

**SREE MAHALAKSHMI SMELTERS PRIVATE
LIMITED**

4TH ANNUAL REPORT 2011

SREE MAHALAKSHMI SMELTERS PRIVATE LIMITED
NOTICE OF THE SHARE HOLDERS

NOTICE is hereby given that the 4th Annual General Meeting of the Company will be held at the Registered Office of the Company at Merakamudidam Mandalam, Garbham - 535 102, A.P on Friday, 30th March 2012 at 10.30 A.M to transact the following business :

Members are requested to make it convenient to attend the meeting.

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2011 and Profit & Loss Account for the period ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Statutory Auditors to hold Office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors. The retiring Statutory Auditors M/s K S G Subramanyam & Co, Chartered Accountants, Coimbatore - 641 018 are eligible for re-appointment.

SPECIAL BUSINESS

3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :


"RESOLVED THAT M/s Haribakthi & Co, Chartered Accountants, having its Office at "Shree Shanmugapriya", 2nd Floor, 454 Ponnaiyan Street, Crosscut Road, Gandhipuram, Coimbatore - 641 012 be and are hereby appointed as the Joint Statutory Auditors of the Company together with M/s K S G Subramanyam & Co, Chartered Accountants, Coimbatore - 641 018, the retiring Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed upon between the said Joint Statutory Auditors and the Board of Directors of the Company".

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

" RESOLVED THAT Sri K.Saravanan, who was co-opted as an Additional Director of the Company on the Board as per Article 44 of the Articles of Association of the Company and who holds Office till the conclusion of the ensuing Annual General Meeting be and is hereby appointed as a Director of the Company".

Place : Coimbatore
Date : 22.03.2012

For and on behalf of the Board

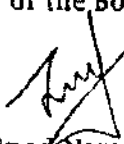

Vinod Narsiman
Director

NOTES FOR MEMBERS' ATTENTION :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. The proxy form should be lodged at the Registered Office of the Company atleast 48 hours before the commencement of the meeting.
3. As per Article 32(a) Article of Association, the Company is exempt from attaching the Explanatory Statement required under Section 173 of the Companies Act, 1956.

Place : Coimbatore
Date : 22.03.2012

For and on behalf of the Board


Vinod Narsiman
Director

SREE MAHALAKSHMI SMELTERS PRIVATE LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the 4th Annual Report of your Company together with the Audited statements of account for the period ended 30th September 2011 (Financial year being from 01/04/2011 to 30/09/2011)

FINANCIAL RESULTS:

Particulars	(Rs.) 30.09.2011
Loss before depreciation & financial charges	4,11,27,583
Less: Depreciation	30,39,408
Loss before Financial Charges	4,41,66,991
Less: Financial Charges	63,42,546
Add : Deferred Tax Asset provision	1,40,40,917
NET LOSS	3,64,68,620

REVIEW OF OPERATIONS

The Company has a proposal to takeover by INDSIL Group by way of a Share Purchase Agreement (SPA) yet to be signed. One of the terms of the takeover would be the requirement of an audited accounts approved by the Board of Directors by the earlier management for the period 01/04/2011 to 30/9/2011. Accordingly the accounts were audited, approved and signed by two Directors of the Company.

The Company has reported a Net Loss of Rs.5,20,72,879/- for the financial year comprising of six months from 01/04/2011 to 30/09/2011,

DIVIDEND:

The question of recommending a dividend does not arise as the Company has reported losses.

DEPOSITS

Your Company has not accepted any Deposits within the meaning of Section 58A of Companies Act, 1956 and Rules made thereunder from the public or it employees during the year under review.

STATUTORY AUDITORS

M/s. V S Reddy S P & Associates, Chartered Accountants, Hyderabad, Auditors of the Company had submitted their resignation vide his letter dt 17.10.2011 as Statutory Auditor of the Company. The Company is in the process of identifying a New Statutory Auditor, to fill the Casual Vacancy.

PARTICULARS OF EMPLOYEES

With regard to the requirements under Section 217(2A) of the Companies Act, 1956 none of the employees of the Company are drawing more than the prescribed limits.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

NIL

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that :-

- i. In preparation of the Annual Accounts, the applicable accounting standards have been followed.
- ii. the Directors had selected such Accounting Policies and applied them consistently and made judgments 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 Account of the Company for that period.
- iii. the Directors had 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 the company and for preventing and detecting fraud and other irregularities.
- iv. the Directors had prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors are extremely thankful to the Bankers, staff and shareholders for the confidence reposed by them.

For and On behalf of the Board

Place : Chennai
Date : 22.10.2011

G. Sasidhar Reddy

G. Sasidhar Reddy
Managing Director

SREE MAHALAKSHMI SMELTERS PRIVATE LIMITED

ADDITIONAL DIRECTORS' REPORT

The new management prefers to provide further information to the shareholders as regard the events happening after the accounts date as per the requirements under Section 217 of the Companies Act, 1956.

DIRECTORS

Pursuant to the takeover of the Company by INDSIL Group by virtue of a Share Purchase Agreement (SPA) dated 24th October 2011, the Company became a material subsidiary of Indsil Hydro Power and Manganese Limited which holds 51% of the paid-up share capital of the Company and the balance 49% is held by Indsil Energy and Electrochemicals Limited. As a result, the existing Directors namely Sri G. Sasidhar Reddy, Sri Pavan Kumar Reddy, Smt. Rijvitha and Sri V.Gopi had resigned from their Directorships.

In their place Sri S.N.Varadarajan and Sri Vinod Narsiman were appointed as Additional Directors on 24th October 2011 and their appointments were approved by the members of the Company at an Extra Ordinary General Meeting of the Company held on 24th November 2011.

Sri K.Saravanan, was co-opted as Additional Director and also as Occupier of the factory with effect from 23rd March 2012. As an Additional Director Sri K.Saravanan holds Office till the date of the forthcoming Annual General Meeting. The Board recommends the regularization of the appointment in the ensuing Annual General Meeting.

STATUTORY AUDITORS

During the year under review M/s V.S.Reddy S P Associates, Chartered Accountants, Hyderabad, resigned as Statutory Auditors of the Company. This resulted in the casual vacancy in the Office of the Statutory Auditors of the Company. Hence as per the provisions of Section 224(6) of the Companies Act, 1956, the Shareholders by way of Special Resolution passed at an Extra Ordinary General Meeting held on 24.11.2011 have appointed Mr CA M Rama Rao, Chartered Accountant, 4-1-24, KOTHAGRAHARAM , VIZIANAGARAM - 535 001(A.P) as Statutory Auditors of the Company. Mr CA M Rama Rao, Chartered Accountant vacated the office as Statutory Auditor as on 17.11.2011 and in the Casual Vacancy on account the resignation of Mr CA M Rama Rao, as Statutory Auditor M/s K S G Subramanyam & Co, Coimbatore - 641 018 was appointed in the Extra Ordinary General Meeting held on 17.11.2011 by the shareholders through as Ordinary resolution

The above re-appointment, if made, will be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

In view of the substantial increase in the activities of the Company planned for the future, the Board of Directors feels it necessary to recommend appointment of a Joint Statutory Auditor to hold Office along with the existing Statutory Auditors of the Company. M/s Haribhakthi & Co, Chartered Accountants, having its Office at "Shree Shanmugapriya", 2nd Floor, 454 Ponnaiyan Street, Crosscut Road, Gandhipuram, Coimbatore - 641 012 may be appointed as Joint Statutory Auditors of the Company.

COMPLIANCE CERTIFICATE

A copy of the Compliance Certificate from a firm of Practising Company Secretaries in Whole Time practice as to the compliance of the provisions of the Companies Act, 1956 is attached to the Directors' Report.

ACKNOWLEDGEMENT

Yours Directors are extremely thankful to the Bankers, staff and shareholders for the confidence reposed by them.

Place : Coimbatore
Date : 22.03.2012

On behalf of the Board of the Directors



Vinod Narsiman
Director

AUDITOR'S REPORT


TO THE MEMBERS OF SREE MAHALAKSHMI SMELTERS (PVT) LIMITED,

We have audited the attached Balance Sheet of **SREE MAHALAKSHMI SMELTERS PRIVATE LIMITED**, as at 30th September 2011 and also the Profit & Loss Account for the period 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956. We enclose in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the said order:
3. Further to our comments in the Annexure referred to the above, 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 purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet and Profit and Loss Account, dealt with by this Report, are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit & Loss Account, dealt with by this report comply with the Accounting Standards, referred to in sub section (3C) of Section 211 of the Companies Act, 1956,

- e) On the basis of the written representation received from the Directors as on 30th September 2011, and taken under on record none of the Directors are disqualified as on 30th September 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with attached schedules and other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) In the case of the Balance Sheet, of the state of the Company's affairs as at 30th September 2011; and
 - ii) In the case of the Profit & Loss Account, of the Loss for the period ended on that date.

Place : HYDERABAD
Date : 07.11.2011


M Ramarao
(CA. M. RAMARAO) 7/11/2011
MM NO.202214

**ANNEXURE TO THE AUDITORS' REPORT
TO THE MEMBERS OF PRIVATE LIMITED,**

1. a) The Company is maintaining proper records to show full particulars, including Quantitative details and situation of fixed assets.
- b) The fixed assets of the Company are physically verified by the management during the period in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. a) As per information and explanation given to us, inventories have been physically verified by the management at regular intervals during the year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventories and there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. a) The Company has neither granted any loans, secured or unsecured, to Companies, firms or other parties listed in the Register maintained u/s. 301 of the Companies Act, 1956.
- b) During the year the Company has not taken any loan from Companies, firm or other parties covered in the Register maintained u/s. 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business, for purchase of inventory, fixed assets and for sale of goods. Further, on the basis of our examination of the books and records of the Company and according to the information and explanation given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. a) In our opinion and according to the information and explanations given to us, the transaction that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956, have been so entered.
- b) In our opinion and according to the information and explanations given to us the transactions exceeding the value of Rupees Five Lakhs have been entered into during the financial year, are at prices which are reasonable having regard to the prevailing market prices at the relevant time except in case of some transactions where we are unable to comment owing to the unique and specialized nature of the items involved and absence of any comparable prices, whether the transactions are made at prevailing market prices.
6. The Company has not accepted any deposits from the public within the meaning of Sec. 58A and Sec. 58AA of the Act and rules framed there under.
7. In our opinion, the Company's present internal audit system is commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, there are no undisputed amounts of duties and taxes outstanding for a period of more than six months from the date they became payable as on the balance sheet date
9. The Company has an accumulated loss of Rs.3,64,68,620/- as at 30th September 2011 and it has incurred a loss of Rs. 3,64,68,620/- during the period ended on that date.
10. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders as at the Balance sheet date.
11. As per information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund/ societies are not applicable to the Company.

13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period.
15. The Company has taken term loan during the current year. As per information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
16. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
17. The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained u/s. 301 of the Act during the period.
18. The Company has not issued any debentures during the period.
19. The Company has not raised any money by public issue during the period.
20. In our opinion and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported by the Management during the period, that ultimately causes the financial statements to be materially misstated.

Place : HYDERABAD

Date : 07.11.2011



M. Ram Rao
(CA. M. RAMARAO)

MM NO.202214

M/S. SREE MAHALAKSHMI SMELTERS PRIVATE LIMITED
 Plot No. 302-44, Vijaya Sai Srinivasam, MLA MP Colony,
 Road No. 10C, Jubilee Hills, Hyderabad.
BALANCE SHEET AS AT 30TH SEPTEMBER 2011

PARTICULARS	Note No.	On 30/09/2011		On 31/03/2011	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES					
1. Shareholder's funds					
(a) Share Capital	I	4,00,00,000		4,00,00,000	
(b) Reserves and Surplus	II	(3,57,87,991)		6,80,629	
(c) Money received against share warrants			42,12,009		4,06,80,629
2. Share application money pending allotment					
3. Non-current liabilities					
(a) Long-term borrowings	III	11,86,09,270		9,76,61,946	
(b) Deferred Tax liabilities (Net)		-		19,54,015	
(c) Other Long term liabilities	IV	-		-	
(d) Long-term Provisions		-		-	
4. Current Liabilities					
(a) Short term borrowings	V	3,13,92,603		2,52,55,612	
(b) Trade payables	VI	3,12,44,600		2,85,26,172	
(c) Other current liabilities	VII	1,34,80,840		1,48,43,340	
(d) Short term provisions	VIII	1,15,28,219		85,11,983	
			11,86,09,270		9,96,15,961
			8,76,46,262		7,71,37,107
TOTAL			21,04,67,541		21,74,33,697
II ASSETS					
1. Non-current assets					
(a) Fixed assets					
(i) Tangible assets	IX				
(ii) Intangible assets		12,48,45,676		12,78,45,584	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		26,63,377		25,55,122	
(b) Non-current investments		-		-	
(c) Deferred tax assets (net)		1,20,86,902		-	
(d) Long-term loans and advances	X	1,24,64,486		73,92,286	
(e) Other non-current assets	XI	9,570		12,760	
2. Current assets					
(a) Current investments		-		-	
(b) Inventories	XII	4,19,03,219		5,99,60,737	
(c) Trade receivables	XIII	16,03,320		-	
(d) Cash and Cash equivalents	XIV	59,41,163		50,24,150	
(e) Short-term loans and advances	XV	89,49,829		1,46,43,058	
(f) Other current assets		-		-	
			15,20,70,010		13,78,05,752
			5,83,97,531		7,96,27,945
TOTAL			21,04,67,541		21,74,33,697

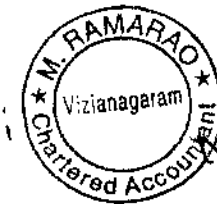
Significant accounting policies and notes to accounts

For and on behalf of the Board

As per our report of even date

G. Saritha Reddy

[Signature]



[Signature]
 CA M RAMARAO
 7/11/2011

Managing Director
 Place: Chennai
 Date: 22/10/2011

Director

MM. NO. 202214

M/S. SREE MAHALAKSHMI SMELTERS PRIVATE LIMITED
 Plot No. 302-44, Vijaya Sai Srinivasam, MLA MP Colony,
 Road No. 10C, Jubilee Hills, Hyderabad.
PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED 30/09/2011

	PARTICULARS	Note No.	Upto 30/09/2011		Upto 31/03/2011	
			Rs.	Rs.	Rs.	Rs.
I	Revenue from operations	XVI	12,10,55,555		12,39,25,295	
II	Other Income	XVII	65,333		6,31,938	
III	Total Revenue (I + II)			12,11,20,888		12,45,57,233
IV	Expenses					
	Cost of Materials Consumed		14,76,59,646		14,02,80,038	
	Purchases of Stock in Trade					
	Changes in inventories of finished goods, work in progress and Stock-in-trade				(3,16,51,310)	
	Employee benefits expense		15,50,330		31,47,857	
	Finance Costs	XVIII	44,44,756		63,42,546	
	Depreciation and amortization expense	IX	63,42,546		30,39,408	
	Other expense		30,39,408		85,93,739	
	Total Expense			17,16,30,425		12,22,76,708
V	Profit before exceptional and extraordinary items and tax (III-IV)			(5,05,09,537)		22,80,525
VI	Exceptional items					
VII	Profit before extraordinary items and tax (V-VI)			(5,05,09,537)		22,80,525
VIII	Extraordinary items					
IX	Profit before tax (VII-VIII)			(5,05,09,537)		22,80,525
X	Tax expense:					
	(1) Current tax					
	(2) Deferred tax		(1,40,40,917)		18,16,641	
				(1,40,40,917)		18,16,641
XI	Profit/(Loss) for the period from continuing operations (IX-X)			(3,64,68,620)		4,63,884
XII	Profit/(Loss) for the period from discontinuing operations					
XIII	Tax expense of discontinuing operations					
XIV	Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)					
XV	Profit/(Loss) for the period (XI + XIV)			(3,64,68,620)		4,63,884
XVI	Earnings per equity share:					
	(1) Basic			(9.12)		0.12
	(2) Diluted			(9.12)		0.12
	See accompanying notes to the financial statements.					

For and on behalf of the Board

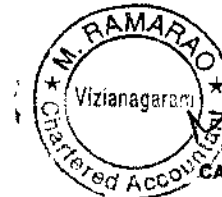
As per our report of even date

A. Sasidhar Reddy

Managing Director

[Signature]

Director



[Signature]
CA M RAMARAO

7/11/2011

Place : Chennai
Date : 22/10/2011

MM. NO. 202214

NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 30TH SEPTEMBER 2011

NOTE I : Share Capital

1 Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	AUTHORIZED CAPITAL 43,00,000 Equity shares of Rs. 10 Each	4,30,00,000	4,00,00,000
2	ISSUED , SUBSCRIBED & PAID UP CAPITAL to the Subscribers of the Memorandum 40,00,000 Equity shares of Rs. 10 Each	4,00,00,000	4,00,00,000
		4,00,00,000	4,00,00,000

2 Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

There is no change in Share capital during the current period except the increase in Authorised Capital to Rs. 4,30,00,000 from Rs. 4,00,00,000

3 Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

29,99,900 Equity Shares (Previous year) are held by Mr. G.Sasidhar Reddy.

8,00,000 Equity Shares (Previous year) are held by Mr. Pavan Kumar Reddy

4 Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	Period (Aggregate No. of Shares)	
		30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
	Equity Shares :		
1	Fully paid up pursuant to contract(s) without payment being received in cash	NIL	NIL
2	Fully paid up by way of bonus shares	NIL	NIL
3	Shares bought back	NIL	NIL

NOTE II : Reserve & Surplus

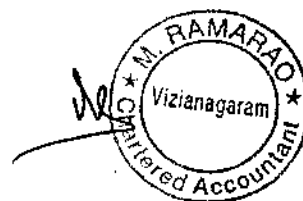
Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
	Opening balance		
	(+) Net Profit/(Net Loss) For the current year	6,80,629	2,16,745
	(+) Transfer from Reserves	3,64,68,620	4,63,884
	(-) Proposed Dividends	-	-
	(-) Interim Dividends	-	-
	(-) Transfer to Reserves	-	-
	Closing Balance	3,57,87,991	6,80,629

Debit balance of P & L shall be shown as negative figure under surplus instead of presenting on the asset side

G. Sasidhar Reddy

[Handwritten Signature]



NOTE III : Long Term Borrowings

Disclosure pursuant to Note no. 6(C) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Term Loan (Secured)		
	- From State Bank of India	4,53,03,159	5,07,04,099
	- From HDFC	14,11,204	19,64,131
2	Deferred Payment Liabilities		
3	Deposit		
4	Loans & Advances From Related Parties		
5	Loans From Directors	84,59,707	1,01,49,016
6	Other Loans & Advances	84,35,200	73,44,700
		5,50,00,000	2,75,00,000
	Total	11,86,09,270	9,76,61,946

NOTE IV : Other Long Term Liabilities

Disclosure pursuant to Note no. 6(D) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Other Long Term Liabilities	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	(a) Trade Payables		
	(b) Others	NIL	NIL
2		NIL	NIL
3	Total		

NOTE V : Short Term Borrowings

Disclosure pursuant to Note no. 6(F) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Loan Repayable on Demand		
	- From Bank (Secured)		
	- From Other Parties	3,13,92,603	2,52,55,612
2	Loans & Advances From Related Parties		
3	Deposits		
4	Others		
	Total	3,13,92,603	2,52,55,612

NOTE VI : Trades Payable

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Sundry Creditors for Materiel/Supplies:		
2	Sundry Creditors for Stores & Expenses	2,85,67,250	2,13,98,541
		26,77,350	71,27,631
	Total	3,12,44,600	2,85,26,172

E. Saridhar Reddy



NOTE VII : Other Current Liabilities

Disclosure pursuant to Note no. 6(G) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Advance From Customers	-	18,62,500
2	Share application money refundable	1,34,80,840	1,29,80,840
	Total	1,34,80,840	1,48,43,340

NOTE VIII : Short Term Provisions

Disclosure pursuant to Note no. 6(H) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
	Provision for Employee Benefits		
	<u>Other short Term provisions</u>		
	Electricity & Power Charges Payable	1,04,15,180	65,92,214
	Salary Payable	6,24,645	4,98,551
	Wages Payable	4,28,226	4,13,112
	Statutory Dues Payable	60,168	2,06,877
	Provision for Income Tax	-	4,54,520
	Others	-	3,46,709
	Total	1,15,28,219	85,11,983

Ch. Sathishan Nethy

Muneer



NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 30TH SEPTEMBER 2011

NOTE IX - TANGIBLE FIXED ASSETS

Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i), (ii); Note no. J and Note no. L of Part I of Schedule VI to the Companies Act, 1956

Particulars	Gross Block			Cost as on 30.09.2011	Balance as at 31.03.2011	depreciation		Net Block	
	Balance as at 1.4.2011	Additions	Disposals			For the period	withdrawn on deletions	Balance as at 30.09.2011	Balance as at 31.03.2011
Tangible Assets									
Land	11,43,959	39,500	-	11,83,459	-	-	-	11,83,459	11,43,959
Buildings (Factory)	3,80,28,751	-	-	3,80,28,751	6,19,421	6,35,080	-	3,67,74,250	3,74,09,330
Buildings (Others)	13,13,500	-	-	13,13,500	10,441	10,705	-	12,92,354	13,03,059
Electrical Equipments	2,41,70,193	-	-	2,41,70,193	6,10,011	6,38,093	-	2,29,22,089	2,35,60,182
P&M	6,00,88,768	-	-	6,00,88,768	15,47,228	15,86,343	-	5,69,55,197	5,85,41,540
Borewell	1,36,000	-	-	1,36,000	2,215	2,271	-	1,31,514	1,33,785
Charging Car	7,56,324	-	-	7,56,324	19,146	19,967	-	7,17,211	7,37,178
Computer	1,57,505	-	-	1,57,505	11,463	12,766	-	1,33,276	1,46,042
Furniture	4,08,779	-	-	4,08,779	12,619	12,938	-	3,83,222	3,96,160
Loader	36,87,575	-	-	36,87,575	94,952	97,352	-	34,95,271	35,92,623
Weigh Bridge	9,05,030	-	-	9,05,030	23,304	23,893	-	8,57,833	8,81,726
	13,07,96,384	39,500	-	13,08,35,884	29,50,800	30,39,408	-	12,48,45,676	12,78,45,584
Capitals WIP	25,55,122	1,08,255	-	26,63,377	-	-	-	26,63,377	25,55,122
Total	13,33,51,506	1,47,755	-	13,34,99,261	29,50,800	30,39,408	-	12,75,09,053	13,04,00,706
Figures for Previous period	53,56,924	12,96,52,425	42,12,965	13,07,96,384	-	33,38,856	-	12,78,45,585	53,56,924

S. Sathyan Reddy



NOTE X : Long Term Loans and Advances

Disclosure pursuant to Note no. L (i),(ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
	Security Deposits Secured, considered good	1,24,64,486	73,92,286
	Total	1,24,64,486	73,92,286

NOTE XI : Other non-current assets

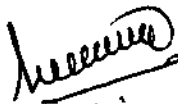
Disclosure pursuant to Note no.M (i),(ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Miscellaneous Expenditure		
	Opening Balance	12,760	19,140
	(-) Written off during the period	3,190	6,380
	Closing Balance	9,570	12,760

Disclosure pursuant to Note no. M (iii) (iii) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Directors *	NIL	NIL
2	Other officers of the Company *	NIL	NIL
3	Firm in which director is a partner *	NIL	NIL
4	Private Company in which director is a member	NIL	NIL

A. Sathish Reddy




NOTE XII : Inventories

Disclosure pursuant to Note no.O (i), (ii) and (ii) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
a	Raw Materials and components (Valued at cost) Goods-in transit	1,00,66,605	2,65,42,973
b	Work-in-progress (Valued at average cost) Goods-in transit	-	26,82,308
c	Finished goods (Valued at lower of cost or net realisable value) Goods-in transit	2,74,18,672	2,89,69,002
d	Stores and spares (Valued at Cost) Goods-in transit	44,17,942	17,66,454
	Total	4,19,03,219	5,99,60,737

NOTE XIII : Trade Receivables

Disclosure pursuant to Note no.P (i), (ii), (iii) and (iv) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	<u>Trade receivables outstanding for a period less than six months from the date they are due for payment</u> Secured, considered good Unsecured, considered good Unsecured, considered doubtful Less: Provision for doubtful debts	16,03,320	-
		16,03,320	-
2	<u>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</u> Secured, considered good Unsecured, considered good Unsecured, considered doubtful Less: Provision for doubtful debts		
	Total	16,03,320	

Trade Receivable stated above include debts due by:

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Directors *	NIL	NIL
2	Other officers of the Company *	NIL	NIL
3	Firm in which director is a partner *	NIL	NIL
4	Private Company in which director is a member	NIL	NIL

E. Sasidhan Reddy

(Signature)



NOTE XIV : Cash and cash equivalents

Disclosure pursuant to Note no.Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Balances with banks	4,00,761	4,11,292
	Earmarked Balances (eg/- unpaid dividend accounts)	-	-
	Margin money	14,43,498	-
	Security against borrowings	-	-
	Guarantees	-	-
	Other Commitments	-	-
	Bank deposits with more than 12 months maturity	40,34,892	40,34,892
2	Cheques, drafts on hand	-	-
3	Cash on hand	62,012	5,77,966
	Total	59,41,163	50,24,150

NOTE XV : Short-term loans and advances

Disclosure pursuant to Note no.R (i), (ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Loans and advances to related parties		
	Secured, considered good	-	-
	Unsecured, considered good	-	-
	Doubtful	-	-
2	Others		
	Secured, considered good (Statutory balances)	74,37,154	73,78,296
	Unsecured, considered good (advances for expenses)	15,12,672	72,64,761
	Doubtful	-	-
	Total	89,49,826	1,46,43,057

Disclosure pursuant to Note no.R (iv) of Part I of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Directors	NIL	NIL
2	Other officers of the Company	NIL	NIL
3	Firm in which director is a partner	NIL	NIL
4	Private Company in which director is a member	NIL	NIL
	Total	-	-

E. Sridhar Reddy




NOTE X VI : Revenue From Operation

Disclosure pursuant to Note no. 2 of Part II of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Sale of products	12,32,40,418	12,48,14,167
	Less:		
2	Excise duty	21,84,863	8,88,872
		12,10,55,555	12,39,25,295

NOTE X VII : Other Income

Disclosure pursuant to Note no. 4 of Part II of Schedule VI to the Companies Act, 1956

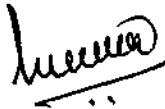
Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Interest Income	51,332	5,23,488
2	Other non-operating income (net of expenses directly attributable to such income)	14,001	1,08,450
	Total	65,333	6,31,938

NOTE X VIII : FINANCE COSTS

Disclosure pursuant to Note no. 3 of Part II of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (In Rs.)	31.03.2011 (In Rs.)
1	Interest expense	61,50,213	35,28,376
2	Other borrowing costs	1,92,333	
3	Applicable net gain/loss on foreign currency transactions and translation		
	Total	63,42,546	35,28,376

G. Saridhar Reddy





NOTE X IX : Additional Information

Disclosure pursuant to Note no. 5 of Part II of Schedule VI to the Companies Act, 1956

Sr. No	Particulars	30.09.2011 (in Rs.)	31.03.2011 (in Rs.)
1	Employee Benefits		
	(i) salaries and wages	40,32,931	29,91,243
	(ii) contribution to provident and other funds,	1,02,437	1,18,614
	(iii) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),		
	(iv) staff welfare expenses	1,09,388	38,000
2	Depreciation and amortization expense	30,39,408	33,38,856
3	Wages	25,78,217	20,93,654
4	Net gain or loss on foreign currency transaction and translation (other than considered as finance cost);		
5	Payment to Auditors for Statutory Audit		50,000
6	Raw Material & WIP Consumed		
	Opening Stock	2,92,25,281	
	Purchases	7,36,36,991	10,66,58,548
	Less: Closing stock	1,00,66,605	2,65,42,973
		9,27,95,667	8,01,15,575
	Electricity Charges	4,87,68,719	4,40,07,468
	Freight Inward	40,17,044	1,40,63,341
	Direct Wages	25,78,217	20,93,654
	Purchases under Broad Heads	14,76,59,647	14,02,80,038
	14.5% Purchases	62,943	11,08,232
	4 % Purchases	3,44,72,850	17,66,454
	5 % Purchase	91,289	
	NON Creditable Purchase	3,90,09,909	10,37,83,862
		7,36,36,991	10,66,58,548
7	Consumption of stores and spare parts.	1,14,40,028	1,30,01,064
8	Power and fuel.	4,90,06,180	4,46,61,665
9	Rent.		
10	Repairs to buildings.		
11	Repairs to machinery.	2,56,958	3,69,108
12	Insurance .	3,63,722	50,000
13	Rates and taxes, excluding taxes on income.	3,15,119	60,023

For and on behalf of the Board

G. Sridhar Reddy

Managing Director
Place : Chennai
Date: 28/10/2011

[Signature]
Director



MM. NO. 202214

SREE MAHALAKSHMI SMELTERS PRIVATE LIMITED

Significant Accounting Policies and Additional notes forming part of Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements are prepared under historical cost convention, on the accrual basis of accounting and in accordance with the accounting principles generally accepted in India to comply with Accounting Standards notified under section 211 (3C) of the Companies Act 1956 ('the Act') and the relevant provisions of the Act.

2. Fixed Assets & Depreciation

- a) Fixed Assets are stated at cost of acquisition less accumulated depreciation. The cost of acquisition includes taxes, duties, freights and other incidental expenses related to the acquisition and installation of respective assets.
- b) Depreciation is provided on straight-line method at the rates prescribed under Schedule XIV of the Act. Capitalised software costs are amortised on the straight-line method over a period of two to six years as appropriate.
- c) Assets individually costs less that Rs. 5000 are fully depreciated at the rate of 100% in respect of the assets acquired, sold or discarded during the year, depreciation is provided on pro-rata basis for the period for which each asset was in use.

3. Impairment of Assets

The company assesses at each Balance Sheet date whether there is any indication of impairment to the assets. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generated unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit & Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to the maximum of depreciated historical cost.

4. Investments

Long term investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition.

5. Inventories

Inventories are valued at cost or net realizable value whichever is lower. Cost of raw Material and stores is determined on weighted average cost basis. In case of goods in transit, cost represents the cost incurred up to the stage at which the goods in transit.

SREE MAHALAKSHMI SMELTERS PRIVATE LIMITED

Significant Accounting Policies and Additional notes forming part of Accounts

6. Revenue Recognition.

The Company generally follows the mercantile system of accounting and revenue is recognized and expenditure is accounted for on their accrual.

7. Employee Benefits.

The contribution to Provident Fund is made as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and remitted to the Provident Fund Commissioner and is charged to Profit and Loss account.

8. Taxes on Income

Taxes on Income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognized on timing differences between accounting income and taxable income and quantified using the tax rates enacted or substantively enacted on the Balance Sheet date. Deferred Tax assets are recognized and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

9. Provisions & Contingent Liability

- a) Company creates a provision when there is a present obligation as a result of past event that requires an outflow of resources and a reliable estimate can be made of the amount of obligation.
- b) Disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot made.

10. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the financial year attributable to the equity share holders by the weighted average number of equity shares outstanding during the financial year.

SREE MAHALAKSHMI SMELTERS PRIVATE LIMITED

Significant Accounting Policies and Additional notes forming part of Account

B. ADDITIONAL NOTES TO ACCOUNTS

1. The company has license to produce Ferro Silicon, Silico Manganese, Ferro Manganese and Ferro Chrome. However during the period the company has manufactured Ferro Silicon & Silico Manganese only.
2. The company has taken steps to identify the Micro, Small and Medium Enterprise Vendors based on information currently available with the company. There are no dues to MSME – vendors and hence disclosures relating to such vendors under Micro, Small and Medium Enterprises Development Act, 2006 are not furnished.
3. **Related Party Disclosure (as required by Accounting Standard 18 notified u/s. 211 (3C) of the Act are as follows)**

SL NO.	Name of the Related Party	Relationship
1	G. Sasidhar Reddy	Key Management Personnel
	Transactions	The Company has accepted unsecured Loan.
	Balance on 30.09.2011	Rs. 59,70,500/-
	Vakada Gopi	Key Management Personnel
	Transactions	The Company has accepted unsecured Loan.
	Balance on 30.09.2011	Rs. 13,70,000/-
1	M.Pavan Kumar Reddy	Key Management Personnel
	Transactions	Key Management Personnel
	Balance on 30.09.2011	Rs. 10,94,700/-
2	M/S. MAHALAKSHMI MINERALS	Enterprise where the key management personnel exercise significant influence.
	Transactions	The company made raw material purchase for Rs. 47,68,766/- during the period and also accepted unsecured Loan.

	Balance on 30.09.2011 For Unsecured Loan For Materials bought	Rs.84,59,707/- Rs. 47,68,766/-
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4. Balances of Sundry Debtors, Loans & Advances are subject to confirmation. Adjustments if any will be considered in the accounts in the period of such confirmation.
5. Amounts have been rounded off to the nearest rupee and previous year figures regrouped wherever necessary.
6. Previous period figures have been re-grouped, reclassified and accordingly disclosed as per the requirements of revised schedule VI.

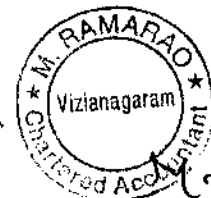
For and on behalf of the Board

C. Sridhar Reddy

Managing Director

[Signature]

Director



[Signature]
(CA. M. RAMARAO) 7/11/2011

PLACE : CHENNAI

DATE : 29.10.2011

MM. NO. 202214