ended 31.03.2012 (Rs. in lacs)	Year ended 31.03.2011 (Rs. in lacs)
Net Turnover	23596.92	3810.88
Other Income	16.26	3.14
Total Income from Operations	23613.18	3814.02
Profit/(Loss) before Interest, Depreciation & Tax	3197.13	635.00
Less: Finance Cost	1743.36	407.45
Less: Depreciation for the Year	888.83	212.84
Profit/(Loss) before Taxation	564.94	14.71
Less: Provision for Current Income Tax and Deferred Tax Adjustment	183.30	6.43
Profit for the Year after Tax	381.64	8.28

REVIEW OF OPERATIONS:

During the year under review, your Company has registered net sales turnover of Rs. 235.97 Crores as compared to net sales of Rs. 38.11 cores during the previous year. Your Company registered EBIDTA of Rs.31.97 crores and net profit of Rs.3.82 crores during the year under review as compared to EBIDTA of Rs. 6.35 crores and net profit of Rs. 0.08 crores during the previous year respectively.

The financial year 2011-12, was the first full year of operation of the Company setting up the project for manufacture of iron ore pellets. The Company has during the year achieved production of 300588.11 MTPA iron ore pellets, resulting into plant operating efficiency of 60%. The Company during first half of the year faced certain technical difficulties resulting into lower production. The problems have since been removed and the plant has been operating at full capacity during the current year. The performance of the Company is expected to improve substantially during the current year, barring unforeseen circumstances.

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 2012.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

There was no foreign exchange earnings during the year. However your company has incurred Rs. 210.53 Lacs towards import of capital goods, stores & 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.

DIRECTORS:

Shri B.L. Agrawal, Director of the company has submitted his resignation from the directorship of the Company with effect from May 22, 2012 due to his other pre-occupations. Your Company places on record its deep sense of appreciation for the services rendered and guidance given by the outgoing director from time to time during the tenure of his office. The Board of Directors appointed Shri Sanjay Bothra as Additional Director on the Board of the Company with effect from May 22, 2012.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Bhriгу Nath Ojha and Shri Dinesh Gandhi, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers 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 ordering cost audit of certain industry for the year ending 31st March, 2012 and pursuant to section 233 B of The Companies Act, 1956, M/s. S.C Mohanty & Associates was appointed as Cost Auditor of the company to conduct audit of cost accounting records maintained by the Company for the year ended 31st March, 2012. The due date of filing his report as per sub-rule (1) of rule 4 of The Companies (Cost Audit Report) Rules, 2011 to the Central Government and to the company is within one hundred and eighty days from the close of the company's financial year (i.e on or before 27th September, 2012).

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. Singhanian 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 and the Auditors Report is self explanatory.

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.

Consequent upon resignation of Shri B.L. Agrawal from the Directorship of the company, Shri B.N. Ojha, Independent Director of the Company has been inducted as Member of the Audit Committee in place of Shri B.L. Agrawal w.e.f 22.05.2012.

The committee met four times during the year 2011-12. 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)	03
2. B.L. Agrawal*	Member	04
3. Sanjay Gupta	Member	04
4. B.N. Ojha**	Member	Nil

*Resigned from Directorship w.e.f. 22.05.2012.

** Appointed as Member of Audit Committee w.e.f. 22.05.2012.

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 21, 2012
Place: Raipur

Sanjay Gupta
Director

Dinesh Gandhi
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: ASL has installed a Coal based Gas Producer Plant (GPP) to reduce its dependency on Petroleum Product (FO/LDO). The GPP will provide clean Gas to heat our Kiln.

(B) Additional Investments and proposals, if any being implemented for the reduction of energy consumption: Rs 6.41 crore has been spent in Fy12 to complete installation of GPP.

(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 a reduction of Rs 56/ per ton of Pellet in FY12 and Would provide a substantial reduction in FY13.

(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	2011-12	2010-11
Electricity		
1. Purchased		
Total units Consumed (No. of units (KWA) in crores)	Nil	Nil
Amount (Rs. In crores)	Nil	Nil
Average Rate Per Unit (Rs.)	Nil	Nil
2. Own Generation of Electricity		
Total units consumed (No. of units (KWA) in crores)	1.6073	0.2510
Amount (Rs. In crores)	16.94	2.91
Average Rate Per Unit (Rs.)	10.94	11.58
Coal and Coke		
Quantity (M.T.)	10338.03	583
Total Cost (Rs.) in crores	6.58	0.40
Average Rate Per M.T. (Rs.)	6361.38	6861.06
Furnace Oil/LDO		
Quantity (MT)	8105.58	1594.46
Total cost (Rs crores)	35.21	6.74
Average Rate Per MT (Rs)	43440.75	42300.00

II. CONSUMPTION PER UNIT OF PRODUCTION (PER MT)

Particulars	2011-12	2010-11
Electricity		
1. Pellet Production		
Production (MT)	300588.11	54112.36
Consumption	16073794	2510281
Average Consumption Per MT	53.47	46.39
Coal & Coke		
1. Pellet Production		
Production (MT)	300588.11	54112.36
Consumption	10338.03	583
Average Consumption Per MT	0.03	0.01
Furnace Oil/LDO		
1. Pellet Production		
Production (MT)	300588.11	54112.36
Consumption	8105.58	1594.46
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 activities carried out by the Company
2. Benefits derived as a result of the Above R & D : Not Applicable
3. Future plan of action: Not yet decided
4. Expenditure on R & D. Nil

For and on behalf of the Board of Directors

Date : May 21, 2012
Place : Raipur

Sanjay Gupta
Director

Dinesh Gandhi
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

AUDITORS' REPORT

To The Members of
Ardent Steel Limited

1. We have audited the attached balance sheet of **Ardent Steel Limited** as at 31st March, 2012, the statement of profit and loss and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (As Amended) issued by the Central Government of India, in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said order.
4. Further to our comment in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) 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;
 - (iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- (vi) In our opinion and to the best of our information and according to the explanations given to us the said accounts read alongwith the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the balance sheet, of the state of the affairs of the Company, as at 31st March, 2012;
 - (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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

SANJAY SINGHANIA
Partner
Membership No.: 076961

Raipur, 21st May'2012

Annexure

Re: Ardent Steel Limited

Referred to in paragraph 3 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) The company has not granted/taken any secured or unsecured loans to/from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. Therefore, the provisions of clause 4(iii) (a) to (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (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 2012 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.
- (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) In our opinion, the term loans have been applied progressively for the purpose for which the loans were obtained.

- (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(xxi) 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, 21st May'2012

Ardent Steel Limited
Balance Sheet as at 31st March,2012

Particulars	Notes	2012 ₹	2011 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	100,000,000	100,000,000
Reserves and surplus	4	528,992,469	490,828,417
		<u>628,992,469</u>	<u>590,828,417</u>
Non-current liabilities			
Long-term borrowings	5	843,053,813	900,597,914
Deferred tax liabilities (net)	6	7,697,780	370,400
Long-term provisions	7	1,889,327	1,508,769
		<u>852,640,920</u>	<u>902,477,083</u>
Current liabilities			
Short-term borrowings	8	228,914,985	222,948,271
Trade payables	9	504,419,824	135,965,370
Other current liabilities	9	231,007,294	218,526,872
Short-term provisions	7	5,929,428	245,664
		<u>970,271,532</u>	<u>577,686,177</u>
TOTAL		<u>2,451,904,920</u>	<u>2,070,991,677</u>
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	10	1,763,564,558	1,734,052,531
Capital work-in-progress including pre-operative expenses		133,531,513	52,779,574
Non-current investments	11	400,000	400,000
Long-term loans and advances	12	1,590,938	1,481,438
Other non-current assets	13.2	2,899,618	2,359,320
		<u>1,901,986,627</u>	<u>1,791,072,864</u>
Current assets			
Inventories	14	369,043,637	142,221,244
Trade receivables	13.1	36,256,077	18,401,897
Cash & bank balances	15	93,992,831	34,445,668
Short-term loans and advances	12	50,529,347	84,753,605
Other current assets	13.2	96,400	96,400
		<u>549,918,292</u>	<u>279,918,813</u>
TOTAL		<u>2,451,904,920</u>	<u>2,070,991,677</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

Director

Dinesh Gandhi

Director

Place : Raipur

Date : 21.05.2012

Niharika Verma

Company Secretary

Ardent Steel Limited
Statement of Profit & Loss for the year ended 31st March, 2012

	Notes	2012 ₹	2011 ₹
INCOME			
Revenue from operations (gross)	16	2,606,750,419	420,340,239
Less: Excise duty		247,058,510	39,252,297
Revenue from operations (net)		2,359,691,909	381,087,942
Other Income	17	1,625,722	314,353
TOTAL REVENUE (I)		2,361,317,631	381,402,295
EXPENDITURE			
Cost of raw material and component consumed	18	1,134,400,921	175,747,330.61
(Increase)/decrease in inventories of finished goods work-in-progress	19	(9,657,680)	(10,190,948)
Employees benefits expenses	20	65,524,945	15,685,016
Other Expenses	21	851,336,453	136,660,272
TOTAL REVENUE (II)		2,041,604,639	317,901,670
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		319,712,992	63,500,625
Depreciation expenses	22	88,882,864	21,283,806
Finance costs	23	174,335,671	40,745,202
Profit/(loss) before tax		56,494,458	1,471,617
Tax expenses			
Current tax		11,002,988	272,800
Deferred Tax		7,327,380	370,400
Income tax related to earlier year		38	-
Total tax expenses		18,330,406	643,200
Profit/(loss) for the year from continuing operations		38,164,052	828,417
Earnings per equity share [nominal value of share @ Rs.10/- (31st March,2011" Rs.10]	24		
Basic		3.82	0.11
Diluted		3.82	0.11
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
Director

Dinesh Gandhi
Director

Place : Raipur
Date : 21.05.2012

Niharika Verma
Company Secretary

Ardent Steels Limited**Cash Flow Statement for the year ended 31st March, 2012**

	2012 ₹	2011 ₹
Cash Flow from operating activities		
Profit before tax from continuing operations	56,494,458	1,471,617
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation on continuing operation	88,882,864	21,283,806
Provision for gratuity	405,781	1,508,769
Amortization of ancillary cost	96,400	96,400
Interest Expenses	174,335,671	40,745,202
Interest Income	(865,954)	(292,203)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	319,349,219	64,813,591
Movements in working capital :		
Increase/(decrease) in trade payables	368,454,454	135,679,861
Increase/(decrease) in other current liabilities	345,955	459,603
Decrease/(increase) in trade receivables	(17,854,180)	(18,401,897)
Decrease/(increase) in inventories	(226,822,393)	(142221244)
Decrease/(increase) in long-term loans and advances	(109,500)	(2703068)
Decrease/(increase) in short-term loans and advances	34,224,258	(17,392,904)
Decrease/(increase) in other non-current assets	(636,697)	(252726)
Cash generated from/(used in) operations	476,951,116	19,981,216
Direct taxes paid (net of refunds)	(5,344,485)	(27,136)
Net Cash flow from/(used in) operating activities	A 471,606,631	19,954,080
Cash flows from investing activities		
Purchase of fixed assets, CWIP and Capital advances	(199,146,830)	(535,180,261)
Investments in bank deposits (having original maturity of more than three months)	(6,230,000)	(4,334,603)
Interest received	865,954	292,203
Net cash flow from/(used in) investing activities	B (204,510,876)	(539,222,661)
Cash flows from financing activities		
Proceeds from issue of shares including share application money and premium	-	144370200
Proceeds from long-term borrowings	154,360,361	189,867,207
Repayment of long-term borrowings	(199,769,995)	(2,601,574)
Proceeds from short-term borrowings	5,966,714	222,948,271
Interest paid	(174,335,671)	(40,745,202)
Net cash flow from/(used in) financing activities	C (213,778,591)	513,838,902
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	53,317,164	(5,429,680)
Cash and Cash Equivalents at the beginning of the year	30,570,668	36,000,348
Cash and Cash Equivalents at the end of the year	83,887,831	30,570,668
Components of cash and cash equivalents		
Cash in hand	375,570	98,171
With banks- on current account	74,462,262	29,472,497
- on deposit account	9,050,000	1,000,000
	83,887,831	30,570,668

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

Place : Raipur

Date : 21.05.2012

Sanjay Gupta

Director

Dinesh Gandhi

Director

Niharika Verma

Company Secretary

Ardent Steel Limited**Notes to financial statements for the year ended 31st March, 2012**

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) Change in accounting policy****Presentation and disclosure of financial statements**

During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current 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 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.

c) 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.

d) 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.

e) 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.

f) 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.

g) 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.

Ardent Steel Limited**Notes to financial statements for the year ended 31st March, 2012**

- 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.
- h) 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.
- i) 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.
- j) 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.
- k) 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.
- l) 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 denominated 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.
- m) 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.

Ardent Steel Limited**Notes to financial statements for the year ended 31st March, 2012**

n) 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.

o) 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.

p) 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.

q) 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.

r) 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, 2012**

	2012 ₹	2011 ₹
3. Share capital		
Authorised shares		
10000000 (10000000) Equity Share of Rs.10/- each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued, suscribed and fully paid-up shares		
10000000 (10000000) Equity Shares of Rs.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**

	2012		2011	
	No.	₹	No.	₹
At the beginning of the period	10,000,000	100,000,000	6,607,600	66,076,000
Issued during the period	-	-	3,392,400	33,924,000
Outstanding at the end of the period	10,000,000	100,000,000	10,000,000	100,000,000

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.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 holding company

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

	2012 ₹	2011 ₹
Equity shares of Rs.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:

	2012		2011	
	No.	% of holding in the class	No.	% of holding in the class
Equity shares of Rs.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, 2012

	2012 ₹	2011 ₹
4. Reserves and Surplus		
Securities Premium Reserve		
Balance as per last financial statements	490,000,000	320,380,000
Addition during the period	-	169,620,000
	490,000,000	490,000,000
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	828,417	-
Profit for the year	38,164,052	828,417
Net surplus in the statement of profit and loss	38,992,469	828,417
Total reserves and surplus	528,992,469	490,828,417

5. Long-term borrowings

	Non-current portion		Current maturities	
	2012 ₹	2011 ₹	2012 ₹	2011 ₹
Term Loans				
Indian rupee loan from banks (secured)	837,952,132	900,597,914	206,062,500	198,337,635
Other loans and advances				
Other loans (secured)	5,101,680	-	5,841,962	1,432,360
	843,053,813	900,597,914	211,904,462	199,769,995
The above amount includes				
Secured borrowings	843,053,813	900,597,914	211,904,462	199,769,995
Amount disclosed under the head "other current liabilities" (refer note-9)			(211,904,462)	(199,769,995)
Net amount	843,053,813	900,597,914	-	-

Terms & conditions of secured borrowings

- 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, 2012

6. Deferred Tax Liabilities (Net)		2012	2011		
		₹	₹		
Deferred Tax Liability					
Fixed assets : Impact of difference between tax depreciation and depreciation charged for the financial reporting		128,164,525	82,505,045		
		128,164,525	82,505,045		
Deferred Tax Assets					
Carried forward unabsorbed depreciation		108,727,568	81,538,059		
MAT Credit carry forward		11,275,826	264,891		
Provision for gratuity		463,351	331,695		
Gross deferred tax assets		120,466,745	82,134,645		
Net deferred tax liabilities		7,697,780	370,400		
7. Provisions					
	Long-term		Short-term		
	2012	2011	2012	2011	
	₹	₹	₹	₹	
Provision for employee benefits					
Provision for gratuity (refer note-29)					
	1,889,327	1,508,769	25,223	-	
	1,889,327	1,508,769	25,223	-	
Other Provisions					
Provision for taxation (net of advance)					
	-	-	5,904,205	245,664	
	-	-	5,904,205	245,664	
	1889327	1508769	5,929,428	245,664	
8. Short-term borrowings				2012	2011
				₹	₹
Cash Credit from banks (secured)				208,914,985	222,948,271
Loans & Advances from holding company repayable on demand (unsecured)				20,000,000	-
				228,914,985	222,948,271
The above amount includes					
Secured borrowings				208,914,985	222,948,271
Unsecured borrowings				20,000,000	-
Terms & conditions of secured borrowings					
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				2012	2011
				₹	₹
Trade payables (including acceptances (refer note 28 for details of dues for micro and small enterprises)				287,773,748	115,359,051
Creditors for capital goods				11,260,786	18,826,948
Advance From customers				205,385,290	1,779,371
Other liabilities					
Current maturities of long-term borrowings (secured) (refer note -5)				211,904,462	199,769,995
Interest accrued but not due on borrowings				9,850,519	8,484,266
Share Application Money (refundable)				-	4,914,000
Other payable				9,252,313	5,358,611
				735,427,118	354,492,242

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2012

10. Tangible assets

	Freehold Land	Site & Land Development	Factory Shed & Building	Plant & Machinery	Furniture & Fixtures	Vehicles	Total
	₹	₹	₹	₹	₹	₹	₹
Cost or valuation							
At 1 April 2010	16,229,048	-	-	-	-	-	16,229,048
Additions	-	9,317,887	204,619,507	1,512,173,820	3,202,930	9,793,145	1,739,107,289
Disposals	-	-	-	-	-	-	-
At 31 March, 2011	16,229,048	9,317,887	204,619,507	1,512,173,820	3,202,930	9,793,145	1,755,336,337
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	204,619,507	1,624,898,618	5,209,603	12,704,682	1,873,731,228
Depreciation							
At 1 April 2010	-	-	-	-	-	-	-
Charge for the year	-	-	1,636,145	19,449,263	43,340	155,058	21,283,806
Disposals	-	-	-	-	-	-	-
At 31 March, 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
Net Block							
At 31 March, 2011	16,229,048	9,317,887	202,983,362	1,492,724,557	3,159,590	9,638,087	1,734,052,531
At 31 March, 2012	16,229,048	10,069,771	197,738,702	1,523,048,889	4,890,877	11,587,272	1,763,564,558

Capitalized borrowing costs

The borrowing cost capitalized during the year ended 31st March, 2012 was Rs.13652316/- (31st March, 2011: Rs. 94795554/-). 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, 2012

11. Non-current investments		2012	2011
		₹	₹
Trade investments (at cost)			
Unquoted, fully Paid up			
19,900 equity shares of Rs.10/- each in Sag International Limited			
Share Application Money (Pending for allotment)			
		199,000	199,000
		201,000	201,000
		400,000	400,000

12. Loans and advances (unsecured, considered good)		Non-current		Current	
	2012	2011	2012	2011	
	₹	₹	₹	₹	
Loans and advances to holding company	-	-	-	30,000,000	
Advances recoverable in cash or in kind	-	-	28,535,562	13,147,452	
Other loans and advances					
Prepaid expenses	-	-	518,731	289,035	
Balance with statutory/govt. authorities	-	-	21,475,053	41,317,118	
Security deposit with govt. & others	1,590,938	1,481,438	-	-	
Total	1,590,938	1,481,438	50,529,347	84,753,605	

13. Trade receivables and other assets				Current	
		2012	2011	2012	2011
		₹	₹	₹	₹
13.1 Trade receivables					
Unsecured, considered good unless stated otherwise					
Outstanding for a period exceeding six months from the date they are due for payment					
Other receivables					
		16,818,012	-	-	18,401,897
		19,438,065	-	-	18,401,897
Total		36,256,077	-	-	18,401,897

13.2 Other assets		Non-current		Current	
	2012	2011	2012	2011	
	₹	₹	₹	₹	
Unsecured, considered good unless stated otherwise					
Non-current bank balances (refer note-15)	1,719,658	1,719,658	-	-	
Unamortized expenditure					
Unamortized preliminary expenses	192,800	289,200	96,400	96,400	
Others					
Interest accrued on fixed deposits	987,160	350,462	-	-	
	2,899,618	2,359,320	96,400	96,400	

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2012

14. Inventories (valued at lower of cost and net realizable value)	2012	2011
	₹	₹
Raw Materials and components (refer note 18)	<u>214,776,429</u>	<u>22,494,333</u>
Work-in-progress (refer note 19)	<u>19,889,979</u>	<u>54,634,834</u>
Finished goods (refer note 19)	<u>60,650,057</u>	<u>16,247,522</u>
Stores & spares	<u>73,727,172</u>	<u>48,844,555</u>
	<u><u>369,043,637</u></u>	<u><u>142,221,244</u></u>

15. Cash and bank balances	Non-current		Current	
	2012	2011	2012	2011
	₹	₹	₹	₹
Cash and cash equivalents				
Balances with banks:				
On current accounts			74,462,262	29,472,497
Deposits with original maturity of less than three months			9,050,000	1,000,000
Cash on hand			375,570	98,171
			<u>83,887,831</u>	<u>30,570,668</u>
Other bank balances				
Deposits with original maturity for more than 12 months	1,719,658	1,719,658	-	-
Deposits with original maturity for more than 3 months but less than 12 months			7,605,000	-
Margin money deposit			2,500,000	3,875,000
	<u>1,719,658</u>	<u>1,719,658</u>	<u>10,105,000</u>	<u>3,875,000</u>
Amount disclosed under non-current assets (refer note-13.2)	<u>1,719,658</u>	<u>1,719,658</u>		
	<u>-</u>	<u>-</u>	<u>93,992,831</u>	<u>34,445,668</u>

Margin money deposits given as security

Deposits and margin money with a carrying amount of Rs.208.75 lacs (31st March 2011:Rs.65.95 lacs) are pledged with the bank against letter of credit and bank guarantee.

16. Revenue from operations	2012	2011
	₹	₹
Revenue from operations		
Sale of products		
Manufacturing Goods	2,606,425,829	420,340,239
Other operating revenue		
Scrap sales	324,590	-
Revenue from operations (gross)	<u>2,606,750,419</u>	<u>420,340,239</u>
Less: Excise duty#	<u>247,058,510</u>	<u>39,252,297</u>
Revenue from operations (net)	<u><u>2,359,691,909</u></u>	<u><u>381,087,942</u></u>

Excise duty on sales amounting to Rs.247058510/- (31st March, 2011: Rs.39252297/-) has been reduced from sale in profit & loss account and excise duty on increase/decrease in stock amounting to Rs.2213775/- (31st March,2011: Rs.1517221/-) has been considered as (income)/expense in note 21 of financial statements.

Details of products sold	2012	2011
	₹	₹
Finished Goods Sold		
Pellet	2,606,425,829	420,340,239
	<u>2,606,425,829</u>	<u>420,340,239</u>

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2012

17. Other Income

	2012 ₹	2011 ₹
Interest Income on		
Bank Deposits	865,954	292,203
Other non-operating income (net of expenses directly attributable to such income)	759,767	22,150
	<u>1,625,722</u>	<u>314,353</u>

18. Cost of raw material and components consumed

	2012 ₹	2011 ₹
Inventory at the beginning of the year	22,494,333	-
Add: purchases	1,326,683,017	198,241,664
	<u>1,349,177,350</u>	<u>198,241,664</u>
Less : Inventory at the end of the year	214,776,429	22,494,333
Cost of raw material and components consumed	<u>1,134,400,921</u>	<u>175,747,331</u>

Details of raw material and components consumed

	2012 ₹	2011 ₹
Iron Ore fines	1,040,621,125	166,550,458
Coal & Coke	65,764,183	-
Others	28,015,613	9,196,873
	<u>1,134,400,921</u>	<u>175,747,331</u>

Details of Inventory**Raw Material and Components**

	2012 ₹	2011 ₹
Iron Ore fines	149,616,843	20,236,807
Coal & Coke	62,328,822	-
Others	2,830,764	2,257,526
	<u>214,776,429</u>	<u>22,494,333</u>

19. (Increase)/Decrease in Inventories

	2012 ₹	2011 ₹	(Increase)/Decrease ₹
Inventories at the end of the year			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>
Inventories at the beginning of the year			2011
Finished goods	16,247,522	47,353,810	31,106,288
Work-in-progress	54,634,834	13,337,598	(41,297,236)
	<u>70,882,356</u>	<u>60,691,408</u>	<u>(10,190,948)</u>
Net (increase)/decrease in inventories	<u>(9,657,680)</u>	<u>(10,190,948)</u>	

Details of Inventories**Work-in-progress**

	2012 ₹	2011 ₹
Filter Cake & Red Pellet	19,889,979	54,634,834
	<u>19,889,979</u>	<u>54,634,834</u>

Finished goods

	2012 ₹	2011 ₹
Pellet	60,650,057	16,247,522
	<u>60,650,057</u>	<u>16,247,522</u>

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2012

20. Employee benefit expenses	2012	2011
	₹	₹
Salaries, wages and bonus	59,435,415	14,101,413
Contribution to provident and other fund	2,488,892	390,734
Gratuity Expense (refer note-29)	405,781	1,022,331
Workmen and staff welfare expenses	3,194,857	170,538
	65,524,945	15,685,016
21. Other Expenses	2012	2011
	₹	₹
Consumption of stores and spares	63,154,344	-
Increase/(decrease) of excise duty on inventory	2,213,775	1,517,221
Power & Fuel	595,997,717	96,041,037
Other manufacturing expenses	11,689,132	3,710,691
Rent	1,385,853	198,942
Rates and taxes		
- Others	5,753,116	697,476
Insurance	811,967	349,971
Repairs and maintenance		
- Plant and machinery	39,960,782	8,640,501
- Buildings	-	1,544,924
- Others	439,489	359,200
Rebate, shortage claims & other deductions	5,762,556	-
Commission		
- Other than Sole selling agents	9,210,520	280,679
Travelling and conveyance	4,502,460	3,523,108
Communication expenses	2,095,778	296,736
Printing and stationery	382,330	182,689
Legal and professional fees	3,784,110	1,246,755
Directors' remuneration	4,093,795	-
Payment to Auditor (Refer details below)	200,000	150,000
Freight and forwarding charges	83,990,981	14,142,639
Security service charges	5,048,525	1,166,610
Preliminary expenses written off	96,400	96,400
Miscellaneous expenses	10,762,823	2,514,691
	851,336,453	136,660,272
Payment to Auditor	2012	2011
	₹	₹
As auditor :		
Audit fee	125,000	100,000
Tax Audit fee	25,000	25,000
In other capacity		
Taxation matters	25,000	25,000
Others services	25,000	-
	200,000	150,000
22. Depreciation expenses	2012	2011
	₹	₹
Depreciation on tangible assets	88,882,864	21,283,806
	88,882,864	21,283,806

Ardent Steel Limited

Notes to financial statements for the year ended 31st March, 2012

23. Finance Costs	2012	2011
Interest		
- on term loans	137,791,468	31,982,898
- on working capital	23,161,145	6,350,544
- on others	5,159,047	1,565,382
- on income tax	26,778	-
Bank charges	8,197,233	846,378
	174,335,671	40,745,202

24. Earnings per share (EPS)	2012	2011
Net profit as per profit and loss account	38,164,052	828,417
Net profit for calculation of basic EPS & Diluted EPS	38,164,052	828,417
Weighted average number of equity shares in calculating Basic EPS	10,000,000	7,555,613
Weighted average number of equity shares in calculating Diluted EPS	10,000,000	7,555,613
Basic & Diluted EPS		
- Basic earning per share	3.82	0.11
- Diluted earning per share	3.82	0.11

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

Counter Guarantees given to banks against Bank guarantees issued by the Company Banker aggregate to Rs.103.41 lacs (Previous Year Rs.104.57 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 Company

Godawari Power & Ispat Limited

b) Associate

Sag International Limited

c) Subsidiary of holding company

Hira Ferro Alloys Limited

d) Other Related Enterprises where control exist

-- Hira Cement Ltd.

-- Hira Power & Steels Ltd.

e) Key Management Personnel

-- Shri B.L.Agrawal

-- Shri Dinesh Agrawal

-- Shri Sanjay Gupta

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

		Rs.in lacs	
		2011-12	2010-11
Holding Company	Purchase of Materials	148.07	2.79
	Purchase of Capital Goods	128.66	522.93
	Interest Paid	39.57	0.00
	Advances	3445.00	0.00
	Advances repaid	2945.00	0.00
	Outstandings		
	Receivables	0.00	300.00
Payables	200.00	3.42	

		Rs.in lacs	
		2011-12	2010-11
Other Related Enterprises where control exist	Purchase of Materials	238.57	37.45
	Purchase of Capital Goods	72.54	95.66
	Outstandings		
	Receivables	0.00	0.00
	Payables	172.30	79.02
Key Management personnel	Remuneration paid	40.94	0

iii) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year

Rs.in lacs		
Purchase of Materials:	2011-12	2010-11
Hira Cement Limited	57.28	37.45
Godawari Power & Ispat Ltd.	148.07	2.79
Hira Power & Steel Limited	51.62	0.00
Hira Ferro Alloys Limited	129.67	0.00
Purchase of Capital Goods:	2011-12	2010-11
Godawari Power & Ispat Ltd.	128.66	522.93
Hira Cement Limited	72.54	78.03
Interest Paid	2011-12	2010-11
Godawari Power & Ispat Ltd.	39.57	0.00
Remuneration paid	2011-12	2010-11
Shri Sanjay Gupta	40.94	0.00

27. In the opinion of the Board, the value of realisation of long term loans and advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.

28. 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,2012

	(Rs. in lacs)	
	2012	2011
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March,2012		
Principal Amount	0.00	0.00
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,2012	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,2012	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.

Ardent Steel Limited**Notes to financial statements for the year ended 31st March, 2012****29. 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, 2012	March 31, 2011
Current Service cost	5.21	8.54
Interest cost on benefit obligation	1.37	0.8
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	(2.52)	0.88
Past service cost	0.00	0.00
Actual return on plan assets	4.06	10.22

Balance Sheet

Details of provision for Gratuity

Rs. in Lacs

	March 31, 2012	March 31, 2011
	Defined benefit obligation	19.14
Fair value of plan assets	0.00	0.00
	19.14	15.08
Less : Unrecognised past service cost	0.00	0.00
Plan liability	19.14	15.08

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

Rs. in Lacs

	March 31, 2012	March 31, 2011
	Defined benefit obligation as at April 1, 2011	15.08
Interest cost	0.00	0.80
Current Service Cost	4.06	8.54
Benefits paid	0.00	0.00
Actuarial losses on obligation	0.00	0.88
Defined benefit obligation as at March 31, 2012	19.14	15.08

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, 2012	March 31, 2011
	Discount Rate	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)	28.72	29.08

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.

Rs. in Lacs

Contribution to Defined Contribution Plans :		March 31, 2012	March 31, 2011
Provident Fund		24.89	11.53

30. BREAKUP OF RAW MATERIAL CONSUMED	2012		2011	
	%	Amount	%	Amount
Imported	0.00%	0.00	0.00%	0.00
Indigenous	100.00%	11344.01	100.00%	1757.47
	100.00%	11344.01	100.00%	1757.47

31. BREAKUP OF STORES & SPARES CONSUMED	2012		2011	
	%	Amount	%	Amount

Ardent Steel Limited**Notes to financial statements for the year ended 31st March, 2012**

Imported	0.00%	88.17	0.00%	0.00
Indigenous	100.00%	543.37	0.00%	0.00
	100.00%	631.54	0.00%	0.00

(Rs. In lacs)

32. Value of import on CIF basis	2012	2011
- Capital Goods	120.81	18.54
- Stores & Spares	88.17	0.00

(Rs. In lacs)

	2012	2011
33. Expenditure in Foreign Currency	1.55	6.11
34. Earning in Foreign Exchange	0.00	0.00

35. Till the year end 31st March, 2011, the company was using pre-revised Schedule-VI to the Companies Act,1956, for preparation and presentation of its financial statements. During the year ended 31st March,2012, the revised Schedule-VI notified under the Companies Act,1956, has become applicable to the company. The company has reclassified previous year figures to confirm to this year's classification. The adoption of revised Schedule-VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

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
Director

Dinesh Gandhi
Director

Place : Raipur
Date : 21.05.2012

Niharika Verma
Company Secretary
