

REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012
FOR
AARTI RESOURCES PLC

Fuller and Roper Limited
Statutory Auditors
The Counting House
Church Farm Business Park
Corston
Bath
BA2 9AP

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AARTI RESOURCES PLC

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AARTI RESOURCES PLC
COMPANY INFORMATION
for the Year Ended 31 MARCH 2012

DIRECTORS:	Ravinder Kumar Gupta Arun Kumar Agrawal
SECRETARY:	Jordan Company Secretaries Limited
REGISTERED OFFICE:	Broadwalk House 5 Appold Street London EC2A 2HA
REGISTERED NUMBER:	07024184 (England and Wales)
AUDITORS:	Fuller and Roper Limited Statutory Auditors The Counting House Church Farm Business Park Corston Bath BA2 9AP

AARTI RESOURCES PLC

REPORT OF THE DIRECTORS for the Year Ended 31 MARCH 2012

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2012

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of a holding company

REVIEW OF BUSINESS

Results for the year and financial position of the company are shown in the annexed financial statements

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2012.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report

Ravinder Kumar Gupta

Arun Kumar Agrawal

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AARTI RESOURCES PLC

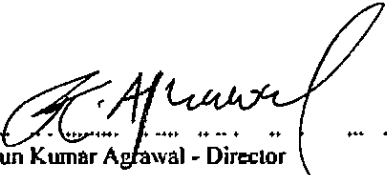
REPORT OF THE DIRECTORS
for the Year Ended 31 MARCH 2012

AUDITORS

The auditors Fuller and Roper Limited will be proposed for re-appointment at the forthcoming Annual General Meeting

The directors having been notified of the auditors change of entity from Fuller Accountants Limited to Fuller & Roper Limited resolved that Fuller & Roper Limited be appointed auditor with effect from 20 May 2012, in accordance with the provisions of the Companies Act 2006 1216(3)b 3

ON BEHALF OF THE BOARD.



Arun Kumar Aggarwal - Director

Date: 28-09-2012

AARTI RESOURCES PLC
REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AARTI RESOURCES PLC

We have audited the financial statements of Aarti Resources Plc for the year ended 31 December 2011 which comprises of the group Profit and Loss Account the group and the parent company Balance Sheets the group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The audit of the 2010 financial statements was carried out by Fuller Accountants Limited

This report is made solely to the company's members, as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of, whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Basis for qualified opinion on financial statements

The audit evidence available to us was limited because the subsidiary Aarti Holdings (Mauritius) Limited has not prepared consolidated group financial statements We are therefore unable to give an opinion in respect of the consolidated group financial statements

Qualified opinion on financial statements

As explained in the basis of opinion paragraph above we are unable to express an opinion on the consolidated financial statements as the subsidiary Aarti Holdings (Mauritius) Limited has not prepared consolidated financial statements with its subsidiaries Radhika Steels Private Limited and Sidhivinayak International Private Limited as it was required to do

In respect of the individual financial statements of the company in our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

AARTI RESOURCES PLC

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AARTI RESOURCES PLC

Matters on which we are required to report by exception

In respect solely to the limitation on our work relating to the consolidated group financial statements described above:
- we have not received all the information and explanations that we considered necessary for the purposes of our audit

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made



Simon Roper FCCA ACA (Senior Statutory Auditor)
for and on behalf of Fuller and Roper Limited
Statutory Auditors
The Counting House
Church Farm Business Park
Corston
Bath
BA2 9AP

Date .28.09 2012

AARTI RESOURCES PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 MARCH 2012

	Notes	2012 £	2011 £
TURNOVER		-	-
Administrative expenses		<u>(32 222)</u>	<u>(7 569)</u>
OPERATING LOSS	3	(32,222)	(7,569)
Interest receivable and similar income		<u>365</u>	<u>182</u>
		(31 857)	(7,387)
Interest payable and similar charges	4	<u>(83)</u>	<u>(186)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(31 940)	(7 573)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR FOR THE GROUP		<u>(31 940)</u>	<u>(7,573)</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

AARTI RESOURCES PLC

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 MARCH 2012

	2012 £	2011 £
LOSS FOR THE FINANCIAL YEAR	(31,940)	(7,573)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(31,940)</u>	<u>(7,573)</u>
Prior year adjustment		<u>(109)</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		<u>(7,682)</u>

The notes form part of these financial statements

AARTI RESOURCES PLC
CONSOLIDATED BALANCE SHEET
31 MARCH 2012

	Notes	2012 £	2011 as restated £
FIXED ASSETS			
Tangible assets	7	52,500	-
Investments	8	<u>14,585</u>	<u>14,585</u>
		<u>67,085</u>	<u>14,585</u>
CURRENT ASSETS			
Debtors	9	23,630	23,400
Cash at bank		<u>26,144</u>	<u>-</u>
		49,774	23,400
CREDITORS			
Amounts falling due within one year	10	<u>(121,316)</u>	<u>(10,502)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(71,542)</u>	<u>12,898</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(4,457)</u>	<u>27,483</u>
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Profit and loss account	13	<u>(54,457)</u>	<u>(22,517)</u>
SHAREHOLDERS' FUNDS	16	<u>(4,457)</u>	<u>27,483</u>

The financial statements were approved by the Board of Directors on its behalf by:

28/9/2012..... and were signed on



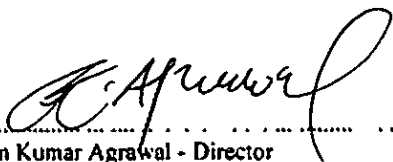
 Arun Kumar Agrawal - Director

The notes form part of these financial statements

AARTI RESOURCES PLC
COMPANY BALANCE SHEET
31 MARCH 2012

	Notes	2012 £	2011 as restated £
FIXED ASSETS			
Tangible assets	7	52,500	-
Investments	8	<u>-</u>	<u>-</u>
		<u>52,500</u>	<u>-</u>
CURRENT ASSETS			
Debtors	9	20,347	20,035
Cash at bank		<u>24,933</u>	<u>-</u>
		45,280	20,035
CREDITORS			
Amounts falling due within one year	10	<u>(114,772)</u>	<u>(6,144)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(69,492)</u>	<u>13,891</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(16,992)</u>	<u>13,891</u>
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Profit and loss account	13	<u>(66,992)</u>	<u>(36,109)</u>
SHAREHOLDERS' FUNDS	16	<u>(16,992)</u>	<u>13,891</u>

The financial statements were approved by the Board of Directors on 28-09-2012 and were signed on its behalf by


.....
Arun Kumar Agrawal - Director

The notes form part of these financial statements

AARTI RESOURCES PLC
CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 MARCH 2012

		2012	2011 as restated
	Notes	£	£
Net cash inflow/(outflow) from operating activities	1	76 229	(3,324)
Returns on investments and servicing of finance	2	282	(4)
Capital expenditure	2	<u>(70,000)</u>	-
		6,511	(3 328)
Financing	2	<u>19 980</u>	-
Increase/(decrease) in cash in the period		<u>26 491</u>	<u>(3,328)</u>

Reconciliation of net cash flow to movement in net debt	3		
Increase/(decrease) in cash in the period		26 491	(3 328)
Cash inflow from increase in debt		<u>(19,980)</u>	-
Change in net debt resulting from cash flows		<u>6,511</u>	<u>(3,328)</u>
Movement in net debt in the period		6 511	(3,328)
Net (debt)/funds at 1 April		<u>(347)</u>	<u>2 981</u>
Net funds/(debt) at 31 March		<u>6,164</u>	<u>(347)</u>

The notes form part of these financial statements

AARTI RESOURCES PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 MARCH 2012

1 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2012	2011 as restated
	£	£
Operating loss	(32 222)	(7 569)
Depreciation charges	17 500	-
	-	(109)
(Increase)/decrease in debtors	(230)	7 620
Increase/(decrease) in creditors	<u>91 181</u>	<u>(3 266)</u>
Net cash inflow/(outflow) from operating activities	<u>76 229</u>	<u>(3 324)</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2012	2011 as restated
	£	£
Returns on investments and servicing of finance		
Interest received	365	182
Interest paid	<u>(83)</u>	<u>(186)</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>282</u>	<u>(4)</u>
Capital expenditure		
Purchase of tangible fixed assets	<u>(70 000)</u>	-
Net cash outflow for capital expenditure	<u>(70 000)</u>	-
Financing		
New loans in year	<u>19 980</u>	-
Net cash inflow from financing	<u>19 980</u>	-

The notes form part of these financial statements

AARTI RESOURCES PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 MARCH 2012

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/11 £	Cash flow £	At 31/3/12 £
Net cash			
Cash at bank	-	26 144	26 144
Bank overdraft	<u>(347)</u>	<u>347</u>	<u>-</u>
	<u>-</u>	<u>26,491</u>	<u>26 144</u>
Debt			
Debts falling due within one year	<u>-</u>	<u>(19,980)</u>	<u>(19 980)</u>
	<u>-</u>	<u>(19,980)</u>	<u>(19,980)</u>
Total	<u>(347)</u>	<u>6,511</u>	<u>6,164</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES**Accounting convention**

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Motor vehicles - 25% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

Fixed asset investments

The investments are stated at cost less any provision for diminution in value. Any profits or losses on disposal of investments are taken to the profit and loss account. Income from investments is recognised when entitlement to dividends or interest is established

2. STAFF COSTS

	2012	2011 as restated
	£	£
Wages and salaries	<u>1,275</u>	<u>320</u>

The average monthly number of employees during the year was as follows:

2012	2011 as restated
<u> </u>	<u> </u>

3 OPERATING LOSS

The operating loss is stated after charging:

	2012	2011 as restated
	£	£
Depreciation - owned assets	17,500	-
Auditors remuneration	<u>2,400</u>	<u>2,750</u>
Directors' remuneration	<u>1,275</u>	<u>320</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011 as restated
	£	£
Bank interest	<u>83</u>	<u>186</u>

AARTI RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2012 nor for the year ended 31 March 2011

6. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006 the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(30 883) (2011 - £(13 665))

7. TANGIBLE FIXED ASSETS

Group

	Motor vehicles £
COST	
Additions	<u>70 000</u>
At 31 March 2012	<u>70.000</u>
DEPRECIATION	
Charge for year	<u>17.500</u>
At 31 March 2012	<u>17.500</u>
NET BOOK VALUE	
At 31 March 2012	<u>52.500</u>

Company

	Motor vehicles £
COST	
Additions	<u>70.000</u>
At 31 March 2012	<u>70 000</u>
DEPRECIATION	
Charge for year	<u>17.500</u>
At 31 March 2012	<u>17 500</u>
NET BOOK VALUE	
At 31 March 2012	<u>52 500</u>

AARTI RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 FIXED ASSET INVESTMENTS

Group	Shares in group undertakings £
COST	
At 1 April 2011 and 31 March 2012	<u>14 585</u>
NET BOOK VALUE	
At 31 March 2012	<u>14 585</u>
At 31 March 2011	<u>14 585</u>
Company	Shares in group undertakings £
COST	
At 1 April 2011	28,053
Additions	<u>5,842</u>
At 31 March 2012	<u>33,895</u>
PROVISIONS	
At 1 April 2011	28 053
Impairments	<u>5,842</u>
At 31 March 2012	<u>33,895</u>
NET BOOK VALUE	
At 31 March 2012	<u>-</u>
At 31 March 2011	<u>-</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following

Subsidiaries

Aarti Holdings (Mauritius) Limited
Country of incorporation Mauritius
Nature of business Holding company

Class of shares	%		
Ordinary	holding 100.00		
		2012	2011
		£	£
Aggregate capital and reserves		12,535	13 592
Loss for the year		<u>(6,900)</u>	<u>(3,242)</u>

AARTI RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 FIXED ASSET INVESTMENTS - continued

Sidhivinayak International Private Limited
Country of incorporation India

	%
Class of shares	holding
Ordinary	99.00

Radhika Steel Private Limited
Country of incorporation India

	%
Class of shares	holding
Ordinary	99.00

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011 as restated	2012	2011 as restated
	£	£	£	£
Trade debtors	-	3,365	-	-
Other debtors	3,283	-	-	-
Called up share capital not paid	20,035	20,035	20,035	20,035
Prepayments	<u>312</u>	<u>-</u>	<u>312</u>	<u>-</u>
	<u>23,630</u>	<u>23,400</u>	<u>20,347</u>	<u>20,035</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011 as restated	2012	2011 as restated
	£	£	£	£
Bank loans and overdrafts (see note 11)	19,980	347	19,980	3,174
Trade creditors	1,912	1,977	1,912	-
Other creditors	-	5,208	-	-
Other creditors	96,544	-	90,000	-
Accrued expenses	<u>2,880</u>	<u>2,970</u>	<u>2,880</u>	<u>2,970</u>
	<u>121,316</u>	<u>10,502</u>	<u>114,772</u>	<u>6,144</u>

AARTI RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2012	2011	2012	2011
	£	as restated £	£	as restated £
Amounts falling due within one year or on demand				
Bank overdrafts	-	347	-	3,174
Bank loans	<u>19,980</u>	<u>-</u>	<u>19,980</u>	<u>-</u>
	<u>19,980</u>	<u>347</u>	<u>19,980</u>	<u>3,174</u>

12 CALLED UP SHARE CAPITAL

Allotted and issued Number	Class	Nominal value:	2012 £	2011 as restated £
5,000,000	Ordinary	£0.01	<u>50,000</u>	<u>50,000</u>

13. RESERVES

Group

	Profit and loss account £
At 1 April 2011	(22,517)
Deficit for the year	<u>(31,940)</u>
At 31 March 2012	<u>(54,457)</u>

Company

	Profit and loss account £
At 1 April 2011	(36,109)
Deficit for the year	<u>(30,883)</u>
At 31 March 2012	<u>(66,992)</u>

14 RELATED PARTY DISCLOSURES

Aromatic Steel Pvt. Ltd
Parent company of Aarti Resources Plc

Included within Other Creditors is an amount of £90,000 (2011 Nil) owed to Aromatic Steel Pvt. Ltd (a company incorporated in India), the immediate parent company

AARTI RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Aromatic Steel private Limited a company registered in Chandigarh India
The ultimate beneficial owners are Sanjay Singal Aarti Singal and their children

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2012	2011 as restated
	£	£
Loss for the financial year	<u>(31,940)</u>	<u>(7,573)</u>
Net reduction of shareholders' funds	(31,940)	(7,573)
Opening shareholders' funds	<u>27,483</u>	<u>35,056</u>
Closing shareholders' funds	<u>(4,457)</u>	<u>27,483</u>

Company

	2012	2011 as restated
	£	£
Loss for the financial year	<u>(30,883)</u>	<u>(13,665)</u>
Issue of share capital	—	—
Net reduction of shareholders' funds	(30,883)	(13,665)
Opening shareholders' funds	<u>13,891</u>	<u>27,556</u>
Closing shareholders' funds	<u>(16,992)</u>	<u>13,891</u>