



Awarded by  
Ministry of Mines  
Government of India

*"Continuing to do mining with the heart and concern  
for environment, welfare of its employees and the  
people of Sandur and neighbouring rural areas"*



# 63<sup>rd</sup> ANNUAL REPORT 2016-17



*The Sandur Manganese & Iron Ores Limited*

Registered Office: 'Satyalaya', Door No.266 (Old No.80), Behind Taluka Office,  
Ward No.1, Palace Road, Sandur - 583 119, Ballari District, Karnataka.

Estd: 1954



# *The Sandur Manganese & Iron Ores Limited*

## **ANNUAL REPORT 2016 - 17**

### **DIRECTORS**

S. Y. Ghorpade, Chairman  
Nazim Sheikh, Managing Director  
V. Balasubramanian, Director  
U. R. Acharya, Director (Commercial)  
B. Ananda Kumar, Director  
S. S. Rao, Director  
Vatsala Watsa, Director  
K. V. Ramarathnam, Director  
T. R. Raghunandan, Director  
G. P. Kundargi, Additional Director

### **COMPANY SECRETARY & COMPLIANCE OFFICER**

Md. Abdul Saleem, CS & CGM (Mines)

### **CHIEF FINANCIAL OFFICER**

K. Raman

### **AUDITORS**

M/s. Deloitte Haskins & Sells, Bengaluru

### **SHARE TRANSFER AGENT**

M/s. Venture Capital & Corporate Investments (P) Ltd,  
Hyderabad

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (Reconstituted w. e. f. 4 February 2017)**

S. Y. Ghorpade, Chairman  
Nazim Sheikh, Member  
V. Balasubramanian, Member  
S.S. Rao, Member  
T. R. Raghunandan, Member

### **PROJECT COMMITTEE (Constituted w. e. f. 31 March 2017)**

Nazim Sheikh, Chairman  
U. R. Acharya, Member  
B. Ananda Kumar, Member  
K. V. Ramarathnam, Member  
T. R. Raghunandan, Member  
G. P. Kundargi, Member

### **AUDIT COMMITTEE**

**(Reconstituted w. e. f. 31 March 2017)**

B. Ananda Kumar, Chairman  
V. Balasubramanian, Member  
S.S. Rao, Member  
Vatsala Watsa, Member  
G. P. Kundargi, Member

### **NOMINATION & REMUNERATION COMMITTEE**

**(Reconstituted w. e. f. 31 March 2017)**

V. Balasubramanian, Chairman  
S.S. Rao, Member  
Vatsala Watsa, Member  
K. V. Ramarathnam, Member

### **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

**(Reconstituted w. e. f. 4 February 2017)**

B. Ananda Kumar, Chairman  
S. Y. Ghorpade, Member  
Nazim Sheikh, Member  
T. R. Raghunandan, Member

### **ENVIRONMENT COMMITTEE**

**(Reconstituted w. e. f. 4 February 2017)**

S. Y. Ghorpade, Chairman  
Nazim Sheikh, Member  
U. R. Acharya, Member,  
V. Balasubramanian, Member  
G. P. Kundargi, Member

### **RISK MANAGEMENT COMMITTEE**

**(Reconstituted w. e. f. 31 March 2017)**

S. Y. Ghorpade, Chairman  
Nazim Sheikh, Member  
U. R. Acharya, Member  
B. Ananda Kumar, Member  
Vatsala Watsa, Member  
K. V. Ramarathnam, Member

### **BANKERS**

State Bank of India  
Axis Bank

### **REGISTERED OFFICE**

'SATYALAYA', Door No. 266 (Old No.80), Ward No.1, Behind Taluka Office  
Sandur - 583 119, Ballari District, Karnataka, India  
CIN: L85110KA1954PLC000759

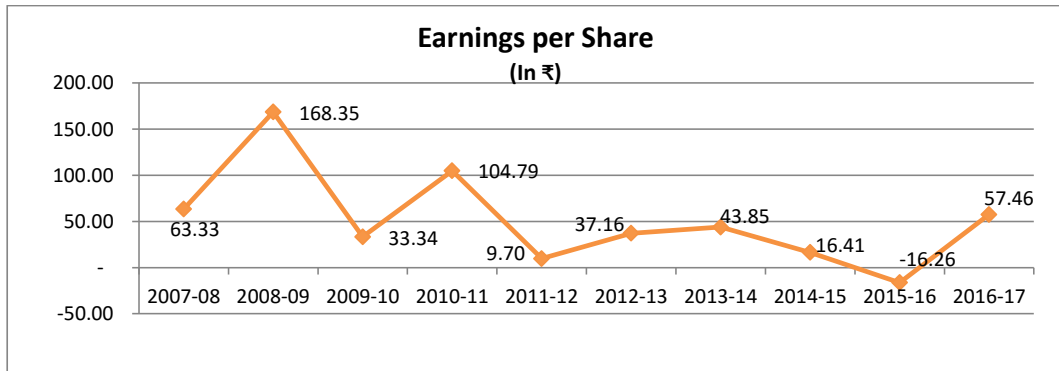
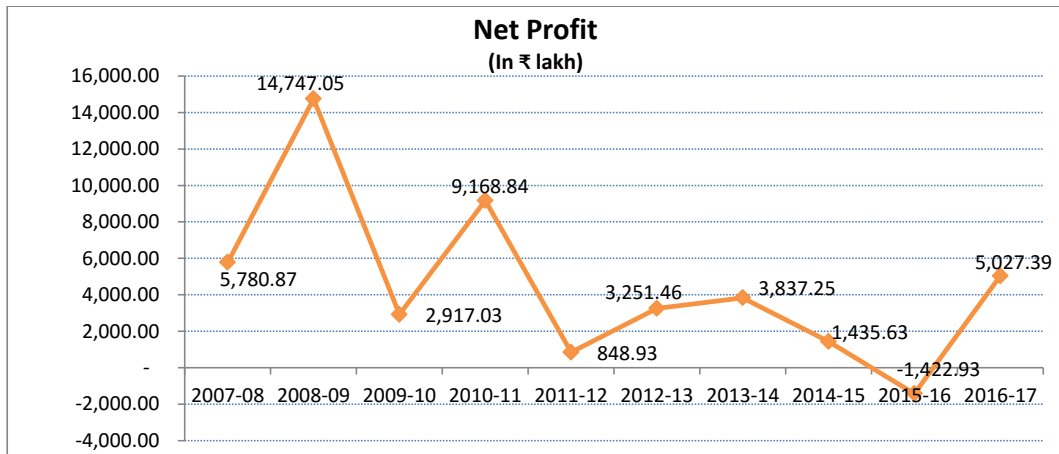
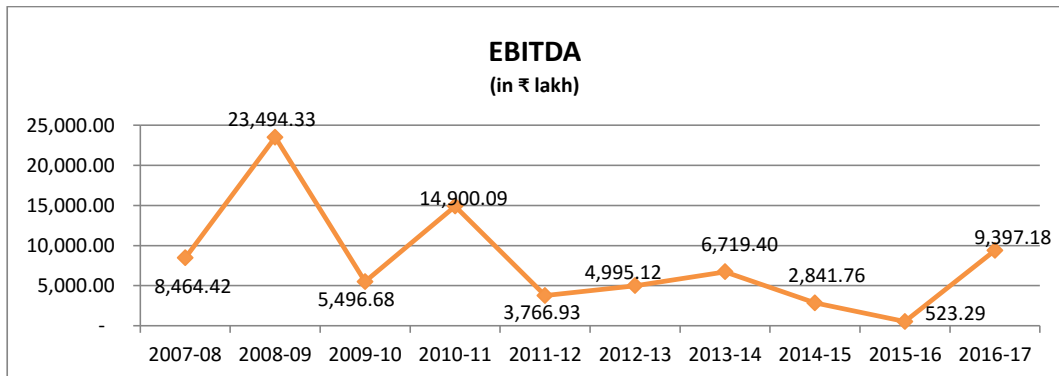
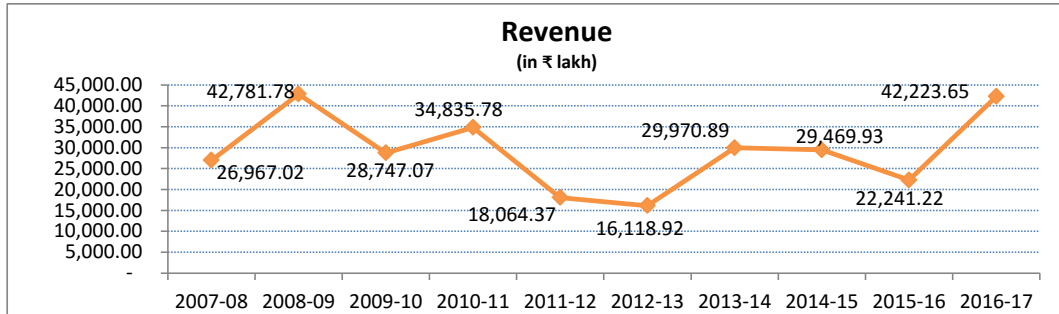


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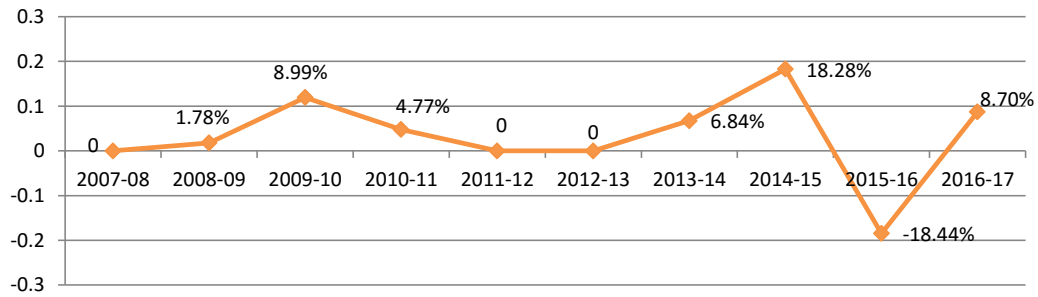


## 10 Years at a Glance

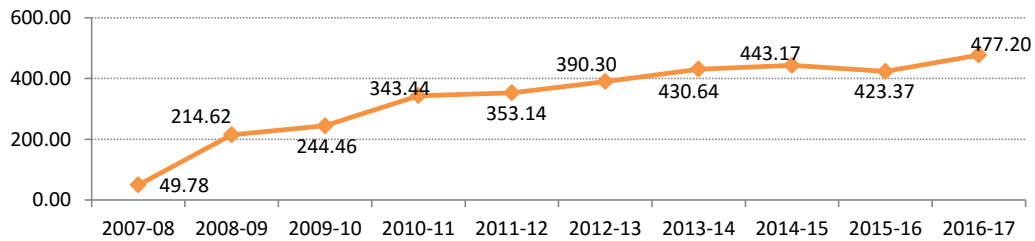




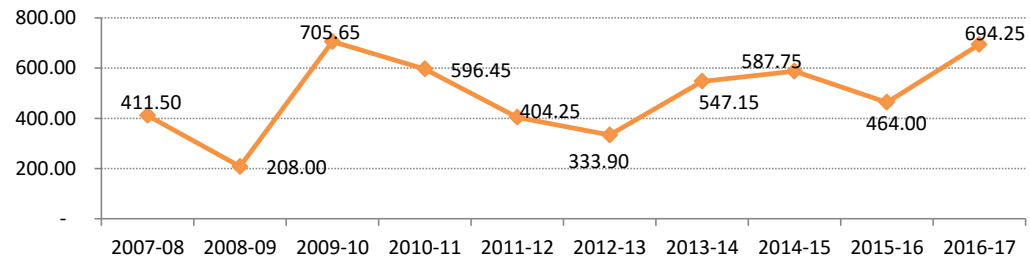
**Dividend Payout Ratio**



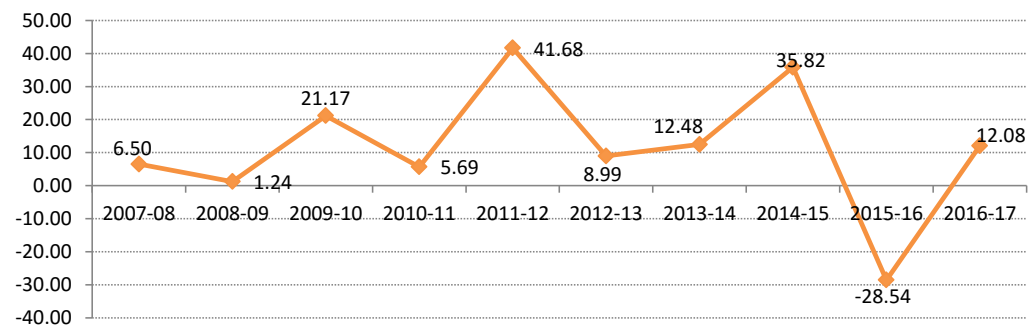
**Book value per share  
(In ₹)**



**Stock Price  
(In ₹)**



**P/E Ratio**





# *The Sandur Manganese & Iron Ores Limited*

Registered Office: 'SATYALAYA', Door No. 266 (Old No.80), Ward No.1,  
Behind Taluka Office Sandur - 583 119, Ballari District, Karnataka, India  
CIN: L85110KA1954PLC000759

## NOTICE

Notice is hereby given that the Sixty third Annual General Meeting of Members of the Company will be held on Tuesday, 26<sup>th</sup> day of September 2017 at 11.00 a.m. at Golden Jubilee Hall, Sandur Residential School, Shivapur, Palace Road, Sandur - 583 119 to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt:
  - a. Audited Financial Statements of the Company for the financial year ended 31 March 2017 together with the reports of the Auditors and the Directors' thereon.
  - b. Audited Consolidated Financial Statements for the financial year ended 31 March 2017 together with the report of the Auditors thereon.
2. To declare dividend of ₹5 per equity share i.e., 50% of the paid up equity share capital of the Company, including the Interim Dividend of ₹3 per share for the financial year 2016-17.
3. To appoint a Director in place of Vatsala Watsa (DIN - 02626457) who retires by rotation and being eligible, offers herself for re-appointment.
4. To consider and if thought fit to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 140, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be amended from time to time, as recommended by the Audit Committee and the Board of Directors, M/s. R. Subramanian and Company LLP, Chartered Accountants, (ICAI Firm Registration No. 004137S) be and are hereby appointed as Statutory Auditors of the Company, in place of retiring auditors M/s. Deloitte Haskins & Sells, to hold office from the conclusion of 63<sup>rd</sup> Annual General Meeting until the conclusion of 68<sup>th</sup> Annual General Meeting, subject to ratification by members every year, at such remuneration as may be mutually agreed between the Board of Directors and the Auditors."

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the appointment of Nazim Sheikh (DIN – 00064275) as Managing Director of the Company, who will accordingly be not liable to retire by rotation, for a period of three years with effect from 1 April 2017 upon such terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of one part and the said Nazim Sheikh of the other part, which draft is available for inspection by the members at the Registered Office of the Company and initialled by the Company Secretary & Chief General Manager (Mines) for the sake of identification and the terms thereof hereby approved, with liberty to the Board (which term shall be deemed to include any Committee constituted/ to be constituted by the Board) from time to time, to alter the said terms and conditions, including the designation, in such manner as may be agreed to between the Company and the said Nazim Sheikh, in the best interest of the Company, and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modifications thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company."



6. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto and all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the appointment of U. R. Acharya (DIN – 00135676) as Director (Commercial), liable to retire by rotation, for a period of one year with effect from 1 April 2017 upon such terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of the one part and the said U. R. Acharya of the other part which draft is available for inspection by the members at the Registered Office of the Company and initialled by the Company Secretary & Chief General Manager (Mines) for the sake of identification and the terms thereof hereby approved, with liberty to the Board (which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time, to alter the said terms and conditions, including the designation, in such manner as may be agreed to between the Company and the said U. R. Acharya, in the best interest of the Company and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modifications thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company.”
7. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, read with the Rules framed thereunder, and Schedule IV of the Act, as may be amended from time to time, consent of the Company be and is hereby accorded for re-designation of K. V. Ramarathnam (DIN - 00097892), who was appointed as a Non-Executive Director of the Company on 14 September 2016, as an Independent Director of the Company for a term of five consecutive years commencing from 30 May 2017”
8. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules framed thereunder, and Schedule IV of the Act, as may be amended from time to time, G. P. Kundargi (DIN - 02256516) who was appointed as an additional director of the Company with effect from 12 November 2016, and in respect of whom, the Company has received a notice in writing from a member proposing the candidature of G. P. Kundargi for office of Independent Director along with the deposit of ₹1,00,000/-, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years from the date of appointment on the Board.”
9. To consider and if thought fit, to pass the following resolution as a **Special Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as may be amended from time to time, and the Articles of Association of the Company, approval of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves provided that the total amount so borrowed by the Board shall not at any time exceed ₹1,200 crore or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.  
**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution.”
10. To consider and if thought fit to pass the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as may be amended from time to time, remuneration of ₹1,25,000/- and applicable taxes thereon apart from reimbursement of out of pocket expenses towards travelling, conveyance etc., payable to M/s. Kamalakara & Co., Cost Accountants (Firm Registration No. 000296), for conducting Cost Audit for the financial year 2017-18, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified.”



## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN **48 HOURS** BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF CORPORATES INCLUDING COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTION OF THE BOARD OF DIRECTORS OR OTHER GOVERNING BODY.
2. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, the Register of Members and shares Transfer Books of the Company will be closed from **Wednesday, 20<sup>th</sup> September 2017 to Tuesday, 26<sup>th</sup> September 2017 (Both days inclusive)**.
3. Members holding shares in physical form and desirous of availing Electronic Clearance Services (ECS) for direct credit of dividend to their bank account are requested to provide their bank details in the Electronic Clearing Service (ECS) Mandate. In respect of shareholders holding shares in dematerialised form, bank details as furnished by their Depositories will be used for distribution of dividend through ECS.
4. Members are requested to quote their Folio Number/ Client ID, in all correspondence and intimate any change in their address to the Share Transfer Agent / Depository Participant promptly.
5. Pursuant to the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, the Company is sending the Annual Report electronically on email addresses registered with the Depositories / the Company's Share Transfer Agent. For others, the Company will continue to send the printed Annual Reports as usual. Shareholders wishing to receive the Annual Report in electronic mode are requested to provide their email address to the Company's Share Transfer Agent.
6. Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investors' Education and Protection Fund (IEPF) established by the Central Government. The unclaimed dividends and the relevant due dates for transfer of such amounts are as under:

| Financial Year                   | Unclaimed Dividend as on<br>31 May 2017 (in ₹) | Date of Declaration | Due date for Transfer to<br>IEPF |
|----------------------------------|------------------------------------------------|---------------------|----------------------------------|
| 2009-10<br>(Final dividend)      | 1,40,430                                       | 29 September 2010   | 4 November 2017                  |
| 2010-11<br>(Final dividend)      | 2,90,750                                       | 10 September 2011   | 16 October 2018                  |
| 2013-14<br>(Final dividend)      | 2,09,178                                       | 27 September 2014   | 2 November 2021                  |
| 2014-15<br>(Final dividend)      | 2,47,644                                       | 19 September 2015   | 25 October 2022                  |
| 2015-16<br>(Final dividend)      | 2,28,327                                       | 14 September 2016   | 20 October 2023                  |
| 2016-17<br>(Interim dividend-I)  | 2,59,944                                       | 12 November 2016    | 18 December 2023                 |
| 2016-17<br>(Interim dividend-II) | 0 *                                            | 31 March 2017       | 5 May 2024                       |

\* The Pay Orders pertaining to Interim Dividend II issued by the Bank on 24 April 2017 are valid for a period of three months. The Bank will be able to confirm the details of Pay Order remaining unclaimed / unpaid only on expiry of the said three months.



7. The route map showing directions to reach the venue of the 63<sup>rd</sup> Annual General Meeting is annexed.
8. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 63<sup>rd</sup> Annual General Meeting (AGM) through e-Voting Services provided by National Securities Depository Limited (NSDL).

The voting period begins on 23 September 2017 at 10.00 AM and ends on 25 September 2017 at 5.00 PM. During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 19 September 2017, may cast their vote electronically.

The instructions for remote e-voting are as under:

- a. Log on to the e-voting website: [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and Click on 'Shareholder-login'.
- b. Enter following details in the appropriate boxes and click "SUBMIT":

|          | Details                                                                                                                                                            |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| User ID  | For NSDL - 8 characters DP ID + 8 digits demat Client ID.<br>For CDSL - 16 digits Beneficial Owner ID.<br>For Physical - Registered Folio Number with the Company. |
| Password | Your unique password is either pasted as a sticker in the Annual Report or will be sent by email by NSDL/STA                                                       |

- c. After logging in the aforesaid details, the Shareholders holding shares in physical form will be directed to the voting screen immediately. However, shareholders holding shares in demat logging in for the first time, will be required to mandatorily change their password in the new password field and may choose to enter their demographic details i.e date of birth, mobile number and email id. Change the password with new password of your choice with minimum 8 digits/ characters or combinations thereof. The shareholders are advised to remember the new password. The new password can be used for voting on future e-voting resolution(s) for 'The Sandur Manganese & Iron Ores Limited' or any other company in India.
- d. Home page of "e-voting" opens. Click on "e-voting": - Active Voting Cycles. Select the "Electronic Voting Event Number" (EVEN) of the 'The Sandur Manganese & Iron Ores Limited'.
- e. Now you are ready for "e-voting" as "Cast Vote" page opens. Cast your vote by selecting the appropriate option and click on "Submit" and also "Confirm" when prompted.
- f. You can log in for any number of times till you have voted on all resolutions during the e-voting period. Once you have voted on a resolution, you will not be allowed to modify your vote.
- g. Those persons who have acquired the shares of the Company after the dispatch of the Notice and become members of the Company as on the cut-off date i.e.19 September 2017 may obtain their login ID and password by sending their requests by email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) with a copy marked to [investors@sandurgroup.com](mailto:investors@sandurgroup.com).
- h. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorised to vote, to the scrutinizer through e-mail at [postalballot@sandurgroup.com](mailto:postalballot@sandurgroup.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [investors@sandurgroup.com](mailto:investors@sandurgroup.com). File name of the scanned image should be "Corporate Name\_EVEN". The documents can be sent before/immediately after casting the vote. However, in case the same do not reach before closure of voting, the vote so exercised will be rejected in the system.
- i. In case of queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at "downloads" section for [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on 022-2499 4600.



- j. E-voting period starts from 23 September 2017 at 10.00 a.m. and ends on 25 September 2017 at 5.00 p.m.
  - k. The results shall be declared within 48 hours of the conclusion of AGM. The results declared along with the Scrutinizer's Report shall be placed on the Company's website and on the website of NSDL and communicated to the stock exchange.
9. In addition to the facility of remote e-voting, the Company shall also be providing the facility for voting at the venue of the Annual General Meeting, either through ballot or polling paper and shareholders attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
10. A Member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting. However, in case a Shareholder exercises his voting right by casting his vote at the general meeting in addition to remote e-voting, then voting done through remote e-voting shall prevail and voting done at the general meeting will be treated as invalid. The Scrutinizer's decision on the validity of a voting at the general meeting/ e-voting shall be final.

By order of the Board  
for The Sandur Manganese & Iron Ores Limited

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)

Place : Bengaluru  
Date : 29 June 2017



## EXPLANATORY STATEMENT

In terms of Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying Notice. Further information required to be furnished in compliance with Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also provided hereunder:

### Item No. 3

**Vatsala Watsa**, is a post graduate in Arts - Master of Arts (English Language & Literature and Economics) and holding diploma in Business Administration. During her 39 years in the Indian Administrative Service she held various important positions, including Deputy Commissioner, Tumkur, Secretary of the Karnataka Public Service Commission, Deputy Secretary (Budget & Resources) in the Finance Department, Director, Economics & Statistics, Managing Director of Karnataka Handicrafts Development Corporation and Karnataka Silk Industries Corporation, Secretary of Finance and Co-operation Departments, Principal Secretary of Tourism, Higher Education, Labour, Administrative Reforms and Home Departments and Additional Chief Secretary. She also held the position of Controller, Indian Satellite Research Organisation (ISRO), and Department of Space.

She held the position of Chairperson of Bangalore Development Authority, Government of Karnataka (GoK) until her retirement from the Indian Administrative Service on 31 December 2011.

She does not hold any shares in the Company. She is a member of Audit Committee, Nomination and Remuneration Committee and Risk Management Committee of the Board of Directors of the Company. She also holds directorship in Ansata Hotels Private Limited and Testco Resorts Private Limited.

She is related to T. R. Raghunandan, Non-Executive Director of the Company as a sister.

The Ordinary Resolution at Item No. 3 for her re-election as Director is proposed and accordingly commended for approval.

None of the Directors, Key Managerial Personnel or their relatives is/are, in any way, concerned or interested in this item, except T. R. Raghunandan who being related to Vatsala Watsa is considered to be interested in this resolution and Vatsala Watsa herself, who is interested in this resolution relating to her.

### Item No. 5

**Nazim Sheikh**, born on 11 April 1954, a qualified Metallurgical Engineer has been in the service of the Company for more than four decades. He has held several important positions including those of Executive Assistant to Managing Director, General Manager (Materials), Senior General Manager (Corporate) etc., before being inducted on the Board in 2001 as an Executive Director. He was re-designated as a Joint Managing Director at the 57<sup>th</sup> Annual General Meeting of the Company with effect from 9 April 2011. Thereafter, he was appointed for another term of 3 years as Joint Managing Director with effect from 1 April 2014. Based on the recommendation of the Nomination and Remuneration Committee, the Board has re-designated Nazim Sheikh as the Managing Director and reappointed him for a term of three years with effect from 1 April 2017; subject to the approval of the shareholders.

The Company has hugely benefited from his immense knowledge and experience. The Five Star rating awarded to SMIORE for Sustainable Development Framework among others was achieved under his leadership and guidance. His rich and varied experience in functional areas such as corporate affairs, materials management, commercial management, finance, administration and general management continues to benefit the Company.

The Company looks forward to his able guidance and leadership especially when the Company is poised to implement the proposal of setting up the pig iron project with an estimated financial outlay of ₹1500 crore over the next 2 years.

The Nomination & Remuneration Committee has, at its meeting held on 31 March 2017, taking into account financial position of the Company vis-à-vis the trend in the industry, appointee's qualification and experience, in



the best interest of the Company recommended the re-appointment of Nazim Sheikh, as Managing Director of the Company for a period of 3 years with effect from 1 April 2017 on the following terms:

- a) Salary: ₹3,30,000/- per month in the scale of ₹75000-7500-112500-11500-170000-17000-255000-25000-380000-38000-570000.
- b) Allowances, Perquisites, benefits etc., not exceeding twice the salary per month.
- c) Commission: Such amount or percentage of profits as may be decided by the Board from time to time.
- d) Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leaves, including its encashment, shall be in accordance with the provisions of Section IV of Schedule V to the Companies Act, 2013 read with applicable rules of the Company, whichever is higher.
- e) Transport facility with driver, telephone at residence, mobile phones, credit cards, hotel and club memberships (excluding life membership fee) etc., shall be provided for office use and the same shall not form part of remuneration.

**Minimum Remuneration:** In the event of loss or inadequacy of profits in any financial year during the period of appointment of Nazim Sheikh as Managing Director, the monthly salary, allowances, perquisites and other benefits shall be in accordance with and subject to the provisions of Sections 196 and 197 of the Companies Act, 2013 and Section II of Schedule V thereto subject to overall limit fixed by the Board.

Further, Nazim Sheikh shall not be paid any sitting fee for attending the meetings of the Board or any Committee thereof but the Board will be at liberty to sanction additional increment, as and when it deems appropriate.

Copy of the draft of the agreement proposed to be entered with Nazim Sheikh is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day up to and inclusive of the date of the Annual General Meeting.

A statement furnishing information pursuant to sub-clause (iv) of clause (B) of Section II of Part II of Schedule V to the Companies Act, 2013 is annexed to this Notice.

He holds 8,300 equity shares of the Company and is a member of Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, Environment Committee and the Project Committee of the Board of Directors of the Company. He is also a Director on the Boards of Skand Private Limited and Star Metalics and Power Private Limited.

He is not related to any of the Directors on the Board of the Company.

The Board recommends the Special Resolution at Item No. 5 for approval of the Shareholders.

None of the Directors, Key Managerial Personnel or their relatives is/are, in any way, concerned or interested in this item, except Nazim Sheikh, who is interested in this resolution relating to him.

#### **Item No. 6**

**U. R. Acharya**, a graduate in metallurgical engineering and a post-graduate in Mechanical Engineering has served over 40 years in the Company. His expertise in functional areas of the Company, especially commercial operations has proved to be beneficial to the Company. The Company looks forward to his continuance and his involvement in the Company's future plans. It is in the best interest of the Company to re-appoint U. R. Acharya as Director (Commercial) on suitable terms.

The Nomination & Remuneration Committee has, at its meeting held on 31 March 2017, recommended the re-appointment of U. R. Acharya, as Director (Commercial) of the Company for a period of 1 year with effect from 1 April 2017 on the following terms:

- a) Salary: ₹1,87,000/- per month in the scale of ₹75000-7500-112500-11500-170000-17000-255000-25000-380000-570000.



- b) Allowances, Perquisites, benefits etc., not exceeding twice the salary per month.
- c) Commission: Such amount or percentage of profits as may be decided by the Board from time to time.
- d) Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leaves, including its encashment, shall be in accordance with the provisions of Section IV of Schedule V to the Companies Act, 2013 read with applicable rules of the Company, whichever is higher.
- e) Transport facility with driver, telephone at residence, mobile phones, credit cards, hotel and club memberships (excluding life membership fee) etc., shall be provided for office use and the same shall not form part of remuneration.

**Minimum Remuneration:** In the event of loss or inadequacy of profits in any financial year during the period of reappointment of U. R. Acharya as Director (Commercial), the monthly salary, allowances, perquisites and other benefits shall be paid to him in accordance with and subject to the provisions of Section 196 and 197 of the Companies Act, 2013 and Section II of Schedule V thereto subject to overall limit fixed by the Board.

Further, U. R. Acharya shall not be paid any sitting fee for attending the meetings of the Board or any committee thereof.

Copy of the draft of the agreement proposed to be entered with U. R. Acharya is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day up to and inclusive of the date of the Annual General Meeting.

A statement furnishing information pursuant to sub-clause (iv) of clause (B) of Section II of Part II of Schedule V to the Companies Act, 2013 is annexed to this Notice.

He holds 2000 equity shares of the Company and is a member of Risk Management Committee, Environment Committee and the Project Committee of the Board of Directors of the Company. He also holds directorship in Federation of India Mineral Industries and Sandur Laminates Limited.

He is not related to any of the Directors on the Board of the Company.

The Board recommends, the Special Resolution at Item No. 6, for approval of the Shareholders.

None of the Directors, Key Managerial Personnel or their relatives is/are, in any way, concerned or interested in this item, except U. R. Acharya, who is interested in this resolution relating to him.

#### **Item No. 7**

**K. V. Ramarathnam** is a Graduate in Mechanical Engineering of 1969 batch from University of Madras. He was associated as a Key Personnel for more than 21 years with Kalyani Steels Limited and Kalyani Seamless Tubes Limited wherein he handled all areas of operations including Production, Marketing, Process and equipment selection, Project appraisal and implementation, Cost Control, Recruitment & Training, Review of all MIS & action plans, Funds Flow management etc. He was the Chief Executive Officer (CEO) with Welspun Stahlrohren at Bharuch. He served as SBU Head (Steel Division) of Perkasa Indobaja, Subang, Indonesia, (Texmaco Group) for more than 7 years heading Seamless Tubes, Hot Rolling Mill and Steel Melting shop. He served as Managing Director of Mahindra Ugine Steel Company Limited for about 8 years. Thereafter, K. V. Ramarathnam was Advisor/CEO for Innoventive Industries Limited, a possible steel manufacturing unit, for a year and CEO/ President of a Precision Welded Tube Manufacturing Unit for another two years. K. V. Ramarathnam has rich experience of more than 40 years in Steel and related industries, during which he has widely travelled on different assignments and has performed as an effective team leader apart from being a strategist.

K. V. Ramarathanam was inducted as an Additional Director on the Board of the Company on 28 May 2016. Subsequently, the Shareholders of the Company, at the 62<sup>nd</sup> Annual General Meeting held on 14 September 2016, appointed him as a Non-Executive Director of the Company, liable to retire by rotation.



The Board of Directors, at its 317<sup>th</sup> meeting held on 30 May 2017, re-designated K. V. Ramarathnam as an Independent Director of the Company. Pursuant to the provisions of Section 150(2) of the Companies Act, 2013, appointment of independent director is required to be approved by the company in general meeting.

Declaration has been received from K. V. Ramarathnam that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations. In the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and is independent of the management. K. V. Ramarathnam possesses relevant expertise and experience from which the Company stands to immensely benefit.

In accordance with the provisions of sub-sections (10) and (11) of Section 149 of the Companies Act, 2013 and Regulation 25(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, an independent director can hold office for a term upto five consecutive years on the Board of a company and be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the Company.

In view of the aforementioned provisions, it is proposed to fix the tenure for K. V. Ramarathnam as an Independent Director, for a term of five consecutive years commencing from 30 May 2017. It is further brought to the attention of the shareholders that in accordance with the provisions of sub-section (13) of Section 149 of the Act, K. V. Ramarathnam would not be liable to retire by rotation at the annual general meetings.

Copy of the letter for appointment of K. V. Ramarathnam as an Independent Director setting out terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours.

He does not hold any shares in the Company. He is a member of Nomination and Remuneration Committee, Risk Management Committee and the Project Committee of the Board of Directors of the Company. He also holds the position of an Independent Director on the Board of Marmagao Steel Limited and Director on the Board of Mysore Steels Limited.

He is not related to any of the Directors on the Board of the Company.

The Board recommends the Ordinary Resolution at Item No. 7 for approval of the shareholders.

None of the Directors, Key Managerial Personnel or their relatives is/are, in any way, concerned or interested in this item, except K. V. Ramarathnam, who is interested in this resolution relating to him.

#### **Item No. 8**

**G. P. Kundargi** holds a Master Degree in Mineral Processing from Karnataka University. He was associated with MOIL Limited, a Central Public-Sector Enterprise (CPSE) under the Ministry of Steel, from 27 October 1999 to 31 August 2016, in various roles from Sr. Deputy General Manager to Chairman and Managing Director, wherein he handled all areas of operations including Production and has experience in all areas of corporate management of a large CPSE. His areas of specialization include Metal Mining (both opencast and underground), Mineral Processing, Research and Technical Operations, Planning, Mine safety, Mining Lease Matters, technical, projects and personnel. He was the Chairman cum Managing Director of MOIL from 2012 until his retirement on 31 August 2016.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, G. P. Kundargi was co-opted as an Additional Director on the Board with effect from 12 November 2016 and he holds office upto the date of ensuing 63<sup>rd</sup> Annual General Meeting of the Company.

The Company is in receipt of a notice under Section 160 of the Companies Act, 2013 along with requisite deposit of ₹1 lakh from a member proposing the appointment of G. P. Kundargi as a Director on the Board of the Company holding the office of an Independent Director.



Declaration has been received from G. P. Kundargi that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the Listing Regulations. In the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and is independent of the management. G. P. Kundargi possesses relevant expertise and experience from which the Company stands to immensely benefit.

In accordance with the provisions of sub-sections (10) and (11) of Section 149 of the Companies Act, 2013 and Regulation 25(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, an independent director can hold office for a term upto five consecutive years on the Board of a company and be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the Company.

In view of the aforementioned provisions, it is proposed to appoint G. P. Kundargi as an Independent Director, for a term of five consecutive years commencing from the date of appointment on the Board. It is further brought to the attention of the shareholders that in accordance with the provisions of sub-section (13) of Section 149 of the Act, G. P. Kundargi would not be liable to retire by rotation at the annual general meetings.

Copy of the letter for appointment of G. P. Kundargi as an Independent Director setting out terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours.

G. P. Kundargi does not hold any shares in the Company. He is a member of Audit Committee, Environment Committee and the Project Committee of the Board of Directors of the Company. Apart from the directorship in the Company he does not hold directorship in any other Company.

He is not related to any of the Directors on the Board of the Company.

The Board recommends the Ordinary Resolution at Item No. 8 for approval of the Members.

None of the Directors, Key Managerial Personnel or their relatives is/are, in any way, concerned or interested in this item, except G. P. Kundargi, who is interested in this resolution relating to him.

#### **Item No. 9**

The Board of Directors has, at its meeting held on 31 March 2017, accorded approval for implementation of stage 1 & 2 of the proposed Pig Iron Project at an estimated total financial outlay of ₹1500 crore.

Pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company, beyond the aggregate of the paid-up capital of the company and its free reserve, requires approval from its shareholders by way of a Special Resolution.

Hence, approval of shareholders is sought, by way of a Special Resolution at Item No. 9 authorizing the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding ₹1200 crore to be utilized for the purpose of implementation of stage 1 & 2 of the proposed Pig Iron Project.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

#### **Item No. 10**

In terms of the Companies (Cost Records and Audit) Rules, 2014, the Company is required to get its cost accounting records, audited by a cost auditor who shall be either a cost accountant or a firm of cost accountants, holding a valid certificate of practice under the provisions of Cost and Works Accountants Act, 1959.



Based on Audit Committee's recommendation, the Board of Directors has approved to appoint M/s. Kamalakara & Co., as Cost Auditor for the financial year 2017-18, at a remuneration of ₹1,25,000/- plus service tax and actual out-of-pocket expenses.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration as recommended by the Audit Committee and approved by the Board of Directors is required to be subsequently ratified by the shareholders.

M/s. Kamalakara & Co, have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the previous three years.

The Ordinary Resolution at Item No.10 for ratification of their remuneration is proposed and accordingly commended for approval.

None of the Directors, Key Managerial Personnel or their relatives is/are, in any way, concerned or interested in this item.

By order of the Board  
for The Sandur Manganese & Iron Ores Limited

Place : Bengaluru  
Date : 29 June 2017

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)



**ANNEXURE**  
**(Refer Items 5 and 6 of the Notice of AGM)**

Statement pursuant to Clause (B)(iv) of Section II of Part II of Schedule V to the Companies Act, 2013

**I. General Information**

|     |                                                                      |                   |                |
|-----|----------------------------------------------------------------------|-------------------|----------------|
| (1) | Nature of industry                                                   | Mining industry   |                |
| (2) | Expected date of commencement of commercial production               | Already commenced |                |
| (3) | In case of new companies expected date of commencement of activities | Not applicable    |                |
| (4) | Financial performance (for the last 2 years)                         | ₹lakh             |                |
|     |                                                                      | <b>2016-17</b>    | <b>2015-16</b> |
|     | Net sales/income                                                     | 42,223.65         | 22,241.22      |
|     | Other income                                                         | 508.30            | 488.17         |
|     | Total income                                                         | 42,731.95         | 22,729.39      |
|     | Total expenditure                                                    | 34,764.56         | 22,644.89      |
|     | Profit/(Loss) before taxes                                           | 7,967.39          | 84.50          |
|     | Exceptional items                                                    | 0                 | 577.00         |
|     | Tax                                                                  | 2,940.00          | 930.43         |
|     | Net Profit/(Loss)                                                    | 5,027.39          | (1,422.93)     |
| (5) | Foreign investments or collaborations, if any                        | Nil               | Nil            |

**II.A Information about Nazim Sheikh:**

- (1) **Background details:** This information is provided under Explanatory Statement for Item No.5 in the Notice.
- (2) **Past remuneration:** For the financial year 2016-17 he was paid Salary of ₹36.60 lakh, Perquisites of ₹74.75 lakh and Contribution to Provident Fund etc., was to the tune of ₹9.88 lakh and commission of ₹7.76 lakh aggregating his remuneration to ₹128.99 lakh.
- (3) **Recognition and Awards:** Nil
- (4) **Job profile and suitability:** He has been the Executive Director of the Company since 31 January 2001 and is responsible for its overall operations subject to the directions of the Chairman and the Board of Directors. He was re-designated as Joint Managing Director at the Board meeting held on 9 April 2011 and continues to serve in the same capacity. It is now proposed to re-designate him as the Managing Director with effect from 1 April 2017.
- (4) **Remuneration proposed:** This information is provided under Explanatory Statement for Item No.5 in the Notice.
- (5) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** The remuneration proposed for the director is much lower than the prevailing levels in the industry for comparable positions. Detailed justification for the proposed remuneration is given in the Explanatory Statement to the Notice.
- (6) **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:** Nazim Sheikh has no pecuniary relationship with the Company other than receiving remuneration as Managing Director. He is neither related to promoters nor other managerial personnel of the Company.



## **II.B Information about U. R. Acharya:**

- (1) **Background details:** This information is provided under Explanatory Statement for Item No.6 in the Notice.
- (2) **Past remuneration:** For the financial year 2016-17 he was paid Salary of ₹20.40 lakh, Perquisites of ₹42.01 lakh and Contribution to Provident Fund etc., was to the tune of ₹5.51 lakh and commission of ₹7.76 lakh aggregating his remuneration to ₹75.68 lakh.
- (3) **Recognition and Awards:** Nil
- (4) **Job profile and suitability:** He has been the Director (Commercial) of the Company since 9 April 2011. He is responsible for marketing the products and improving the realization.
- (5) **Remuneration proposed:** This information is provided under Explanatory Statement for Item No.6 in the Notice.
- (6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** The remuneration proposed for the director is much lower than the prevailing levels in the industry for comparable positions. Detailed justification for the proposed remuneration is given in the Explanatory Statement to the Notice.
- (7) **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** U. R. Acharya has no pecuniary relationship with the company other than receiving remuneration as Director (Commercial). He is neither related to promoters nor other managerial personnel of the Company.

## **III. Other information**

1. **Reason for loss or inadequate profits:** The Company, from recent past, has started earning comfortable profits and decided to recognize the unuttered and invaluable service rendered by its whole time directors by way of providing them reasonable remuneration. Though the Company is confident of sustaining its profits, as a matter of abundant caution, to meet the exigencies of inadequate profits in future, if any, provision is being made for the whole time directors for payment of minimum remuneration in accordance with the provisions of Schedule V to the Companies Act, 2013.
2. **Steps taken for improvement:** To ensure long term viability of the Company's business, the Company is contemplating enhancement of manganese ore and iron ore production and is also in the process of consolidating its businesses by setting up a 1 Million Tonne Per Annum Steel Project in two phases.
3. **Expected increase in productivity and profits in measurable terms:** With the possible enhancement in production of ores and the proposed setting up of project, the Company is looking forward to and would be able to consolidate its operations thereby securing its future. The Company seeks to achieve the setting up of the project in 2 phases over the next three years.

## **IV. Disclosures:**

The required information has been included under the heading "Report on Corporate Governance" forming part of the annual report.

By order of the Board  
for The Sandur Manganese & Iron Ores Limited

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)

Place : Bengaluru  
Date : 29 June 2017



## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017

Dear Shareholders,

The Directors are pleased to present their Report and Audited Statement of Accounts for the year ended 31 March 2017:

### FINANCIAL RESULTS

(Amount in ₹ lakh)

| Sl. No. | Particulars                                         | Current Year<br>2016-17 | Previous Year<br>2015-16 |
|---------|-----------------------------------------------------|-------------------------|--------------------------|
| a)      | Net Sales / Income                                  | 42,223.65               | 22,241.22                |
| b)      | Other Income                                        | 508.30                  | 488.17                   |
|         | <b>Total</b>                                        | <b>42,731.95</b>        | <b>22,729.39</b>         |
| c)      | Expenditure                                         |                         |                          |
|         | (i) Variable                                        | 22,284.68               | 14,130.37                |
|         | (ii) Fixed                                          | 11,050.09               | 8,075.73                 |
|         | (iii) Depreciation / Amortization                   | 704.87                  | 437.55                   |
|         | (iv) Interest                                       | 724.92                  | 1.24                     |
|         | <b>Total</b>                                        | <b>34,764.56</b>        | <b>22,644.89</b>         |
| d)      | Profit before taxes                                 | 7,967.39                | 84.50                    |
| e)      | Exceptional Items (Net)                             | -                       | 577.00                   |
| f)      | Less:                                               |                         |                          |
|         | (i) Current Tax                                     | 3,210.00                | 390.00                   |
|         | (ii) Deferred Tax                                   | (270.00)                | 540.43                   |
| g)      | Net Profit/(Loss)                                   | 5,027.39                | (1,422.93)               |
| h)      | Add: Balance brought forward from the previous year | 31,313.68               | 33,046.82                |
| i)      | Profit before appropriation                         | 36,341.07               | 31,623.89                |
| j)      | Less: Appropriations                                |                         |                          |
|         | (i) Dividend on Equity Shares                       | 262.50                  | 262.50                   |
|         | (ii) Tax on Dividend                                | 54.93                   | 47.71                    |
|         | <b>Total</b>                                        | <b>317.43</b>           | <b>310.21</b>            |
| k)      | Profit carried to Balance Sheet                     | 36,023.64               | 31,313.68                |

The Company earned profit before tax of ₹7,967.39 lakh after charging ₹704.87 lakh towards depreciation on fixed assets and ₹724.92 lakh towards interest. After charging of income tax of ₹3,210 lakh and deferred tax of ₹(270) lakh, the profit for the current year is ₹5,027.39 lakh.

### OPERATIONS AT A GLANCE:

#### MINING OPERATIONS

In Tonnes

|                      | Manganese Ore:          |                          | Iron Ore:               |                          |
|----------------------|-------------------------|--------------------------|-------------------------|--------------------------|
|                      | Current Year<br>2016-17 | Previous Year<br>2015-16 | Current Year<br>2016-17 | Previous Year<br>2015-16 |
| Production           | 2,22,271                | 1,51,289                 | 11,49,899               | 7,39,744                 |
| Internal Consumption | 25,172                  | 13,000                   | -                       | -                        |
| Sales                | 1,77,373                | 1,12,277                 | 11,93,615               | 8,84,292                 |



The Company produced 2,22,271 tonnes of manganese ore and 11,49,899 tonnes of iron ore during the financial year 2016-17 as against 1,51,289 tonnes of manganese ore and 7,39,744 tonnes of iron ore produced during the previous year. The Company sold 1,77,373 tonnes of manganese ore and 11,93,615 tonnes of iron ore during the year under review as against 1,12,277 tonnes of manganese ore and 8,84,292 tonnes of iron ore sold during the previous year.

The Company has been able to step up its manganese ore and iron ore production in light of Central Empowered Committee (CEC), constituted by the Hon'ble Supreme Court, permitting restoration of iron ore production limit to 1.60 Million Tonnes Per Annum (MTPA) and for enhancement of Manganese ore production to 0.254 MTPA, for which requisite statutory approvals from various authorities could be obtained during the second half of the year. The production of manganese and iron ores was earlier restricted at 0.1874 and 0.74 MTPA respectively.

### FERROALLOYS

|                           | Opening stock  | Production        | Internal Consumption | Sales             | Closing stock  | [Excess] / Shortage |
|---------------------------|----------------|-------------------|----------------------|-------------------|----------------|---------------------|
| Silico-Manganese (Tonnes) | 163<br>(3,311) | 24,862<br>(6,757) | -<br>(-)             | 22,362<br>(9,905) | 2,663<br>(163) | -<br>(-)            |

NOTE:

a) Previous year figures are in brackets.

This was the first full year of operation of the two ferroalloy furnaces by the Company after taking the ferroalloy and the power plant on lease from its subsidiary pursuant to lease agreement dated 1 February 2016.

The Company produced 24,862 tonnes of Silico Manganese and sold 22,362 tonnes during the year.

### POWER

|                   | Generation           | Captive Consumption | Sales              | [Excess] / Shortage |
|-------------------|----------------------|---------------------|--------------------|---------------------|
| Power (Mega watt) | 1,57,578<br>(40,277) | 1,03,449<br>(4,479) | 33,354<br>(35,418) | 20,775<br>(380)     |

NOTE:

a) Previous year figures are in brackets.

During the year, the Company generated 157.58 mu of power including 20.00 mu towards auxiliary consumption. Further, the company's captive consumption at its ferroalloy plant stood at 103.45 mu. The Company also sold 0.33 mu of power during the year.

### SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

No significant and material orders were passed by any Regulator(s) or Court(s) or Tribunal(s) which would impact the going concern status of the Company.

### MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitment affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

### DIVIDEND

The Board of Directors at its meeting held on 12 November 2016 and 31 March 2017 had declared interim dividend of ₹2 and ₹1 respectively.



In addition to the above, the Directors are pleased to recommend a final dividend of ₹2 per share, out of the profits of the Company for the financial year ended 31 March 2017.

Accordingly, approval of the shareholders is being sought at the ensuing Annual General Meeting for dividend of ₹5 per share (including ₹3 paid as interim dividend) for the financial year 2016-17.

## SUBSIDIARY

The Company has a Subsidiary Company - Star Metalics and Power Private Limited (SMPPL) in which it holds a stake of 80.58% (as at 31 March 2017). A statement containing the salient features of the financial statement of SMPPL in the prescribed format is appended as **Annexure- 'A'** to this Report.

## PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY

SMPPL has a ferroalloy plant with two furnaces, and a 32 MW thermal power plant which is used as a captive unit for its ferroalloy operations. In pursuance of lease agreement executed on 1 February 2016, the Company has taken both the ferroalloy plant and the power plant of the subsidiary company on lease.

A brief extract of its financial performance is given below:

(₹ lakh)

| Particulars                                          | Current Year<br>2016-17 | Previous Year<br>2015-16 |
|------------------------------------------------------|-------------------------|--------------------------|
| <b>Income</b>                                        |                         |                          |
| Revenue from Operations                              | 1020.00                 | 8138.16                  |
| Other Income                                         | 185.29                  | 86.52                    |
| <b>TOTAL</b>                                         | <b>1205.29</b>          | <b>8224.68</b>           |
| <b>Expenditure</b>                                   |                         |                          |
| Cost of material consumed                            | -                       | 6017.63                  |
| (Increase) / Decrease in finished goods              | -                       | -                        |
| <b>Operating and Other Expenses</b>                  | <b>230.29</b>           | <b>1889.96</b>           |
| Finance Cost                                         | 0.00                    | 28.82                    |
| Depreciation                                         | 507.36                  | 508.05                   |
| <b>TOTAL</b>                                         | <b>737.65</b>           | <b>8444.46</b>           |
| <b>Profit/(Loss) before Tax</b>                      | <b>467.64</b>           | <b>(219.78)</b>          |
| Tax expenses – Current Tax of Previous Year          | 29.38                   | -                        |
| LESS : MAT Credit of Previous Year                   | (29.38)                 | -                        |
| <b>Profit/(Loss) after Tax</b>                       | <b>467.64</b>           | <b>(219.78)</b>          |
| Loss brought forward from previous year              | (3092.87)               | (2873.09)                |
| Loss carried to Balance Sheet                        | (2625.23)               | (3092.87)                |
| Paid-up equity shares (₹10 per equity share)         | 9337.97                 | 9261.50                  |
| Weighted average number of equity shares outstanding | 9,33,79,705             | 9,26,15,000              |
| <b>Earnings Per Share</b>                            |                         |                          |
| - Basic & Diluted                                    | 0.50                    | (0.24)                   |

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report.

The details of the loans and guarantees given and investments made by the Company are in Note Nos. 9, 10 and 25 of the audited financial statements. There are no changes in these figures from the date of audited financials to the date of this report.



## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

In terms of clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the Company is required to furnish particulars of the contract entered into by the Company with its related parties in the Board's Report.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All Related Party Transactions are placed before the Audit Committee and also the Board for approval. The policy on Related Party Transactions can be accessed on the Company's website at [www.sandurgroup.com](http://www.sandurgroup.com).

Details of the contracts or arrangements made with related parties are given in the prescribed format as **Annexure – 'B'**.

## **DEPOSITS**

The Company has not accepted any fixed deposits from the public during the financial year under review. The Company did not have any deposits at the beginning of the financial year. Thus, provisions of Section 73 of the Companies Act 2013 are not applicable to the Company.

## **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements and in terms of provisions of Section 129(3) of the Companies Act, 2013, consolidated financial statements of the Company and its subsidiary are forming part of the Annual Report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements including consolidated financial statements along with the Auditors Report and Directors' Report thereon are available on the Company's website, [www.sandurgroup.com](http://www.sandurgroup.com). Further, separate audited accounts in respect of the subsidiary are also placed on the website.

These documents will also be available for inspection during business hours at the registered office of the Company.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As on date of this report, the Board is constituted of one Managing Director, one Whole-Time Director, three Non-Executive Directors (including the Chairman and a Woman Director) and five Independent Directors.

The Key Managerial Personnel of the Company constitute one Managing Director, one Whole Time Director, Company Secretary and a Chief Financial Officer.

During the year under review, P. Vishwanatha Shetty and R. Subramanian, Independent Directors on the Board, have resigned from their office with effect from 27 January 2017 and 31 March 2017 respectively.

S. Y. Ghorpade was holding the position of Chairman & Managing Director till 31 March 2017. Upon completion of his tenure as Chairman & Managing Director, the Chairman did not opt for re-appointment, but chose to continue as a Non-Executive Chairman of the Company. The Board accorded its approval for his continuance as Non-Executive Chairman of the Company with effect from 1 April 2017.

Consequent to appointment of another Non-Executive Director, Vatsala Watsa did not meet one of the criteria provided under Section 149(6) of the Companies Act, 2013 for continuing to be an Independent Director of the Company, accordingly, the Board has accorded its approval on 12 November 2016 for her continuance as a Non-Executive Director, liable to retire by rotation.

The Board has, in its 317<sup>th</sup> meeting held on 30 May 2017, re-designated K. V. Ramarathnam, as an Independent Director of the Company.

## **APPOINTMENT/RE-APPOINTMENTS**

G. P. Kundargi has been co-opted on 12 November 2016 as an Additional Director on the Board. He holds office of an Independent Director.

The Board has, at its 316<sup>th</sup> meeting held on 31 March 2017, re-appointed, Nazim Sheikh as Managing Director for a period of three years with effect from 1 April 2017 and U. R. Acharya as Director (Commercial) for a period



of one year with effect from 1 April 2017. Pursuant to the provisions of Section 196(4) of the Companies Act, 2013, aforesaid appointments require approval of the shareholders. Accordingly, the Board recommends their appointment for approval of shareholders at the ensuing 63<sup>rd</sup> Annual General Meeting (AGM).

Vatsala Watsa, is liable to retire by rotation at the ensuing 63<sup>rd</sup> AGM and being eligible has offered herself for re-appointment. She is not disqualified from being appointed as a director as specified under Section 164 of the Companies Act, 2013. The Board recommends her re-appointment.

The Board also recommends, K. V. Ramarathnam's change in status from a Non-Executive Director to an Independent Director of the Company, w. e. f., 30 May 2017, to hold office as such for a period of 5 consecutive years, for shareholders' approval at the ensuing 63<sup>rd</sup> AGM.

#### **NUMBER OF MEETINGS OF THE BOARD**

The Board met 7 (seven) times during the financial year, the details of which are given in the Corporate Governance Report forming part of this report.

The intervening gap between any two consecutive meetings of the Board did not exceed one hundred and twenty days as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

#### **POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION**

The policy of the Company on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is appended as **Annexure- 'C'** to the Report.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

All five independent directors of the Company meet the criteria of independence as provided under sub-section (6) of Section 149 of the Companies Act, 2013. Declarations to this effect have also been received from them.

#### **BOARD EVALUATION**

As mandated by the statutory provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a mechanism for formal annual evaluation has been devised by the Company. Evaluation of the Board, its Committees and the directors for the year 2016-17 has been done based on this mechanism. The mechanism provides for annual evaluation at the end of each year on the basis of feedback received by each director. The performance of individual directors was evaluated by the Nomination and Remuneration Committee (NRC). NRC's report on performance evaluation of individual directors was taken on record by the Board. The performance of the Board and its Committees was evaluated by the Board.

#### **TRAINING OF INDEPENDENT DIRECTORS**

On induction, the new independent directors on Board are familiarized with the nature of Industry and the Company's business operations. They are updated on a frequent basis with regard to operations of the Company. Any material development is intimated promptly. The Management encourages participation by the independent directors and accordingly, any clarification sought by the independent directors with regard to the Company's operations is duly addressed.

Presently, no formal training programme exists. Until now, learning for the independent directors has been a pervasive ongoing phenomenon via participation.

Further, at the time of appointment of a director, the company issues a formal letter of appointment entailing his/her role, function, duties and responsibilities as a director. The terms and conditions of appointment of independent director are available on the Company's website.

#### **COMMITTEES OF THE BOARD**

Currently, the Board has seven committees - namely Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Environment Committee, Corporate Social Responsibility Committee, Risk Management Committee and Project Committee.



## **DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**

The Audit Committee comprises four Independent Directors and a Non-Executive Director namely, B. Ananda Kumar as its Chairman, V. Balasubramanian, S. S. Rao, Vatsala Watsa and G. P. Kundargi as its members.

The Company believes in conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. The Company has established a vigil mechanism towards this end.

In accordance with sub-section (9) of Section 177 read with Rule 7(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company's Audit Committee is required to oversee the vigil mechanism.

The Committee oversees the vigil mechanism which has been established to address genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics expressed by the employees and other Directors.

The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee in matters concerning financial/accounting and concerns relating to personnel belonging to levels above Senior General Manager.

The Whistleblower Policy along with other Policies of the Company is available on the Company's website.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134 (3)(c) of the Companies Act, 2013, your directors state that:

- (a) in the preparation of the accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors have 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 as at 31 March 2017 and of the profit and loss of the Company for the year ended 31 March 2017;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts for the financial year ended 31 March 2017 on a 'going concern' basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT**

Auditors have not reported any frauds during the year under review.

## **ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Board of Directors has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Your Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

The Company has a well-defined delegation of power with authority limits for approving revenue as well as expenditure. The Company uses a state-of-the-art Enterprise Resource Programming (ERP) system to record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information. It has continued its efforts to align all its processes and controls with global best practices.



M/s. P. Chandrasekar, Chartered Accountants, have been appointed to oversee and carry out internal audit of its activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors and the audit committee. In line with international practice, the internal audit plan aims at reviewing internal controls and risks in operations. The audit committee reviews audit reports submitted by the internal auditors. Suggestions for improvement are considered and the audit committee follows up on them.

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies.

### **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return pursuant to the provisions of Section 92(3) read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished as **Annexure – 'D'** attached to this Report.

### **AUDITORS**

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, no listed company or a company belonging to such class or classes as may be prescribed shall appoint or re-appoint an Individual as an Auditor for more than one term of 5 consecutive years or an Audit Firm for more than two terms of 5 consecutive years. M/s Deloitte Haskins & Sells, the statutory auditors of the Company had already completed the maximum tenure of two terms of five consecutive years as stipulated in Section 139(2) of the Companies Act, 2013. However, in terms of proviso to sub-section (2) of Section 139 of the Companies Act, 2013, three years time was granted from the commencement of the Companies Act, 2013, i.e. 1 April 2014, for complying with the aforesaid requirement.

Accordingly, M/s. Deloitte Haskins & Sells were appointed as statutory auditors at the 60<sup>th</sup> Annual General Meeting (AGM) held on 27 September 2014 to hold office until the conclusion of 63<sup>rd</sup> AGM.

In light of the aforesaid, the Board is considering to recommend another Firm of Chartered Accountants to be appointed as Statutory Auditors of the Company to hold office for a term of five years from conclusion of 63<sup>rd</sup> AGM until conclusion of 68<sup>th</sup> AGM.

### **AUDITORS' REPORT**

Auditors' Report on the financial statements of the Company is forming part of this Annual Report. No qualifications, reservations or adverse remarks have been made by the Statutory Auditors in the said Report.

### **SECRETARIAL AUDIT**

Pursuant to provisions of sub-section (1) of Section 204 of the Companies Act, 2013, the Company is required to annex with its Board's Report a secretarial audit report, given by a company secretary in practice.

N. D. Satish, Practicing Company Secretary (ICSI Membership No.33507 and Certificate of Practice No.12400) has been appointed as Secretarial Auditor of the Company for the financial year 2016-17. The Secretarial Audit Report is forming part of this Annual Report as **Annexure- 'E'**.

The Secretarial Auditor has stated in his Report that there have been delays in filing of returns/e-forms with the Registrar of Companies in few circumstances. In this regard, the Board hereby states that the said delays were inadvertent and unintentional and the Company is striving to ensure timely filing of forms.

The Secretarial Auditor has further observed that the Company has issued duplicate share certificates by virtue of delegation of specific authority given by Board of Directors to its Directors and Company Secretary and whereas, in terms of Rule 6(2)(a) of Companies (Share Capital and Debenture) Rules, 2014 of the Companies Act, 2013, duplicate share certificate is required to be issued with the prior approval of the Board or Committee of Directors. On this, the Board states that the duplicate share certificates were issued by the Directors and the Company Secretary under the specific authority granted by the Board in order to comply with provisions of Regulation 39 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requiring a listed entity to issue duplicate share certificates within thirty days of lodgment.

It is observed in the Secretarial Audit Report that during the period under review, there has been a delay in filling up of vacancy of the Independent Director pursuant to the provisions of Regulation 25 of the SEBI (LODR) Regulations, 2015. In this connection, the Board states that the Board was unable to fill the intermittent vacancy of independent director within the stipulated time despite its concerted effort to locate a suitable candidate but has complied with the requirement of filling the vacancy by appointing an independent director at the earliest possible time.



The Secretarial Auditor has observed that the Company has not filed a copy of the audit report along with its financial statements for the year ended 31 March, 2016 and also a statement on unmodified opinion as per the provisions of Regulation 33 (3) (d) of LODR within the timeframe. The Board states in this regard, the said lapse has inadvertently occurred on account of amendment in the provisions of Regulation 33 notified on 27 May 2016; a day before the meeting of the Board of Directors on 28 May 2016.

The Secretarial Auditor has further reported delay in intimations of loss of share certificate and issue of duplicate share certificates to the stock exchange as required under the provisions of Regulation 39 of SEBI (LODR) Regulations, 2015. In this regard, the Board hereby states that the said delays were inadvertent and unintentional and the Company is striving to ensure timely compliance.

There is no further qualification or adverse remarks in the Report which require reply from the Board of Directors.

### **COST AUDITORS**

In terms of Section 148(2) of the Companies Act, 2013 read with Rule 4 of the Companies (Cost Records and Audit) Rules, 2014 issued by the Ministry of Corporate Affairs (MCA), the Company is required to get its cost accounting records audited by a cost auditor.

The Board has, at its 310<sup>th</sup> Meeting held on 28 May 2016, appointed M/s. K. S. Kamalakara & Co. as Cost Auditors for the Financial Year 2016-17.

In accordance with Rule 6(5) of the Companies (Cost Records and Audit) Rules, 2014, the cost auditor is required to submit his report within 180 days from the date of closure of the financial year and within thirty days from the date of receipt of the cost audit report, the Company shall file a copy of the same with the Ministry of Corporate Affairs (MCA). The Cost Audit Report for the Financial Year 2015-16 was filed with the MCA on 29 September 2016.

### **CORPORATE GOVERNANCE**

The Directors' Report on Corporate Governance is annexed to this report. The certificate of the Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, regarding compliance of conditions of Corporate Governance as stipulated in Clause E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also being annexed.

### **MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

The Management Discussion and Analysis Report forms part of the Annual Report in Compliance with Clause (e) of Sub-regulation (2) of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Board constituted the Risk Management Committee on 28 May 2014. Though Statutorily, only top 100 listed companies ((based on the market capitalization) are required to have a Risk Management Committee, the Board has decided for continuation of the Risk Management Committee, so that the Company would align with practices followed by top 100 listed companies in the country.

The Board at its 256<sup>th</sup> meeting held on 28 October 2005 had prescribed the Risk Management and Minimisation procedures. These procedures are reviewed on a regular basis by the Board. Risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting.

Company has also constituted Coordination Committee to monitor various departments and sections of the Company and specified operational responsibilities. The Risk Management Committee focuses on macro level and external risks, and the Coordination Committee consisting of Executive level of the Board i.e., the Whole-time directors, in association with Senior Management Personnel, take steps for identification, assessment, mitigation and monitoring of internal and operational risks.

### **DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has been, for close to six decades, consciously contributing towards Corporate, Social and Environmental improvement.



Being socially, environmentally and ethically responsible in governance of operations and also to add value to the operations while contributing towards the long-term sustainability of business, the Board of Directors has further strengthened its resolve to do more for the development of the area improvement of living conditions of the surrounding rural population.

The Annual Report on Company's CSR activities of the Company undertaken during the year under review are furnished in **Annexure-'F'** attached to this report.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as prescribed in Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are set out in **Annexure- 'G'** to this report.

#### **TRANSFER OF UNPAID AND UNCLAIMED DIVIDENDS TO INVESTOR EDUCATION AND PROTECTION FUND**

Dividends remaining unpaid and unclaimed for a period of seven years from the date of transfer to the unpaid dividend account are required to be transferred to the Investor Education and Protection Fund (IEPF). The Company transferred the following amounts to the IEPF during the year:

| Particulars of Dividend | Financial year | Amount (in ₹) | Date of Transfer |
|-------------------------|----------------|---------------|------------------|
| Final dividend          | 2008-09        | 1,41,956.00   | 22 November 2016 |

#### **EMPLOYEES**

Pursuant to the provisions of sub-section (12) of Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars are set out in **Annexure - 'H'** to the Directors' Report.

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has constituted an Internal Complaints Committee (ICC) for the prevention and redressal of complaints related to sexual harassment at workplace.

No complaints pertaining to sexual harassment were received during the year ended 31 March 2017.

#### **ACKNOWLEDGEMENTS**

The directors wish to thank members of judiciary, its associates and legal fraternity for their strong commitment to justice, fairness and equity. The directors also extend its gratitude to the Central and State Governments for the confidence bestowed on the Company.

The directors wish to place on record their appreciation for all its employees for their commendable team work and professionalism. And ultimately, we wish to thank all the government agencies, the promoters, business associates, banks and investors and look forward to their continued support and contribution.

for and on behalf of the Board of Directors

Place : Bengaluru  
Date : 30 May 2017

**S. Y. GHORPADE**  
Chairman  
DIN: 00080477

**Form AOC-I**

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

**Statement containing salient features of the financial statement of subsidiary –  
Star Metallics and Power Private Limited****Part “A”: Subsidiary**

|    |                                                                                                                              |                                          |
|----|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| 1  | Name of the subsidiary                                                                                                       | Star Metallics and Power Private Limited |
| 2  | Date since when subsidiary was acquired                                                                                      | 25 October 2008                          |
| 3  | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                      | Not applicable                           |
| 4  | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | Not applicable                           |
| 5  | Share capital                                                                                                                | ₹93,37,97,050                            |
| 6  | Reserves & surplus                                                                                                           | ₹66,79,79,819                            |
| 7  | Total assets                                                                                                                 | ₹1,66,16,61,525                          |
| 8  | Total Liabilities (excluding reserves & surplus)                                                                             | ₹5,98,84,656                             |
| 9  | Investments                                                                                                                  | NIL                                      |
| 10 | Turnover                                                                                                                     | ₹10,20,00,000                            |
| 11 | Profit/(Loss) before taxation                                                                                                | ₹4,67,64,216                             |
| 12 | Provision for taxation                                                                                                       | --                                       |
| 13 | Profit/ (Loss) after taxation                                                                                                | ₹4,67,64,216                             |
| 14 | Proposed Dividend                                                                                                            | NIL                                      |
| 15 | Percentage of shareholding                                                                                                   | 80.58%                                   |

**Additional Information:**

|   |                                                                              |     |
|---|------------------------------------------------------------------------------|-----|
| 1 | Names of the subsidiaries which are yet to commence operations               | Nil |
| 2 | Names of the subsidiaries which have been liquidated or sold during the year | Nil |

**Part “B”: Associates and Joint Ventures – Not applicable****Statement pursuant to Section 129 (3) of the Companies Act, 2013  
related to Associate Companies and Joint Ventures**

|   | Name of Associates / Joint Ventures                                        | Name 1         | Name 2 | Name 3 |
|---|----------------------------------------------------------------------------|----------------|--------|--------|
| 1 | Latest audited Balance Sheet Date                                          | Not applicable |        |        |
| 2 | Date on which the Associate or Joint Venture was associated or acquired    |                |        |        |
| 3 | Shares of Associate/Joint Ventures held by the company on the year end     |                |        |        |
|   | i) Number                                                                  |                |        |        |
|   | ii) Amount of Investment in Associates/Joint Venture                       |                |        |        |
|   | iii) Extent of Holding (Percentage)                                        |                |        |        |
| 4 | Description of how there is significant influence                          |                |        |        |
| 5 | Reason why the associate/ joint venture is not consolidated                |                |        |        |
| 6 | Net worth attributable to Shareholding as per latest audited Balance Sheet |                |        |        |
| 7 | Profit / Loss for the year                                                 |                |        |        |
|   | i) Considered in Consolidation                                             |                |        |        |
|   | ii) Not considered in Consolidation                                        |                |        |        |

**Additional Information:**

|   |                                                                                              |     |
|---|----------------------------------------------------------------------------------------------|-----|
| 1 | Names of the associates or joint ventures which are yet to commence operations               | Nil |
| 2 | Names of the associates or joint ventures which have been liquidated or sold during the year | Nil |

for and on behalf of Board of Directors

**S. Y. GHORPADE**

Chairman

DIN: 00080477

**NAZIM SHEIKH**

Managing Director

DIN: 00064275

**MD. ABDUL SALEEM**Company Secretary &  
Chief General Manager (Mines)**K. RAMAN**

Chief Financial Officer

**Annexure - 'B'****Form No. AOC-2**

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis**

| Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements / transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Justification for entering into such contracts or arrangements or transactions | Date(s) of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 |
|---------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|----------------------------------|---------------------------------|-------------------------------------------------------------------------------------------------------------------|
| NIL                                                     | NIL                                              | NIL                                                    | NIL                                                                                        | NIL                                                                            | NIL                              | NIL                             | NIL                                                                                                               |

**2. Details of material contracts or arrangement or transactions at arm's length basis**

| Name(s) of the related party and nature of relationship | Nature of contracts /arrangements /transactions | Duration of the contracts / arrangements /transactions | Salient terms of the contracts or arrangements or transactions including the value, if any: | Date(s) of approval by the Board, if any: | Amount paid as advances, if any: |
|---------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|
| NIL                                                     | NIL                                             | NIL                                                    | NIL                                                                                         | NIL                                       | NIL                              |

for and on behalf of the Board of Directors

Place : Bengaluru  
Date : 30 May 2017

**S. Y. GHORPADE**  
Chairman  
DIN: 00080477



## **Policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees**

### **PREAMBLE**

The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and senior management personnel has been formulated in terms of the provisions of the Companies Act, 2013 and the listing agreement in order to pay equitable remuneration to the Directors, KMPs and employees of the Company and to harmonise the aspirations of human resources consistent with the goals of the Company.

### **DEFINITIONS**

'Board' means Board of Directors of the Company.

'Directors' means Directors of the Company.

'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.

'Company' means The Sandur Manganese and Iron Ores Limited.

'Independent Director' means a Director referred to in Section 149(6) of the Companies Act, 2013.

'Key Managerial Personnel (KMP)' means-

- i) the Chief Executive Officer or the Managing Director or the Manager
- ii) the Company Secretary
- iii) the Whole Time Director
- iv) the Chief Financial Officer
- v) the Chief Operating Officer

Senior Management means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads. For the purpose, as defined in the Code of Conduct for Senior Management Personnel, officers in the cadre of Additional General Manager and above shall be considered to be the Senior Management.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

**'Remuneration' means-**

Any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

### **Constitution of the Nomination and Remuneration Committee**

The Board constituted the 'Remuneration Committee' at its 241<sup>st</sup> Board Meeting held on 22 April 2002. The Committee was renamed as 'Nomination and Remuneration Committee' by the Board at its 298<sup>th</sup> meeting held on 28 May 2014.

The constitution shall be in line with the requirements under the Companies Act, 2013 and provisions of Clause 49(IV) of the listing agreement. The Board has authority to reconstitute this Committee from time to time.

### **Role of the Nomination and Remuneration Committee**

Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

Formulation of criteria for evaluation of Independent Directors and the Board;

Devising a policy on Board diversity



Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

### **Scope of Policy**

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and nomination; and

Part – C covers performance evaluation and remuneration.

### **Object of Policy**

This Policy has been formulated with a view to:

1. Devise a transparent system of determining appropriate level of remuneration throughout all levels of directors, KMPs, core management team and the senior management personnel in the Company;
2. Encourage personnel to perform to their highest level;
3. Provide consistency in remuneration throughout the Company; and
4. Aligning the performance of the business with the performance of key personnel and teams within the Company.

### **‘Part – A’**

#### **MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**

The following matters shall be dealt by the Committee: -

#### **Size and composition of the Board:**

Periodically review the size and composition of the Board to ensure that it is structured to make appropriate decisions, with the diversity of thought, experience, knowledge, perspective and gender in the Board, in the best interest of the Company as a whole.

#### **Appointments/Re-appointments:**

Identify when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board.

Identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board.

Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

#### **Performance Evaluation:**

Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.

Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

#### **Remuneration framework and policies:**

The Committee is responsible for reviewing and making recommendations to the Board on:

1. the remuneration of the Managing Director, Whole-time Directors and KMPs
2. the total level of remuneration of Non-Executive Directors and for individual remuneration for Non-Executive Directors
3. the remuneration policies for KMPs, senior management personnel and other employees



## **‘PART – B’**

### **APPOINTMENT AND NOMINATION**

#### **Appointment criteria and qualifications**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his / her appointment.
2. A person to be appointed as Director, KMP or senior management level should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.
4. Appointment process of independent directors shall be independent of the company management.
5. While selecting the independent directors the Committee shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
6. The Company shall not appoint or continue the employment of any person (other than promoter director) as Whole-Time Director who has attained the age of sixty-five years; and shall not appoint or continue any person as a Non-Executive Director (other than promoter director) who has attained the age of seventy-five years and shall not appoint any person as an Independent Director who has attained the age of seventy-five years.
7. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

#### **Letter of Appointment or Contract of Employment**

Executive Directors shall enter into a contract with the Company clearly setting out the terms and conditions of the remuneration package for such person. The Contract of employment shall set out the expectations for the performance, the key performance indicators, measures and criteria for assessment or evaluation of performance.

The appointment of independent directors shall be formalised through a letter of Appointment, which shall set forth the terms and conditions of appointment, the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks the list of actions that a director should not do while functioning as such in the company; and the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

#### **Term / Tenure**

##### **1. *Managing Director / Whole-time Director***

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director for a term not exceeding three years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

##### **2. *Independent Director***

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. Further such appointment or reappointment shall not be made beyond the age of 75 years.



At the time of appointment of Independent Director, it shall be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

### **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

### **Retirement**

The Whole time directors (other than promoter directors) shall retire at the age of 65 years and the Non-Executive Directors (other than whole time directors) shall retire at the age of 75 years. The Independent Directors shall be allowed to hold office for two consecutive terms of five years each as stipulated in Sections 149(10) and 149(11) of the Companies Act, 2013.

Further, the Key Managerial Personnel (other than Whole Time Directors) and the Senior Management Personnel shall retire at the age of 60 years which may be extended up to a maximum of 70 years under exceptional circumstances to be recorded in writing and duly approved by the NRC.

## **‘PART – C’**

### **PERFORMANCE EVALUATION AND REMUNERATION**

#### **Performance Evaluation of the Board/Executive-Directors/Independent Directors**

The Committee shall identify and lay down the criteria based on which the Board shall evaluate the performance of Independent Directors (excluding the Directors being evaluated).

In addition, the Committee shall also establish evaluation criterion for the Executive Directors.

The evaluation criterion for Directors shall be broadly based on:

- Knowledge to perform the role;
- Time and level of participation;
- Performance of duties and level of oversight; and
- Professional conduct and independence.

The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. Once a year, the Board shall conduct a self-evaluation. The Board shall also evaluate the performance of the various Committees of the Board.

It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome.

The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.

Simultaneously, the Independent Directors shall review the performance of the Executive Directors and the Board as whole.

The Independent Directors shall also review the performance of the Chairman of the Company, taking into account the views of the Executive Directors and Non-executive Directors.

The Independent Directors shall also assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.



The Directors' Report shall include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

#### **Remuneration to Directors**

The total managerial remuneration payable to its directors, including managing director and whole-time director, and its manager in respect of any financial year shall not exceed eleven per cent of the net profits of the Company for that financial year computed in the manner laid down in Section 198 except that the remuneration of the directors shall not be deducted from the gross profits.

The Directors may be paid in excess of eleven per cent of the net profits with the approval of the Central Government subject to the provisions of Schedule V.

The remuneration / compensation / commission etc. to Directors will be determined by the Committee shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder and recommended to the Board for approval.

Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders.

#### **Remuneration to Executive Directors**

Remuneration payable to all Whole-time Directors/Executive Directors taken together shall not exceed ten per cent of the net profits.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### **Remuneration to Non-Executive / Independent Directors**

Non-executive and independent directors shall receive sitting fees and may receive reimbursement for expenditure incurred wholly in connection with attending meetings of the Board and other meetings and profit related commission as may be approved by the Shareholders. Non-Executive and Independent Directors shall not be entitled to any stock options.

The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

| <b>Remuneration Structure for Independent Directors</b> |                                                                                   |
|---------------------------------------------------------|-----------------------------------------------------------------------------------|
| <b>Particulars</b>                                      | <b>Amount</b>                                                                     |
| Sitting fee for Board Meeting                           | ₹25,000/- per meeting, per director, including the Independent Directors meetings |
| Sitting fee for Committee Meeting                       | ₹25,000/- for Audit Committee and ₹10,000 for each of the other committees        |
| Travel fee                                              | Reimbursement of Air, Car, Rail, Bus fare etc.,                                   |

The remuneration payable to each Non-Executive Director and Independent Directors is based on the remuneration structure as determined by the Board in line with the provisions of the Companies Act, 2013 and the rules made thereunder, and may be revised from time to time, depending on individual contribution and the Company's performance.

#### **Remuneration to KMPs and other employees**

The Board in consultation with the Committee shall approve and finalise the remuneration to be offered to the Key Managerial Personnel and senior management personnel having regard to the need to:

- attract and motivate talent to pursue the Company's long term growth;
- demonstrate a clear relationship between executive compensation and performance;
- to follow best governance practices and legal requirements; and
- be reasonable and fair.



The remuneration package shall be composed of amounts that are fixed and variable. The endeavor of the Board and the Committee shall be to strike a balance between the fixed and variable components and thereby sustainable value for the Company and its shareholders over time. The Company while deciding the remuneration package of the senior management shall take into consideration the employment scenario and remuneration package of the industry.

The fixed remuneration shall be determined according to complexities of the position and role of the employee, the relevant laws and regulations, conditions prevalent in the labour market. The fixed remuneration shall reflect the core performance requirement and expectations of the Company.

The performance-based or incentive based payments shall form part of the variable component of the salary payable to the employee. In addition to the fixed remuneration, the Company shall implement a system of bonuses and incentives reflecting performance objectives appropriate to the working of the Company and designed to lay emphasis on direct relationship between performance and remuneration. Performance based remuneration shall be proportionate to and contingent upon attainment of specific performance targets by employees in the Company. Incentive based payments take into account factors such as performance of the employee, his conduct, responsibilities, position and role and shall be calculated as a percentage of the fixed remuneration.

#### **Policy review**

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the clause 49 of the Equity Listing Agreement with the Stock Exchanges.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.



**Form MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31 March 2017**

*Pursuant to section 92(3) of the Companies Act, 2013 & Rule 12(1)  
of the Companies (Management and Administration) Rules, 2014*

**I REGISTRATION AND OTHER DETAILS:**

|       |                                                                          |                                                                                                                                                                                                                                                                                                                                  |
|-------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)   | CIN                                                                      | L85110KA1954PLC000759                                                                                                                                                                                                                                                                                                            |
| (ii)  | Registration date                                                        | 18 January 1954                                                                                                                                                                                                                                                                                                                  |
| (iii) | Name of the Company                                                      | The Sandur Manganese & Iron Ores Limited                                                                                                                                                                                                                                                                                         |
| (iv)  | Category/Sub-category of the Company                                     | Company Limited by Shares/<br>Indian Non-Government Company                                                                                                                                                                                                                                                                      |
| (v)   | Address of the Registered Office and contact details                     | Upto 31 March 2017<br>Lakshmipur, Sandur - 583119, Ballari District, Karnataka<br>w.e.f., 1 April 2017<br>'SATYALAYA', Door No. 266 (Old No. 80), Ward No. 1<br>Behind Taluka Office, Sandur - 583119, Ballari District, Karnataka<br>Tel : 91 8395 260301<br>Email : investors@sandurgroup.com<br>Website : www.sandurgroup.com |
| (vi)  | Whether Listed Company                                                   | Yes                                                                                                                                                                                                                                                                                                                              |
| (vii) | Name address & contact details of the Registrar & Transfer Agent, if any | Venture Capital and Corporate Investments Private Limited<br>12-10-167, Bharat Nagar, Hyderabad - 500018<br>Phone: 040-23818475/23818476/23868023<br>Fax : +9140-23868024                                                                                                                                                        |

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

| Sl. No. | Name & Description of Main Products/ Services | NIC code of the Product/ Service | % to total turnover of the Company |
|---------|-----------------------------------------------|----------------------------------|------------------------------------|
| 1.      | Mining of Manganese Ore                       | 07293                            | 17%                                |
| 2.      | Mining of Iron Ore                            | 07100                            | 53%                                |
| 3.      | Manufacture of Ferro Alloys                   | 24104                            | 28%                                |

**III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

| Sl. No. | Name and address of the Company                                                                                                     | CIN/GLN               | Holding / Subsidiary/ Associate Company | % of Shares held | Applicable section                       |
|---------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------|------------------|------------------------------------------|
| 1       | Skand Private Limited<br>Post Box #7, Palace Grounds<br>Sandur - 583119<br>Ballari District, Karnataka                              | U60210KA1974PTC002491 | Holding Company                         | 52.94%           | 2(87)<br>(ii) of the Companies Act, 2013 |
| 2       | Star Metalics and Power Private Limited<br>Metal & Ferro Alloys Plant,<br>P. O. Mariyammanahalli,<br>Vyasankere, Karnataka - 583222 | U40102KA2007PTC043446 | Subsidiary                              | 80.58%           | 2(87)<br>(ii) of the Companies Act, 2013 |



#### IV Shareholding pattern (Equity Share Capital Breakup as percentage of Total Equity)

| (i) Category-wise Share Holding |                                                                                         |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
|---------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------|----------------|-------------------|----------------------------------------------|----------------------------------------|----------------|-------------------|-------------------------|
|                                 | Category of Shareholder                                                                 | Number of shares held at the beginning of the year |                                        |                |                   | Number of shares held at the end of the year |                                        |                |                   | %change during the year |
|                                 |                                                                                         | Number of shares held in dematerialized form       | Number of shares held in physical form | Total          | % of total shares | Number of shares held in dematerialized form | Number of shares held in physical form | Total          | % of total shares |                         |
| <b>A</b>                        | <b>Promoters</b>                                                                        |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
| <b>1</b>                        | <b>Indian</b>                                                                           |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
| (a)                             | Individuals/ Hindu Undivided Family                                                     | 54545                                              | 4300                                   | 58845          | 0.67%             | 54545                                        | 4300                                   | 58845          | 0.67%             | 0.00%                   |
| (b)                             | Central Government                                                                      | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (c)                             | State Government(s)                                                                     | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (d)                             | Bodies Corporate                                                                        | 5997040                                            | 0                                      | 5997040        | 68.54%            | 5992039                                      | 0                                      | 5992039        | 68.48%            | -0.06%                  |
| (e)                             | Financial Institutions/ Banks                                                           | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (f)                             | Any Others(Specify)                                                                     |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
|                                 | Directors & Persons Acting in Concert                                                   | 285980                                             | 0                                      | 285980         | 3.27%             | 286680                                       | 0                                      | 286680         | 3.28%             | 0.01%                   |
|                                 | <b>Sub Total(A)(1)</b>                                                                  | <b>6337565</b>                                     | <b>4300</b>                            | <b>6341865</b> | <b>72.48%</b>     | <b>6333264</b>                               | <b>4300</b>                            | <b>6337564</b> | <b>72.43%</b>     | <b>-0.05%</b>           |
| <b>2</b>                        | <b>Foreign</b>                                                                          |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
| (a)                             | NRIs - Individuals                                                                      | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (b)                             | others - Individuals                                                                    | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (c)                             | Bodies Corporate                                                                        | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (d)                             | Banks/Financials Institutions                                                           | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (e)                             | Any Others(Specify)                                                                     | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
|                                 | <b>Sub Total(A)(2)</b>                                                                  | <b>0.00</b>                                        | <b>0.00</b>                            | <b>0</b>       | <b>0.00%</b>      | <b>0</b>                                     | <b>0</b>                               | <b>0</b>       | <b>0.00%</b>      | <b>0.00%</b>            |
|                                 | <b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>          | <b>6337565</b>                                     | <b>4300</b>                            | <b>6341865</b> | <b>72.48%</b>     | <b>6333264</b>                               | <b>4300</b>                            | <b>6337564</b> | <b>72.43%</b>     | <b>-0.05%</b>           |
| <b>B</b>                        | <b>Public Shareholding</b>                                                              |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
| <b>1</b>                        | <b>Institutions</b>                                                                     |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
| (a)                             | Mutual Funds/ UTI                                                                       | 0                                                  | 1200                                   | 1200           | 0.01%             | 0                                            | 1200                                   | 1200           | 0.01%             | 0.0%                    |
| (b)                             | Financial Institutions/Banks                                                            | 140567                                             | 2500                                   | 143067         | 1.64%             | 70000                                        | 2500                                   | 72500          | 0.83%             | -0.81%                  |
| (c)                             | Central Government                                                                      | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (d)                             | State Government(s)                                                                     | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (e)                             | Venture Capital Funds                                                                   | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (f)                             | Insurance Companies                                                                     | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (g)                             | Foreign Institutional Investors                                                         | 14500                                              | 0                                      | 14500          | 0.17%             | 0                                            | 0                                      | 0              | 0.00%             | -0.17%                  |
| (h)                             | Foreign Venture Capital Investors                                                       | 0                                                  | 0                                      | 0              | 0.00%             | 0                                            | 0                                      | 0              | 0.00%             | 0.00%                   |
| (i)                             | Any Other (specify)                                                                     |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
|                                 | Foreign Portfolio Investors                                                             | 47445                                              | 0                                      | 47445          | 0.54%             | 250                                          | 0                                      | 250            | 0.00%             | -0.54%                  |
|                                 | <b>Sub-Total (B)(1)</b>                                                                 | <b>202512</b>                                      | <b>3700</b>                            | <b>206212</b>  | <b>2.36%</b>      | <b>70250</b>                                 | <b>3700</b>                            | <b>73950</b>   | <b>0.84%</b>      | <b>-1.51%</b>           |
| <b>2</b>                        | <b>Non-institutions</b>                                                                 |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
| (a)                             | Bodies Corporate                                                                        | 449596                                             | 2350                                   | 451946         | 5.17%             | 390799                                       | 2350                                   | 393149         | 4.49%             | -0.67%                  |
| (b)                             | Individuals                                                                             |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
|                                 | i. Individual shareholders holding nominal share capital up to ₹1 lakh                  | 975034                                             | 126965                                 | 1101999        | 12.59%            | 1088313                                      | 119510                                 | 1207823        | 13.80%            | 1.21%                   |
|                                 | ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh.         | 522837                                             | 40150                                  | 562987         | 6.43%             | 576415                                       | 40150                                  | 616565         | 7.05%             | 0.61%                   |
| (c)                             | Any Other (specify)                                                                     |                                                    |                                        |                |                   |                                              |                                        |                |                   |                         |
|                                 | i. Clearing members                                                                     | 72991                                              | 0                                      | 72991          | 0.83%             | 86300                                        | 0                                      | 86300          | 0.99%             | 0.15%                   |
|                                 | ii. Non Resident Individuals                                                            | 11250                                              | 250                                    | 11500          | 0.13%             | 34249                                        | 150                                    | 34399          | 0.39%             | 0.26%                   |
|                                 | iii. Trust                                                                              | 500                                                | 0                                      | 500            | 0.01%             | 250                                          | 0                                      | 250            | 0.00%             | 0.00%                   |
|                                 | <b>Sub-Total (B)(2)</b>                                                                 | <b>2032208</b>                                     | <b>169715</b>                          | <b>2201923</b> | <b>25.16%</b>     | <b>2176326</b>                               | <b>162160</b>                          | <b>2338486</b> | <b>26.73%</b>     | <b>1.56%</b>            |
| <b>(B)</b>                      | <b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>                                    | <b>2234720</b>                                     | <b>173415</b>                          | <b>2408135</b> | <b>27.52%</b>     | <b>2246576</b>                               | <b>165860</b>                          | <b>2412436</b> | <b>27.57%</b>     | <b>0.05%</b>            |
|                                 | <b>TOTAL (A)+(B)</b>                                                                    | <b>8572285</b>                                     | <b>177715</b>                          | <b>8750000</b> | <b>100.00%</b>    | <b>8579840.00</b>                            | <b>170160.00</b>                       | <b>8750000</b> | <b>100.00%</b>    | <b>0.00%</b>            |
| <b>(C)</b>                      | <b>Shares held by Custodians and against which Depository Receipts have been issued</b> | <b>NA</b>                                          | <b>NA</b>                              | <b>NA</b>      | <b>NA</b>         | <b>NA</b>                                    | <b>NA</b>                              | <b>NA</b>      | <b>NA</b>         | <b>NA</b>               |
|                                 | <b>GRAND TOTAL (A)+(B)+(C)</b>                                                          | <b>8572285</b>                                     | <b>177715</b>                          | <b>8750000</b> | <b>100%</b>       | <b>8579840</b>                               | <b>170160</b>                          | <b>8750000</b> | <b>100%</b>       | <b>0.00%</b>            |



**(ii) Shareholding of Promoters & Promoter's Group**

| Sl No        | Shareholder's Name                          | Shareholding at the beginning of the year |                            |                                  | Shareholding at the end of the year |                            |                                  |                                          |
|--------------|---------------------------------------------|-------------------------------------------|----------------------------|----------------------------------|-------------------------------------|----------------------------|----------------------------------|------------------------------------------|
|              |                                             | No. of shares                             | % of shares of the Company | % of pledged / encumbered shares | No. of shares                       | % of shares of the Company | % of pledged / encumbered shares | % change in shareholding during the year |
| 1            | M Y Ghorpade                                | 100                                       | 0.00%                      | 0.00%                            | 100                                 | 0.00%                      | 0.00%                            | 0.00%                                    |
| 2            | Ajai M. Ghorpade                            | 16730                                     | 0.19%                      | 0.00%                            | 16730                               | 0.19%                      | 0.00%                            | 0.00%                                    |
| 3            | Suryaprabha A. Ghorpade                     | 500                                       | 0.01%                      | 0.00%                            | 500                                 | 0.01%                      | 0.00%                            | 0.00%                                    |
| 4            | Bahirji A. Ghorpade                         | 4200                                      | 0.05%                      | 0.00%                            | 4200                                | 0.05%                      | 0.00%                            | 0.00%                                    |
| 5            | Ekambar A. Ghorpade                         | 4200                                      | 0.05%                      | 0.00%                            | 4200                                | 0.05%                      | 0.00%                            | 0.00%                                    |
| 6            | S. Y. Ghorpade                              | 26830                                     | 0.31%                      | 0.00%                            | 26830                               | 0.31%                      | 0.00%                            | 0.00%                                    |
| 7            | Yashodhara S. Ghorpade                      | 5000                                      | 0.06%                      | 0.00%                            | 5000                                | 0.06%                      | 0.00%                            | 0.00%                                    |
| 8            | Aditya S. Ghorpade                          | 500                                       | 0.01%                      | 0.00%                            | 500                                 | 0.01%                      | 0.00%                            | 0.00%                                    |
| 9            | Dhananjai S. Ghorpade                       | 785                                       | 0.01%                      | 0.00%                            | 785                                 | 0.01%                      | 0.00%                            | 0.00%                                    |
| 10           | Skand Private Limited                       | 4632040                                   | 52.94%                     | 0.00%                            | 4632040                             | 52.94%                     | 0.00%                            | 0.00%                                    |
| 11           | Sandur Udyog Private Ltd.,                  | 364529                                    | 4.17%                      | 0.00%                            | 364529                              | 4.17%                      | 0.00%                            | 0.00%                                    |
| 12           | Sandur Sales & Services Pvt Ltd             | 279126                                    | 3.19%                      | 0.00%                            | 279126                              | 3.19%                      | 0.00%                            | 0.00%                                    |
| 13           | Lohagiri Industrials Pvt Ltd.,              | 295540                                    | 3.38%                      | 0.00%                            | 290539                              | 3.32%                      | 0.00%                            | -0.06%                                   |
| 14           | Euro Industrial Enterprises Private Limited | 425805                                    | 4.87%                      | 0.00%                            | 425805                              | 4.87%                      | 0.00%                            | 0.00%                                    |
| 15           | Nazim Sheikh & S. Y. Ghorpade               | 273300                                    | 3.12%                      | 0.00%                            | 273300                              | 3.12%                      | 0.00%                            | 0.00%                                    |
| 16           | Nazim Sheikh                                | 7600                                      | 0.09%                      | 0.00%                            | 8300                                | 0.09%                      | 0.00%                            | 0.01%                                    |
| 17           | U. R. Acharya                               | 2000                                      | 0.02%                      | 0.00%                            | 2000                                | 0.02%                      | 0.00%                            | 0.00%                                    |
| 18           | K. Raman                                    | 900                                       | 0.01%                      | 0.00%                            | 900                                 | 0.01%                      | 0.00%                            | 0.00%                                    |
| 19           | Md. Abdul Saleem                            | 2180                                      | 0.02%                      | 0.00%                            | 2180                                | 0.02%                      | 0.00%                            | 0.00%                                    |
| <b>TOTAL</b> |                                             | <b>6341865</b>                            | <b>72.48%</b>              | <b>0.00%</b>                     | <b>6337564</b>                      | <b>72.43%</b>              | <b>0.00%</b>                     | <b>-0.05%</b>                            |

**(iii) Change in Shareholding of Promoters & Promoter Group**

| Sl. No. | Name of the shareholder      | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                              | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1       | M Y Ghorpade                 |                                           |                                  |                                         |                                  |
|         | At the beginning of the year | 100                                       | 0.00%                            | 100                                     | 0.00%                            |
|         | Purchase during the year     | 0                                         | 0.00%                            | 100                                     | 0.00%                            |
|         | Sale during the year         | 0                                         | 0.00%                            | 100                                     | 0.00%                            |
|         | At the end of the year       |                                           |                                  | 100                                     | 0.00%                            |
| 2       | Ajai M. Ghorpade             |                                           |                                  |                                         |                                  |
|         | At the beginning of the year | 16730                                     | 0.19%                            | 16730                                   | 0.19%                            |
|         | Purchase during the year     | 0                                         | 0.00%                            | 16730                                   | 0.19%                            |
|         | Sale during the year         | 0                                         | 0.00%                            | 16730                                   | 0.19%                            |
|         | At the end of the year       |                                           |                                  | 16730                                   | 0.19%                            |
| 3       | Suryaprabha A. Ghorpade      |                                           |                                  |                                         |                                  |
|         | At the beginning of the year | 500                                       | 0.01%                            | 500                                     | 0.01%                            |
|         | Purchase during the year     | 0                                         | 0.00%                            | 500                                     | 0.01%                            |
|         | Sale during the year         | 0                                         | 0.00%                            | 500                                     | 0.01%                            |
|         | At the end of the year       |                                           |                                  | 500                                     | 0.01%                            |
| 4       | Bahirji A. Ghorpade          |                                           |                                  |                                         |                                  |
|         | At the beginning of the year | 4200                                      | 0.05%                            | 4200                                    | 0.05%                            |
|         | Purchase during the year     | 0                                         | 0.00%                            | 4200                                    | 0.05%                            |
|         | Sale during the year         | 0                                         | 0.00%                            | 4200                                    | 0.05%                            |
|         | At the end of the year       |                                           |                                  | 4200                                    | 0.05%                            |
| 5       | Ekambar A. Ghorpade          |                                           |                                  |                                         |                                  |
|         | At the beginning of the year | 4200                                      | 0.05%                            | 4200                                    | 0.05%                            |
|         | Purchase during the year     | 0                                         | 0.00%                            | 4200                                    | 0.05%                            |
|         | Sale during the year         | 0                                         | 0.00%                            | 4200                                    | 0.05%                            |
|         | At the end of the year       |                                           |                                  | 4200                                    | 0.05%                            |
| 6       | S Y Ghorpade                 |                                           |                                  |                                         |                                  |
|         | At the beginning of the year | 26830                                     | 0.31%                            | 26830                                   | 0.31%                            |
|         | Purchase during the year     | 0                                         | 0.00%                            | 26830                                   | 0.31%                            |
|         | Sale during the year         | 0                                         | 0.00%                            | 26830                                   | 0.31%                            |
|         | At the end of the year       |                                           |                                  | 26830                                   | 0.31%                            |
| 7       | Yashodhara S. Ghorpade       |                                           |                                  |                                         |                                  |
|         | At the beginning of the year | 5000                                      | 0.06%                            | 5000                                    | 0.06%                            |
|         | Purchase during the year     | 0                                         | 0.00%                            | 5000                                    | 0.06%                            |
|         | Sale during the year         | 0                                         | 0.00%                            | 5000                                    | 0.06%                            |
|         | At the end of the year       |                                           |                                  | 5000                                    | 0.06%                            |



|    |                                             |         |        |         |        |
|----|---------------------------------------------|---------|--------|---------|--------|
| 8  | Aditya S. Ghorpade                          |         |        |         |        |
|    | At the beginning of the year                | 500     | 0.01%  | 500     | 0.01%  |
|    | Purchase during the year                    | 0       | 0.00%  | 500     | 0.01%  |
|    | Sale during the year                        | 0       | 0.00%  | 500     | 0.01%  |
|    | At the end of the year                      |         |        | 500     | 0.01%  |
| 9  | Dhananjai S. Ghorpade                       |         |        |         |        |
|    | At the beginning of the year                | 785     | 0.01%  | 785     | 0.01%  |
|    | Purchase during the year                    | 0       | 0.00%  | 785     | 0.01%  |
|    | Sale during the year                        | 0       | 0.00%  | 785     | 0.01%  |
|    | At the end of the year                      |         |        | 785     | 0.01%  |
| 10 | Skand Private Limited                       |         |        |         |        |
|    | At the beginning of the year                | 4632040 | 52.94% | 4632040 | 52.94% |
|    | Purchase during the year                    | 0       | 0.00%  | 4632040 | 52.94% |
|    | Sale during the year                        | 0       | 0.00%  | 4632040 | 52.94% |
|    | At the end of the year                      |         |        | 4632040 | 52.94% |
| 11 | Sandur Udyog Private Limited                |         |        |         |        |
|    | At the beginning of the year                | 364529  | 4.17%  | 364529  | 4.17%  |
|    | Purchase during the year                    | 0       | 0.00%  | 364529  | 4.17%  |
|    | Sale during the year                        | 0       | 0.00%  | 364529  | 4.17%  |
|    | At the end of the year                      |         |        | 364529  | 4.17%  |
| 12 | Sandur Sales & Services Pvt. Ltd.           |         |        |         |        |
|    | At the beginning of the year                | 279126  | 3.19%  | 279126  | 3.19%  |
|    | Purchase during the year                    | 0       | 0.00%  | 279126  | 3.19%  |
|    | Sale during the year                        | 0       | 0.00%  | 279126  | 3.19%  |
|    | At the end of the year                      |         |        | 279126  | 3.19%  |
| 13 | Lohagiri Industrials Pvt. Ltd.              |         |        |         |        |
|    | At the beginning of the year                | 295540  | 3.38%  | 295540  | 3.38%  |
|    | Purchase during the year                    | 0       | 0.00%  | 295540  | 3.38%  |
|    | Sale during the year                        | 5001    | 0.06%  | 290539  | 3.32%  |
|    | At the end of the year                      |         |        | 290539  | 3.32%  |
| 14 | Euro Industrial Enterprises Private Limited |         |        |         |        |
|    | At the beginning of the year                | 425805  | 4.87%  | 425805  | 4.87%  |
|    | Purchase during the year                    | 0       | 0.00%  | 425805  | 4.87%  |
|    | Sale during the year                        | 0       | 0.00%  | 425805  | 4.87%  |
|    | At the end of the year                      |         |        | 425805  | 4.87%  |
| 15 | Nazim Sheikh & S. Y. Ghorpade               |         |        |         |        |
|    | At the beginning of the year                | 273300  | 3.12%  | 273300  | 3.12%  |
|    | Purchase during the year                    | 0       | 0.00%  | 273300  | 3.12%  |
|    | Sale during the year                        | 0       | 0.00%  | 273300  | 3.12%  |
|    | At the end of the year                      |         |        | 273300  | 3.12%  |
| 16 | Nazim Sheikh                                |         |        |         |        |
|    | At the beginning of the year                | 7600    | 0.09%  | 7600    | 0.09%  |
|    | Purchase during the year                    | 700     | 0.01%  | 8300    | 0.09%  |
|    | Sale during the year                        | 0       | 0.00%  | 8300    | 0.09%  |
|    | At the end of the year                      |         |        | 8300    | 0.09%  |
| 17 | U. R. Acharya                               |         |        |         |        |
|    | At the beginning of the year                | 2000    | 0.02%  | 2000    | 0.02%  |
|    | Purchase during the year                    | 0       | 0.00%  | 2000    | 0.02%  |
|    | Sale during the year                        | 0       | 0.00%  | 2000    | 0.02%  |
|    | At the end of the year                      |         |        | 2000    | 0.02%  |
| 18 | K. Raman                                    |         |        |         |        |
|    | At the beginning of the year                | 900     | 0.01%  | 900     | 0.01%  |
|    | Purchase during the year                    | 0       | 0.00%  | 900     | 0.01%  |
|    | Sale during the year                        | 0       | 0.00%  | 900     | 0.01%  |
|    | At the end of the year                      |         |        | 900     | 0.01%  |
| 19 | Md. Abdul Saleem                            |         |        |         |        |
|    | At the beginning of the year                | 2180    | 0.02%  | 2180    | 0.02%  |
|    | Purchase during the year                    | 0       | 0.00%  | 2180    | 0.02%  |
|    | Sale during the year                        | 0       | 0.00%  | 2180    | 0.02%  |
|    | At the end of the year                      |         |        | 2180    | 0.02%  |



**(iv) Shareholding pattern of top ten shareholders other than promoters and directors**

| Sl. No. | Name of the shareholder                 | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-----------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                         | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1       | SAGAR MAL MALL                          |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 151135                                    | 1.73%                            | 151135                                  | 1.73%                            |
|         | Purchase during the year                | 1000                                      | 0.01%                            | 152135                                  | 1.74%                            |
|         | Sale during the year                    | 3000                                      | 0.03%                            | 149135                                  | 1.70%                            |
|         | At the end of the year                  |                                           |                                  | 149135                                  | 1.70%                            |
| 2       | MADHURI OMPRAKASH DAMANI                |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 102650                                    | 1.17%                            | 102650                                  | 1.17%                            |
|         | Purchase during the year                | 0                                         | 0.00%                            | 102650                                  | 1.17%                            |
|         | Sale during the year                    | 2000                                      | 0.02%                            | 100650                                  | 1.15%                            |
|         | At the end of the year                  |                                           |                                  | 100650                                  | 1.15%                            |
| 3       | THE NEW INDIA ASSURANCE COMPANY LIMITED |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 100000                                    | 1.14%                            | 100000                                  | 1.14%                            |
|         | Purchase during the year                | 0                                         | 0.00%                            | 100000                                  | 1.14%                            |
|         | Sale during the year                    | 30000                                     | 0.34%                            | 70000                                   | 0.80%                            |
|         | At the end of the year                  |                                           |                                  | 70000                                   | 0.80%                            |
| 4       | ANAND SHANKAR MALL                      |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 91294                                     | 1.04%                            | 91294                                   | 1.04%                            |
|         | Purchase during the year                | 0                                         | 0.00%                            | 91294                                   | 1.04%                            |
|         | Sale during the year                    | 4563                                      | 0.05%                            | 86731                                   | 0.99%                            |
|         | At the end of the year                  |                                           |                                  | 86731                                   | 0.99%                            |
| 5       | MINI DEVI MALL                          |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 62499                                     | 0.71%                            | 62499                                   | 0.71%                            |
|         | Purchase during the year                | 1246                                      | 0.01%                            | 63745                                   | 0.73%                            |
|         | Sale during the year                    | 0                                         | 0.00%                            | 63745                                   | 0.73%                            |
|         | At the end of the year                  |                                           |                                  | 63745                                   | 0.73%                            |
| 6       | SCINDIA INVESTMENTS PVT LTD             |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 50000                                     | 0.57%                            | 50000                                   | 0.57%                            |
|         | Purchase during the year                | 0                                         | 0.00%                            | 50000                                   | 0.57%                            |
|         | Sale during the year                    | 0                                         | 0.00%                            | 50000                                   | 0.57%                            |
|         | At the end of the year                  |                                           |                                  | 50000                                   | 0.57%                            |
| 7       | HYPNOS FUND LIMITED                     |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 42195                                     | 0.48%                            | 42195                                   | 0.48%                            |
|         | Purchase during the year                | 0                                         | 0.00%                            | 42195                                   | 0.48%                            |
|         | Sale during the year                    | 31454                                     | 0.36%                            | 10741                                   | 0.12%                            |
|         | At the end of the year                  |                                           |                                  | 10741                                   | 0.12%                            |
| 8       | STANDARD CHARTERED BANK                 |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 40567                                     | 0.46%                            | 40567                                   | 0.46%                            |
|         | Purchase during the year                | 0                                         | 0.00%                            | 40567                                   | 0.46%                            |
|         | Sale during the year                    | 620                                       | 0.01%                            | 39947                                   | 0.46%                            |
|         | At the end of the year                  |                                           |                                  | 39947                                   | 0.46%                            |
| 9       | BRIJKISHOR TRADING PRIVATE LIMITED      |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 40121                                     | 0.46%                            | 40121                                   | 0.46%                            |
|         | Purchase during the year                | 0                                         | 0.00%                            | 40121                                   | 0.46%                            |
|         | Sale during the year                    | 2164                                      | 0.02%                            | 37957                                   | 0.43%                            |
|         | At the end of the year                  |                                           |                                  | 37957                                   | 0.43%                            |
| 10      | MSPL LIMITED                            |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 31954                                     | 0.37%                            | 31954                                   | 0.37%                            |
|         | Purchase during the year                | 9465                                      | 0.11%                            | 41419                                   | 0.47%                            |
|         | Sale during the year                    | 1350                                      | 0.02%                            | 40069                                   | 0.46%                            |
|         | At the end of the year                  |                                           |                                  | 40069                                   | 0.46%                            |
| 11      | KISHORE MISHRILAL BANG                  |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 0                                         | 0.00%                            | 0                                       | 0.00%                            |
|         | Purchase during the year                | 40000                                     | 0.46%                            | 40000                                   | 0.46%                            |
|         | Sale during the year                    | 0                                         | 0.00%                            | 40000                                   | 0.46%                            |
|         | At the end of the year                  |                                           |                                  | 40000                                   | 0.46%                            |
| 12      | NIRMAL BANG FINANCIAL SERVICES PVT LTD  |                                           |                                  |                                         |                                  |
|         | At the beginning of the year            | 0                                         | 0.00%                            | 0                                       | 0.00%                            |
|         | Purchase during the year                | 35000                                     | 0.40%                            | 35000                                   | 0.40%                            |
|         | Sale during the year                    | 0                                         | 0.00%                            | 35000                                   | 0.40%                            |
|         | At the end of the year                  |                                           |                                  | 35000                                   | 0.40%                            |



#### (v) Shareholding of Directors & Key Managerial Personnel

| Sl. No. | Name of the shareholder                        | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                                | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1       | S Y Ghorpade - Chairman and Managing Director* |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                   | 26830                                     | 0.31%                            | 26830                                   | 0.31%                            |
|         | Purchase during the year                       | 0                                         | 0.00%                            | 26830                                   | 0.31%                            |
|         | Sale during the year                           | 0                                         | 0.00%                            | 26830                                   | 0.31%                            |
|         | At the end of the year                         |                                           |                                  | 26830                                   | 0.31%                            |
| 2       | Nazim Sheikh - Joint Managing Director**       |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                   | 7600                                      | 0.09%                            | 7600                                    | 0.09%                            |
|         | Purchase during the year                       | 700                                       | 0.01%                            | 8300                                    | 0.09%                            |
|         | Sale during the year                           | 0                                         | 0.00%                            | 8300                                    | 0.09%                            |
|         | At the end of the year                         |                                           |                                  | 8300                                    | 0.09%                            |
| 3       | U R Acharya - Director (Commercial)            |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                   | 2000                                      | 0.02%                            | 2000                                    | 0.02%                            |
|         | Purchase during the year                       | 0                                         | 0.00%                            | 2000                                    | 0.02%                            |
|         | Sale during the year                           | 0                                         | 0.00%                            | 2000                                    | 0.02%                            |
|         | At the end of the year                         |                                           |                                  | 2000                                    | 0.02%                            |
| 4       | R. Subramanian - Independent Director***       |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                   | 200                                       | 0.00%                            | 200                                     | 0.00%                            |
|         | Purchase during the year                       | 0                                         | 0.00%                            | 200                                     | 0.00%                            |
|         | Sale during the year                           | 0                                         | 0.00%                            | 200                                     | 0.00%                            |
|         | At the end of the year                         |                                           |                                  | 200                                     | 0.00%                            |
| 5       | B. Ananda Kumar - Independent Director         |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                   | 2378                                      | 0.03%                            | 2378                                    | 0.03%                            |
|         | Purchase during the year                       | 0                                         | 0.00%                            | 2378                                    | 0.03%                            |
|         | Sale during the year                           | 0                                         | 0.00%                            | 2378                                    | 0.03%                            |
|         | At the end of the year                         |                                           |                                  | 2378                                    | 0.03%                            |
| 6       | K. Raman - Chief Financial Officer             |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                   | 900                                       | 0.01%                            | 900                                     | 0.01%                            |
|         | Purchase during the year                       | 0                                         | 0.00%                            | 900                                     | 0.01%                            |
|         | Sale during the year                           | 0                                         | 0.00%                            | 900                                     | 0.01%                            |
|         | At the end of the year                         |                                           |                                  | 900                                     | 0.01%                            |
| 7       | Md. Abdul Saleem - CS & CGM (Mines)            |                                           |                                  |                                         |                                  |
|         | At the beginning of the year                   | 2180                                      | 0.02%                            | 2180                                    | 0.02%                            |
|         | Purchase during the year                       | 0                                         | 0.00%                            | 2180                                    | 0.02%                            |
|         | Sale during the year                           | 0                                         | 0.00%                            | 2180                                    | 0.02%                            |
|         | At the end of the year                         |                                           |                                  | 2180                                    | 0.02%                            |

\*Non-Executive Chairman w. e. f. 1 April 2017

\*\*Managing Director w. e. f. 1 April 2017

\*\*\*Ceased to be a Director w. e. f. closure of working hours of 31 March 2017

## V INDEBTEDNESS

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

The Company has not availed any loans during the year and is a debt free company.



## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

| A. Remuneration to Managing Director, Whole-time Directors and/or Manager - ₹ in lakh |                                                                                                                                                                                      |                                                  |                                              |                                         |               |
|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------|-----------------------------------------|---------------|
| Sl. No.                                                                               | Particulars of Remuneration                                                                                                                                                          | S Y Ghorpade<br>Chairman &<br>Managing Director* | Nazim Sheikh<br>Joint Managing<br>Director** | U R Acharya<br>Director<br>(Commercial) | Total Amount  |
| 1                                                                                     | Gross salary                                                                                                                                                                         |                                                  |                                              |                                         |               |
|                                                                                       | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961                                                                                                  | 39.60                                            | 36.60                                        | 20.40                                   | 96.60         |
|                                                                                       | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                                                                                                                       | 82.64                                            | 74.75                                        | 42.01                                   | 199.40        |
|                                                                                       | (c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961                                                                                                       | 0                                                | 0                                            | 0                                       | 0             |
| 2                                                                                     | Stock Option                                                                                                                                                                         | 0                                                | 0                                            | 0                                       | 0             |
| 3                                                                                     | Sweat Equity                                                                                                                                                                         | 0                                                | 0                                            | 0                                       | 0             |
| 4                                                                                     | Commission<br>- as % of profit                                                                                                                                                       | 7.76                                             | 7.76                                         | 7.76                                    | 23.28         |
| 5                                                                                     | Others, please specify (Contributions)                                                                                                                                               | 10.69                                            | 9.88                                         | 5.51                                    | 26.08         |
|                                                                                       | <b>Total (A)</b>                                                                                                                                                                     | <b>140.69</b>                                    | <b>128.99</b>                                | <b>75.68</b>                            | <b>345.36</b> |
|                                                                                       | <b>Overall ceiling of 10% of net profit calculated in accordance with Section 198 of the Companies Act, 2013 for managerial remuneration payable to all its Whole-time directors</b> |                                                  |                                              |                                         | <b>833.27</b> |
|                                                                                       | <b>Limit as per Schedule V of the Companies Act, 2013 in case of inadequate profits or no profits</b>                                                                                | <b>240.80</b>                                    | <b>240.80</b>                                | <b>240.80</b>                           | <b>722.40</b> |

\*Non-Executive Chairman w. e. f. 1 April 2017

\*\*Managing Director w. e. f. 1 April 2017"

| B. Remuneration to other directors - ₹ in lakh                                                                                                                      |                      |                          |                          |                 |             |                |              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|--------------------------|-----------------|-------------|----------------|--------------|
| Particulars of remuneration                                                                                                                                         | R. Subramanian       | V. Balasubramanian       | P. Vishwanatha Shetty    | B. Ananda Kumar | S. S. Rao   | G. P. Kundargi | Total Amount |
| <b>3.Independent Directors</b>                                                                                                                                      |                      |                          |                          |                 |             |                |              |
| Fee for attending board/committee meeting                                                                                                                           | 3.01                 | 3.61                     | 1.35                     | 3.46            | 1.95        | 0.50           | 13.88        |
| commission                                                                                                                                                          | 7.76                 | 7.76                     | 6.47                     | 7.76            | 7.76        | 3.23           | 40.74        |
| Others, please specify                                                                                                                                              | 0                    | 0                        | 0                        | 0               | 0           | 0              | 0.00         |
| <b>Total (1)</b>                                                                                                                                                    | <b>10.77</b>         | <b>11.37</b>             | <b>7.82</b>              | <b>11.22</b>    | <b>9.71</b> | <b>3.73</b>    | <b>54.62</b> |
| <b>2. Other Non-Executive directors</b>                                                                                                                             | <b>Vatsala Watsa</b> | <b>K. V. Ramarathnam</b> | <b>T. R. Raghunandan</b> | <b>-</b>        | <b>-</b>    | <b>-</b>       |              |
| Fee for attending board/committee meeting                                                                                                                           | 2.56                 | 1.45                     | 1.95                     | -               | -           | -              | 5.96         |
| commission                                                                                                                                                          | 7.76                 | 6.47                     | 6.47                     | -               | -           | -              | 20.70        |
| Others, please specify                                                                                                                                              | 0                    | 0                        | 0                        | -               | -           | -              | 0.00         |
| <b>Total (2)</b>                                                                                                                                                    | <b>10.32</b>         | <b>7.92</b>              | <b>8.42</b>              | <b>-</b>        | <b>-</b>    | <b>-</b>       | <b>26.66</b> |
| <b>Total(B) = (1)+(2)</b>                                                                                                                                           |                      |                          |                          |                 |             |                | <b>81.28</b> |
| <b>Total Managerial Remuneration (exclusive of sitting fees paid to the Directors)</b>                                                                              |                      |                          |                          |                 |             |                | <b>61.44</b> |
| <b>Overall ceiling as per the Companies Act, 2013 ( 1% of net profit calculated in accordance with Section 198, exclusive of sitting fees payable to directors)</b> |                      |                          |                          |                 |             |                | <b>83.32</b> |

| C. Remuneration to Key Managerial Personnel other than Managing Director/ Manager/ WTD - ₹ in lakh |                                                                                     |                                      |                 |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------|-----------------|
| Sl. No                                                                                             | Particulars of Remuneration                                                         | Md. Abdul Saleem<br>CS & CGM (Mines) | K. Raman<br>CFO |
| 1                                                                                                  | Gross Salary                                                                        |                                      |                 |
|                                                                                                    | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 7.26                                 | 20.40           |
|                                                                                                    | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | 15.95                                | 48.88           |
|                                                                                                    | (c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961      | 0                                    | 0               |
| 2                                                                                                  | Stock Option                                                                        | 0                                    | 0               |
| 3                                                                                                  | Sweat Equity                                                                        | 0                                    | 0               |
| 4                                                                                                  | Commission<br>- as % of profit                                                      | 0                                    | 7.76            |
| 5                                                                                                  | Others, please specify (Contributions)                                              | 1.94                                 | 5.51            |
|                                                                                                    | <b>Total (C)</b>                                                                    | <b>25.15</b>                         | <b>74.55</b>    |

## VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

The Company has not paid any amount by way of penalty/compounding charges.

for and on behalf of the Board of Directors

Place : Bengaluru  
Date : 30 May 2017

**S. Y. GHORPADE**  
Chairman  
DIN: 00080477



Form No. MR-3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

**THE SANDUR MANGANESE & IRON ORES LIMITED**

'SATYALAYA' Door No.266 (Old No.80),  
Ward No. 1, Behind Taluk Office,  
Sandur, Ballary, Karnataka - 583 119

I have conducted the Secretarial Audit of the compliance of specific applicable statutory provisions and the adherence to good corporate practices by **The Sandur Manganese & Iron Ores Limited** (hereinafter called "the Company") bearing CIN L85110KA1954PLC000759. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on **31st March, 2017**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2017** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. **(Not applicable during the audit period)**
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. **(Not applicable during the audit period)**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. **(Not applicable during the audit period)**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable during the audit period)** and
  - h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998. **(Not applicable during the audit period).**
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (hereinafter referred as 'SEBI (LODR) 2015')

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review based on the explanations and representations made by the Management, the Company has generally complied with the provisions of the Companies Act, Rules, Regulations, Guidelines, Secretarial Standards etc. as mentioned above *except the following observations:*



- a. *In few circumstances that there have been delays in filing of returns/e-forms with the Registrar of Companies.*
- b. *In terms of Rule 6(2)(a) of Companies (Share Capital and Debenture) Rules, 2014, of the Companies Act, 2013, duplicate share certificate is required to be issued with the prior approval of the Board or Committee of Directors. However, the Company has issued Duplicate Share Certificates by virtue of delegation of specific Authority given by Board of Directors to its Directors and Company Secretary.*

During the period under review, based on the explanations and representations made by the Management, the Company has generally complied with the provisions of the Foreign Exchange Management Act, 1999.

During the period under review, based on the explanations and representations made by the Management, it is observed that the Company had in general complied with the provisions of the SEBI Regulations, *except the following observations:*

1. *In one instance, during the period under review, there has been a delay in filling up of vacancy of the Independent Director pursuant to the provisions of Regulation 25 of SEBI (LODR) 2015.*
2. *The Company has filed the financial statements for the year ended 31st March, 2016 as per the provisions of Regulation 33 (3) (d) of SEBI (LODR) 2015 within the timeframe. However, the copy of the audit report and statement on unmodified opinion has not been filed along with financial statements with the Stock Exchange.*
3. *The Company has delayed in filing the details related to the loss of share certificates and issue of the duplicate certificates with the stock exchange, as required under the provisions of Regulation 39 of SEBI (LODR) 2015.*

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following Laws and the Rules thereunder applicable specifically to the Company:

- (i) Mines and Minerals (Development and Regulation) Act 1957
- (ii) Mines Act 1952
- (iii) The Environment (Protection) Act 1986
- (iv) Air (Prevention and Control of Pollution) Act 1981
- (v) Water (Prevention and Control of Pollution) Act 1981
- (vi) Indian Forest Act, 1927
- (vii) Karnataka Forest Act 1963
- (viii) Forest (Conservation Act), 1980
- (ix) Karnataka Mineral Policy 2008
- (x) National Mineral Policy 2008
- (xi) Explosives Act, 1884

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except, *in one instance, during the period under review, there has been a delay in filling up of vacancy of the Independent Director.* The Company has also a Woman Director on the Board. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance of the provisions of the Act.

Adequate notice has been given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and wherever it was not sent, a consent was obtained for shorter notice from the directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meeting, as represented by Management, were taken unanimously. I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

Place : Bengaluru  
Date : 30 May 2017

Name and Signature : **N.D. SATISH**  
Designation : Practicing Company Secretary  
Stamp : ACS No. 33507; CP No.12400

*Note: This report is to be read with my letter of even date which is annexed as **Annexure A** and forms an integral part of this report.*



## Annexure A

To  
The Members  
**THE SANDUR MANGANESE & IRON ORES LIMITED**

'SATYALAYA' Door No.266 (Old No.80),  
Ward No. 1, Behind Taluk Office,  
Sandur, Ballary, Karnataka - 583 119

My report of even date is to be read along with this letter.

- (1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- (2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that true facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis to strengthen my opinion.
- (3) I have not verified the accuracy, correctness and appropriateness of financial records and Books of Accounts of the Company.
- (4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bengaluru  
Date : 30 May 2017

Name and Signature : **N.D. SATISH**  
Designation : Practicing Company Secretary  
Stamp : ACS No. 33507; CP No.12400

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY****1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

As part of its Corporate Social Responsibility (CSR), the Company plans to contribute towards developmental activities in the "buffer zone" around its mines, which comprises of 22 villages, and also the town of Sandur. An extensive social survey has been done in these villages around the Mines where such projects are likely to improve the quality of life of its inhabitants. It is proposed to utilise the facilities of Sandur Laminates Limited (SLL) and Sandur Micro Circuits Limited (SMCL), to provide Street Lighting, Home lighting, Community Centre Lighting, Students Hostel Lighting and Solar Power Pump Sets. These 'Green Energy Projects' are expected to benefit the inhabitants of the village by way of free and uninterrupted power supply to remote villages; much needed street lighting; power during day time to pump drinking and irrigation water and also, reduce the load on the public utility system and State Electricity Boards.

The Company has plans to contribute generally in construction of roads, adopt the Sandur Town and improve internal roads, drains and public toilets (with water) facilities.

The Company has, as part of its SMIORE Education Programme, based on the recommendation of the Corporate Social Responsibility Committee, sponsored scholarships to children under the Sandur Vidya Protsaha Scholarships programme implemented by Karnataka Seva Sangha, a social service organization set up by late M. Y. Ghorpade.

Various other initiatives taken by the Company towards development of society where the Company has its presence are enumerated below:

- The Company directly and indirectly supports three schools at the mines, four schools at Vyasankere (where it proposes to set up the new projects) and six schools and colleges in and around Sandur. The institutions have been catering to the educational needs of employees' children as well as the children of Sandur and surrounding villages.
- Under Akshaya Patra programme, Company provides free mid-day meals to children studying in some of the aforesaid schools and two government schools at Sandur.
- The Company's Community Health Centre namely "Arogya" at Sandur, meets the medical requirements of employees free of cost and at very affordable and actual cost to the general public of Sandur and other adjacent villages. In association with Vittala of Bengaluru, Arogya provides specialized eye care facility. Further, in association with Bhagwan Mahaveer Jain Hospital, camps were organized for cancer detection, diabetes, orthopedic and women & child care.
- The Company's welfare organisation called Sandur Kushala Kala Kendra was established for nurturing and development of traditional handicrafts, upliftment and gainful employment of rural artisans.
- The Company continues to provide a package of essential food grains, to suffice needs of a family of about five per month, at 1972 prices, to all its employees and workmen, including temporary workmen.
- The Company has already planted millions of trees and continues to do so.

**2. Composition of the CSR Committee:**

In terms of Section 135 of the Companies Act, 2013, the Board of Directors of the Company constituted the CSR Committee at its meeting held on 29 March 2014. Presently, the Committee consists of the following Directors:

|   |                                            |            |
|---|--------------------------------------------|------------|
| 1 | S. Y. Ghorpade, Chairman                   | - Chairman |
| 2 | Nazim Sheikh, Managing Director            | - Member   |
| 3 | V. Balasubramanian, Independent Director   | - Member   |
| 4 | S. S. Rao, Independent Director            | - Member   |
| 5 | T. R Raghunandan, Non - Executive Director | - Member   |



**3. Average net profit of the Company for last three financial years:**

The Company's average net profit for last three financial years 2013-14, 2014-15 and 2015-16 amounts to ₹26.94 crore.

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

The Company is required to spend ₹53.90 lakh during the financial year 2016-17.

**5. Details of CSR spent for the financial year:**

(a) Total amount spent for the financial year: ₹69.79 lakh

(b) Amount unspent, if any: Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ lakh)

| Sl. No. | CSR Project or activity identified   | Sector in which the project is covered | Projects or programs (Location) | Amount Outlay (Budget) Project or Program wise | Amount Spent on the project or program | Cumulative Expenditure Upto reporting period | Amount spent: Direct or through implementing agency |
|---------|--------------------------------------|----------------------------------------|---------------------------------|------------------------------------------------|----------------------------------------|----------------------------------------------|-----------------------------------------------------|
| 1       | SMIORE CSR Education Programme       | Promotion of Education                 | Sandur, Ballari District        | 60.00                                          | 61.51                                  | 213.50                                       | Karnataka Seva Sangha (Implementing Agency)         |
| 2       | SMIORE Health & Sanitation Programme | Health & Sanitation                    | Kammathuru                      | 10.00                                          | 8.28                                   | 38.88                                        | Direct                                              |

**6. Reasons for not spending the prescribed amount: Not Applicable**

**7. Responsibility Statement of the CSR Committee:**

We affirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

for and on behalf of the Board and CSR Committee

Place : Bengaluru  
Date : 30 May 2017

**S. Y. GHORPADE**  
Chairman of the Board &  
CSR Committee  
DIN: 00080477

**NAZIM SHEIKH**  
Managing Director  
Member, CSR Committee  
DIN: 00064275



**Information pursuant to Section 134(3)(m) of the Companies Act, 2013,  
read with Rule 8 of Companies (Accounts) Rules, 2014**

**A. CONSERVATION OF ENERGY:**

- |                                                                                |                                                                                                                                                                                        |
|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Energy conservation measures taken                                         | : Energy conservation measures taken are by using energy efficient and star rated electrical equipment's and use of CFL/LED lights etc.                                                |
| (ii) Steps taken by the Company for utilization of alternate sources of energy | : Solar powered street lighting & solar water heating systems implemented for the some of the employee quarters. The energy saved by using solar power is about 4 lakh units per year. |
| (iii) Capital Investment on energy Conservation Equipment                      | : ₹0.99 Lakh                                                                                                                                                                           |

**B. TECHNOLOGY ABSORPTION:**

- |                                                                                                                                                                   |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| (i) Efforts made in technology absorption                                                                                                                         | : Nil            |
| (ii) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.                 | : Not Applicable |
| (iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished | :                |
| (a) Details of technology imported.                                                                                                                               |                  |
| (b) Year of import.                                                                                                                                               |                  |
| (c) Whether the technology been fully absorbed                                                                                                                    |                  |
| (d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore.                                                                 |                  |
| (iv) Expenditure incurred on Research and Development                                                                                                             | : Not Applicable |
| (v) Expenditure incurred on Research and Development                                                                                                              | : Nil            |

**C. FOREIGN EXCHANGE EARNINGS & OUTGO :**

- |                             |                                                                                               |
|-----------------------------|-----------------------------------------------------------------------------------------------|
| 1 Foreign Exchange Earnings | : Nil                                                                                         |
| 2 Foreign Exchange Outgo    | : Please refer to Note No.30 in the Notes to Accounts of the standalone financial statements. |



## Annexure - 'H'

### PARTICULARS OF EMPLOYEES

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

|                                                     | ₹Lakh  | Ratio |
|-----------------------------------------------------|--------|-------|
| Median remuneration of the employees of the Company | 2.98   |       |
| S.Y. Ghorpade                                       | 140.69 | 47.21 |
| Nazim Sheikh                                        | 128.99 | 43.29 |
| U. R. Acharya                                       | 75.68  | 25.40 |

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

|                                               | 2016-17<br>(₹Lakh) | 2015-16<br>(₹Lakh) | % Increase     |
|-----------------------------------------------|--------------------|--------------------|----------------|
| S.Y. Ghorpade, Chairman and Managing Director | 140.69             | 120.00             | 17.24          |
| Nazim Sheikh, Joint Managing Director         | 128.99             | 111.40             | 15.79          |
| S H Mohan, Executive Director - Projects      | -                  | 76.96              | -              |
| S R Sridhar, Executive Director - Mines       | -                  | 46.89              | -              |
| U. R. Acharya, Director (Commercial)          | 75.68              | 63.02              | 20.09          |
| K. Raman, CFO                                 | 74.55              | 62.80              | 18.71          |
| Md. Abdul Saleem, CS & CGM (Mines)            | 25.15              | 24.03              | 4.66           |
| <b>Total for all managerial personnel</b>     | <b>445.06</b>      | <b>505.10</b>      | <b>(11.89)</b> |

3. The percentage increase in the median remuneration of employees in the Financial year:

|                                  | 2016-17<br>(₹Lakh) | 2015-16<br>(₹Lakh) | % Increase |
|----------------------------------|--------------------|--------------------|------------|
| Median remuneration of employees | 2.98               | 2.72               | 9.56       |

- 4 Number of permanent employees on the rolls of company as on 31 March 2017: 1629

- 5 Average percentile increase, already made in the salaries of employees' other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

|                                                                                                              |         |
|--------------------------------------------------------------------------------------------------------------|---------|
| a. Average percentile increase, already made in the salaries of employees other than managerial remuneration | 9.56%   |
| b. Percentile increase in the managerial remuneration                                                        | -11.89% |

- 6 Affirmation that the remuneration is as per the remuneration policy of the Company: YES



## 7. NAMES OF THE TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN:

| Sl. No. | Name of the Employee | designation of the employee                       | remuneration received (₹ in Lakh) | nature of employment, whether contractual or otherwise | qualifications and experience of the employee | date of commencement of employment | age of employee (in yrs.) | last employment held by the employee before joining the company | % of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) | whether the employee is a relative of any director or manager of the company and if so, name of such director or manager |
|---------|----------------------|---------------------------------------------------|-----------------------------------|--------------------------------------------------------|-----------------------------------------------|------------------------------------|---------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 1       | S. Y. Ghorpade       | Chairman & Managing Director <sup>1</sup>         | 140.69                            | Permanent <sup>1</sup>                                 | B. E., 53 years                               | 1 August 1966                      | 76                        | --                                                              | --                                                                                                        | --                                                                                                                       |
| 2       | Nazim Sheikh         | Joint Managing Director <sup>2</sup>              | 128.99                            | Permanent                                              | B. E., 41 years                               | 2 August 1976                      | 63                        | --                                                              | --                                                                                                        | --                                                                                                                       |
| 3       | U. R. Acharya        | Director (Commercial)                             | 75.68                             | Permanent                                              | B. E., 41 Years                               | 4 March 1976                       | 64                        | --                                                              | --                                                                                                        | --                                                                                                                       |
| 4       | K. Raman             | Chief Financial Officer                           | 74.55                             | Permanent                                              | M. Com, AICWA, 24 Years                       | 23 December 1992                   | 69                        | --                                                              | --                                                                                                        | --                                                                                                                       |
| 5       | P. Sridaran          | Chief Executive (Plant)                           | 38.58                             | Permanent                                              | B. E., 42 Years                               | 1 February 2016                    | 68                        | Star Metalics & Power Pvt. Ltd.                                 | --                                                                                                        | --                                                                                                                       |
| 6       | Md. Abdul Saleem     | Company Secretary & Chief General Manager (Mines) | 25.15                             | Permanent                                              | B. Com., FCS, BL 18 Years                     | 1 September 2005                   | 43                        | VBC Ferroalloys Limited                                         | --                                                                                                        | --                                                                                                                       |
| 7       | Aditya S. Ghorpade   | Sr. General Manager (Plant)                       | 21.73                             | Permanent                                              | B. Com., Diploma in Comp. Appl. 24 Years      | 16 August 1993                     | 50                        | --                                                              | --                                                                                                        | Son of S. Y. Ghorpade                                                                                                    |
| 8       | H. Yellappa          | Addl. General Manager (Mines)                     | 18.19                             | Permanent                                              | Dip in Mining, Ist Cls Cert 30 Years          | 9 April 1987                       | 60                        | --                                                              | --                                                                                                        | --                                                                                                                       |
| 9       | V. Jayaprakash       | Deputy General Manager (Mines)                    | 17.81                             | Permanent                                              | Dip in Mining, Ist Cls Cert 15 Years          | 1 July 2002                        | 53                        | GEM Granites                                                    | --                                                                                                        | --                                                                                                                       |
| 10      | J. V. Badi           | Deputy General Manager(SECS)                      | 17.11                             | On consolidated remuneration                           | M. A. 1.5 Years                               | 17 January 2016                    | 66                        | --                                                              | --                                                                                                        | --                                                                                                                       |

<sup>1</sup>Completed his tenure as Managing Director on 31 March 2017 and subsequently continuing as Non-Executive Chairman w. e. f. 1 April 2017

<sup>2</sup>Appointed as Managing Director w. e. f. 1 April 2017

## 8. NAME OF EVERY EMPLOYEE, WHO:

(i) employed throughout the financial year, was in receipt of remuneration for the year, in the aggregate, was not less than Rupees one crore and two lakh:

| Sl. No. | Name of the Employee | designation of the employee               | remuneration received (₹ in Lakh) | nature of employment, whether contractual or otherwise | qualifications and experience of the employee | date of commencement of employment | age of employee (in yrs.) | last employment held by the employee before joining the company | % of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) | whether the employee is a relative of any director or manager of the company and if so, name of such director or manager |
|---------|----------------------|-------------------------------------------|-----------------------------------|--------------------------------------------------------|-----------------------------------------------|------------------------------------|---------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 1       | S. Y. Ghorpade       | Chairman & Managing Director <sup>1</sup> | 140.69                            | Permanent <sup>1</sup>                                 | B. E., 53 years                               | 1 August 1966                      | 76                        | --                                                              | --                                                                                                        | --                                                                                                                       |
| 2       | Nazim Sheikh         | Joint Managing Director <sup>2</sup>      | 128.99                            | Permanent                                              | B. E., 41 years                               | 2 August 1976                      | 63                        | --                                                              | --                                                                                                        | --                                                                                                                       |

<sup>1</sup>Completed his tenure as Managing Director on 31 March 2017 and subsequently continuing as Non-Executive Chairman w. e. f. 1 April 2017

<sup>2</sup>Appointed as Managing Director w. e. f. 1 April 2017



- (ii) employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rupees eight lakh fifty thousand per month:

| Sl. No. | Name of the Employee | designation of the employee | remuneration received | nature of employment, whether contractual or otherwise | qualifications and experience of the employee | date of commencement of employment | age of employee | last employment held by the employee before joining the company | % of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) | whether the employee is a relative of any director or manager of the company and if so, name of such director or manager |
|---------|----------------------|-----------------------------|-----------------------|--------------------------------------------------------|-----------------------------------------------|------------------------------------|-----------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 1       | --                   | --                          | --                    | --                                                     | --                                            | --                                 | --              | --                                                              | --                                                                                                        | --                                                                                                                       |

- (iii) If employed throughout the financial year / part thereof, was in receipt of remuneration in the year which, in aggregate, or as the case may be, at a rate which, in aggregate, is in excess of that drawn by the Managing Director or Whole-time Director or Manager and holds by himself or along with his spouse and dependent children, not less than 2% of equity shares of the Company:

| Sl. No. | Name of the Employee | designation of the employee | remuneration received | nature of employment, whether contractual or otherwise | qualifications and experience of the employee | date of commencement of employment | age of employee | last employment held by the employee before joining the company | % of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) | whether the employee is a relative of any director or manager of the company and if so, name of such director or manager |
|---------|----------------------|-----------------------------|-----------------------|--------------------------------------------------------|-----------------------------------------------|------------------------------------|-----------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 1       | --                   | --                          | --                    | --                                                     | --                                            | --                                 | --              | --                                                              | --                                                                                                        | --                                                                                                                       |

for and on behalf of the Board of Directors

Place : Bengaluru  
Date : 30 May 2017

**S. Y. GHORPADE**  
Chairman  
DIN: 00080477



## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2016-17

### 1. Company's philosophy on code of governance

The Company believes that corporate governance is about maximizing shareholders value legally, ethically and sustainably. The Company aims to achieve this by providing long-term visibility of its business, ensuring effective relationship with stakeholders, establishing systems that help the Board in understanding risk appetite and monitoring risk at every stage of corporate evolution process.

The Company further believes in and implicitly adopts values such as efficiency with transparency and accountability and integrity with fairness and kindness in Corporate Governance.

### 2. Board of Directors

#### ● **Composition and category of Directors:**

As on 31 March 2017 the Board consists of ten members, including a Managing Director, a whole time director, four independent directors and four non-executive directors including a woman director. The Chairman is one of the promoters of the Company and was holding the position of Chairman & Managing Director till 31 March 2017. Upon completion of his tenure as Chairman & Managing Director, the Chairman did not opt for re-appointment, but chose to continue as a Non-Executive Chairman of the Company. The Board accorded its approval for his continuance as a Non-Executive Chairman of the Company with effect from 1 April 2017. All the directors are highly qualified, professional and have vast experience in the industry.

#### ● **The particulars of directors, their attendance at Board meetings during the financial year and at the last Annual General Meeting are as under:**

| Name of Director                   | Category / Designation      | Attendance     |          |
|------------------------------------|-----------------------------|----------------|----------|
|                                    |                             | Board meetings | Last AGM |
| S. Y. Ghorpade <sup>1</sup>        | Chairman                    | 7              | Yes      |
| Nazim Sheikh <sup>2</sup>          | Managing Director           | 7              | Yes      |
| R. Subramanian <sup>3</sup>        | Non-Executive & Independent | 6              | Yes      |
| V. Balasubramanian                 | Non-Executive & Independent | 7              | Yes      |
| P. Vishwanatha Shetty <sup>4</sup> | Non-Executive & Independent | 3              | No       |
| U. R. Acharya                      | Director (Commercial)       | 7              | Yes      |
| B. Ananda Kumar                    | Non-Executive & Independent | 7              | Yes      |
| S. S. Rao                          | Non-Executive & Independent | 4              | Yes      |
| Vatsala Watsa <sup>5</sup>         | Non-Executive Director      | 5              | No       |
| K. V. Ramarathnam                  | Non-Executive Director      | 4              | No       |
| T. R. Raghunandan                  | Non-Executive Director      | 7              | Yes      |
| G. P. Kundargi <sup>6</sup>        | Non-Executive & Independent | 2              | NA       |

<sup>1</sup> Chairman and Managing Director of the Company upto 31 March 2017. Non-Executive Chairman w. e. f. 01 April 2017.

<sup>2</sup> Joint Managing Director upto 31 March 2017. Managing Director w. e. f. 01 April 2017.

<sup>3</sup> Ceased to be a Director w. e. f. closure of working hours of 31 March 2017.

<sup>4</sup> Ceased to be a Director w. e. f. 27 January 2017.

<sup>5</sup> Independent Director upto 12 November 2016.

<sup>6</sup> Co-opted as additional director w. e. f. 12 November 2016.



- **Number of directorships and committee memberships held by the directors in domestic public companies as at 31 March 2017 are as indicated below:**

| Name of Director      | Directorships<br>(Excluding this Company) | Committee Memberships*<br>(Excluding this Company) |           |
|-----------------------|-------------------------------------------|----------------------------------------------------|-----------|
|                       |                                           | As Chairman                                        | As Member |
| S. Y. Ghorpade        | 1                                         | -                                                  | -         |
| Nazim Sheikh          | 1                                         | -                                                  | -         |
| R. Subramanian        | 2                                         | 2                                                  | -         |
| V. Balasubramanian    | 6                                         | -                                                  | 3         |
| P. Vishwanatha Shetty | 0                                         | -                                                  | -         |
| B. Ananda Kumar       | 2                                         | -                                                  | -         |
| U. R. Acharya         | 2                                         | -                                                  | 1         |
| S. S. Rao             | 4                                         | 1                                                  | 3         |
| Vatsala Watsa         | 0                                         | -                                                  | -         |
| K. V. Ramarathnam     | 2                                         | -                                                  | 2         |
| T. R. Raghunandan     | 0                                         | -                                                  | -         |
| G. P. Kundargi        | 0                                         | -                                                  | -         |

\*Membership of Audit Committee and Stakeholders' Relationship Committee are only considered.

- **Board meetings:**

Meetings of the Board of Directors are generally held at the Company's Corporate Office in Bangalore and are scheduled well in advance. The Board meetings are held at least once in a quarter to review the quarterly performance and the financial results apart from transacting other items of business requiring the Board's attention. The Company Secretary in consultation with the Chairman & Managing Director and the Joint Managing Director prepares agenda for the meetings. The Board papers are circulated to directors in advance. Senior management personnel are invited to attend the Board meetings and provide clarifications as and when required.

The information as specified in Part A of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI(LODR) Regulations, 2015] is being regularly placed before the Board. The Board also reviews the declaration made by the Chairman & Managing Director and the Company Secretary regarding compliance with all laws applicable to the Company on a quarterly basis.

The Board of Directors met seven times during the financial year on 28 May 2016, 6 August 2016, 14 September 2016, 12 November 2016, 4 February 2017, 30 March 2017 and 31 March 2017. The time gap between any two successive Board Meetings did not exceed four months or one hundred and twenty days.

- **Disclosure of relationships between directors inter-se:**

Vatsala Watsa and T. R. Raghunandan are siblings. None of the other directors are related to any other Directors on the Board.

- **Number of shares and convertible instruments held by non-executive directors:**

None of the non-executive directors hold any shares in the Company except the following directors:



| Sl. No. | Name of the Director        | Designation/Category   | No. of Shares held |
|---------|-----------------------------|------------------------|--------------------|
| 1       | S. Y. Ghorpade <sup>1</sup> | Non-Executive Chairman | 26,830             |
| 2       | B. Ananda Kumar             | Independent Director   | 2,378              |
| 3       | R. Subramanian <sup>2</sup> | Independent Director   | 200                |

<sup>1</sup> Chairman and Managing Director of the Company upto 31 March 2017. Non-Executive Chairman w. e. f. 01 April 2017

<sup>2</sup> Ceased to be a Director w. e. f. closure of working hours of 31 March 2017.

● **Familiarisation Programme for Independent Directors:**

On induction, the new independent directors on Board are familiarized with the nature of Industry and the Company's business operations. They are updated on a frequent basis with regard to operations of the Company. Any material development is intimated promptly. The Management encourages participation by the independent directors and accordingly, any clarification sought by the independent directors with regard to the Company's operations is duly addressed.

In addition, the independent directors are acquainted with their roles, rights, responsibilities at the time of induction. Presently, no formal training programme exists. Until now, learning for the independent directors has been a pervasive ongoing phenomenon via participation.

The details on the Company's Familiarisation Programme for Independent directors can be accessed at: <http://www.sandurgroup.com/Policies.html>

3. **Audit Committee**

● **Powers of the Audit Committee:**

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice; and
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

● **Terms of reference of the Audit Committee:**

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment, remuneration and terms of appointment of auditors of the company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report



- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer documents/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- h) Approval or any subsequent modification of transactions of the company with related parties.
- i) Scrutiny of inter- corporate loans and investments.
- j) Valuation of undertakings or assets of the company, wherever it is necessary.
- k) Evaluation of internal financial controls and risk management systems.
- l) Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- n) Discussion with internal auditors of any significant findings and follow up thereon.
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as having post-audit discussion to ascertain any area of concern.
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r) To review the functioning of the Whistle Blower mechanism.
- s) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u) The audit committee shall mandatorily review the following information:
  - management discussion and analysis of financial condition and results of operations;
  - statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - management letters / letters of internal control weaknesses issued by the statutory auditors;
  - internal audit reports relating to internal control weaknesses; and
  - the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  - statement of deviations:
    - ✓ quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - ✓ annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).



- **Composition, names of the members and their attendance at meetings during the financial year are as under:**

| Name                         | Designation | Category                    | No. of meetings attended |
|------------------------------|-------------|-----------------------------|--------------------------|
| R. Subramanian <sup>1</sup>  | Chairman    | Non-Executive & Independent | 3                        |
| V. Balasubramanian           | Member      | Non-Executive & Independent | 4                        |
| B. Ananda Kumar <sup>2</sup> | Chairman    | Non-Executive & Independent | 4                        |
| S. S. Rao                    | Member      | Non-Executive & Independent | 3                        |
| Vatsala Watsa                | Member      | Non-Executive Director      | 3                        |
| G. P Kundargi <sup>3</sup>   | Member      | Non-Executive & Independent | 0                        |

<sup>1</sup> Ceased to be Chairman/Member of the Committee w. e. f. closure of working hours of 31 March 2017.

<sup>2</sup> Appointed as Chairman of the Committee w. e. f. 1 April 2017.

<sup>3</sup> Inducted as Member of the Committee w. e. f. 4 February 2017.

The constitution of the Audit Committee is in compliance with the SEBI (LODR) Regulations, 2015 at all times.

The Company Secretary acts as Secretary to the Committee.

The Audit Committee met four times during the financial year on 28 May 2016, 5 August 2016, 12 November 2016 and 4 February 2017. The interval between any two successive meetings did not exceed one hundred and twenty days. The quorum as required under the Listing Regulations was maintained at all the meetings.

The meetings are scheduled well in advance and the statutory auditors and internal auditors are invited to attend the meetings.

The Audit Committee members are financially literate and have relevant finance and/or audit exposure. R. Subramanian, a financial expert, is the Chairman of the Committee. The Chairman of the Audit Committee was present at the Annual General Meeting held on 14 September 2016 to answer the queries of the shareholders.

#### **4. Nomination and Remuneration Committee**

Remuneration Committee was constituted in April 2002 to consider and recommend to the Board, appointment, re-appointment and remuneration payable to whole-time directors. In accordance with the provisions of Section 178 of the Companies Act, 2013 the Committee has been renamed as 'Nomination & Remuneration Committee'.

- **Terms of reference of the Nomination & Remuneration Committee:**

- a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- b) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- c) devising a policy on diversity of board of directors;
- d) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- e) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.



- **Composition, names of the members and their attendance at meetings during the financial year are as under:**

| Name                               | Designation | Category                    | No. of meetings attended |
|------------------------------------|-------------|-----------------------------|--------------------------|
| V. Balasubramanian <sup>1</sup>    | Chairman    | Non-Executive & Independent | 4                        |
| P. Vishwanatha Shetty <sup>2</sup> | Chairman    | Non-Executive & Independent | 3                        |
| R. Subramanian <sup>3</sup>        | Member      | Non-Executive & Independent | 3                        |
| S. S. Rao                          | Member      | Non-Executive & Independent | 2                        |
| Vatsala Watsa                      | Member      | Non-Executive Director      | 3                        |
| K. V. Ramarathnam <sup>4</sup>     | Member      | Non-Executive Director      | 1                        |

<sup>1</sup> Appointed as Chairman of the Committee w. e. f. 4 February 2017

<sup>2</sup> Ceased to be Chairman/Member of the Committee w. e. f. 27 January 2017

<sup>3</sup> Ceased to be a member of the Committee w. e. f. closure of working hours of 31 March 2017

<sup>4</sup> Inducted as Member of the Committee w. e. f. 4 February 2017

The Company Secretary acts as Secretary to the Committee.

During the year, the Committee met four times on 28 May 2016, 6 July 2016, 12 November 2016 and 31 March 2017. Requisite quorum was present for all the meetings.

- **Performance evaluation criteria for independent directors:**

The Nomination and Remuneration Committee formulates the criteria and framework for evaluation of performance of every Director on the Board of the Company in line with the Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Other Employees.

Presently, the independent directors are being evaluated on the following criteria:

- Director's attendance in Board/Committee/General Meetings
- Director comes well prepared and informed for the Board / committee meeting(s).
- Director demonstrates willingness to devote time and effort to understand the Company and its business and readily participates in events outside the meeting room, such as site visits etc.
- Director's proactively contributes to development of strategy and to risk management of the Company.
- Director is effective and successful in managing relationships with fellow Board members and senior management during as well as outside the Board Meeting.
- Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board /Committees.
- Director actively and successfully refreshes his/ her knowledge and skills and upto date with the latest developments in areas such as corporate governance framework, financial reporting and the industry and market conditions.
- Candidness, objectivity & constructiveness in advising the management & ability to present his/ her views convincingly yet diplomatically.
- Director listens and takes cognisance of views of other members of Board.
- Director scrutinises the performance of management against the agreed goals and objectively monitors the reporting of performance.
- Director has maintained high standard of ethics and integrity.
- Director adheres to the applicable code of conduct for Independent directors.
- Exercise of objective independent judgment in the best interest of Company.
- Ability to contribute to and monitor the corporate governance practice.



## 5. **Remuneration of Directors:**

The Nomination and Remuneration Committee is responsible for reviewing and making recommendations to the Board on:

- the remuneration of the Managing Director, Whole-time Directors and KMPs
- the total level of remuneration of Non-Executive Directors and for individual remuneration for Non-Executive Directors;
- the remuneration policies for KMPs, senior management personnel and other employees.

The remuneration policy is to pay salary / compensation and benefits adequately so as to attract, motivate and retain talent. Detailed policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and other employees is annexed to the Directors' Report. The same can also be accessed at the Company's website [www.sandurgroup.com](http://www.sandurgroup.com)

### ● **Remuneration to whole-time directors:**

The remuneration payable to the whole-time directors were approved by the members by passing special resolutions through postal ballot, results of which were declared on 9 August 2014.

### ● **Details of remuneration paid to the whole-time directors for the year 2016-17:**

(₹ in lakh)

| Name of Director                                         | Salary | Perquisites | Contributions* | Commission | Term                         |
|----------------------------------------------------------|--------|-------------|----------------|------------|------------------------------|
| S. Y. Ghorpade <sup>1</sup><br>Non-Executive<br>Chairman | 39.60  | 82.64       | 10.69          | 7.76       | 3 years from<br>1 April 2014 |
| Nazim Sheikh <sup>2</sup><br>Managing Director           | 36.60  | 74.75       | 9.88           | 7.76       | 3 years from<br>1 April 2014 |
| U. R. Acharya<br>Director(Commercial)                    | 20.40  | 42.01       | 5.51           | 7.76       | 3 years from<br>1 April 2014 |

<sup>1</sup> Chairman & Managing Director upto 31 March 2017. Non-Executive Chairman w. e. f. 01 April 2017.

<sup>2</sup> Joint Managing Director upto 31 March 2017. Managing Director w. e. f. 01 April 2017.

\* includes contribution to Provident and other funds but does not include contribution towards Gratuity and Leave salary, as these are determined on an actuarial basis for the Company as a whole.

The Company does not have stock option scheme, there is no variable component in the remuneration except the payment of commission as a percentage of profit and there is no severance fee. Service contracts exist with the whole-time directors which contain their terms and conditions including remuneration, notice period etc., as approved by the members. The agreements may be terminated by either party at any time by giving three months' notice to the other party.

### ● **Remuneration to non-executive directors:**

The non-executive directors received sitting fee for attending meetings of the Board and its Committees thereon and reimbursement of expenses incurred on travelling and stay in case of outstation directors. The Company had no pecuniary relationship or transactions with any of the non-executive directors during the year under review except for payment of sitting fee for attending meetings of the Board and its Committees.



**f) Details of sitting fee paid to non-executive directors during the financial year 2016-17:**

| Sl. No. | Name of director      | Sitting Fee* (₹ in lakh) |
|---------|-----------------------|--------------------------|
| 1       | R. Subramanian        | 3.01                     |
| 2       | V. Balasubramanian    | 3.61                     |
| 3       | P. Vishwanatha Shetty | 1.35                     |
| 4       | B. Ananda Kumar       | 3.46                     |
| 5       | S. S. Rao             | 1.95                     |
| 6       | Vatsala Watsa         | 2.56                     |
| 7       | K. V. Ramarathnam     | 1.45                     |
| 8       | T. R. Raghunandan     | 1.95                     |
| 9       | G. P. Kundargi        | 0.50                     |

\* excluding service tax

**6. Stakeholders' Relationship Committee**

Investors' Grievance and Share Transfer Committee was constituted on 26 July 2006 to oversee the redressal of shareholders' and investors' complaints, if any, and to consider and approve transfer and transmission of shares and issue of duplicate share certificates. In accordance with the provisions of Section 178 of the Companies Act, 2013 the Committee has been renamed as 'Stakeholders Relationship Committee'.

The Company Secretary acts as Secretary to the Committee.

To expedite the process of share transfers / transmissions, authority has been delegated by the Board severally to the Chairman, Managing Director and the Company Secretary, who regularly attends to share transfers and transmissions, issue of fresh share certificates in lieu of old share certificates lost / mutilated or on transfer, sub-division, consolidation, renewal, exchange etc., subject to the related deeds / documents being in order.

Venture Capital and Corporate Investments Private Limited (VCC IPL), one of the leading SEBI registered Category - I Registrar and Transfer Agents has been appointed as Share Transfer Agent of the Company to process share transfer requests on behalf of the Company with effect from 18 January 2008. The Chairman or Managing Director or Company Secretary approves the share transfer registers and a statement of share transfers / transmissions effected, share certificates issued in each quarter are placed before the Stakeholders' Relationship Committee for approval and are also placed before the Board of Directors for ratification at its next meeting.

The Stakeholders' Relationship Committee met four times during the financial year on 28 May 2016, 6 August 2016, 12 November 2016 and 4 February 2017. The interval between any two successive meetings did not exceed four months.

● **Name and designation of compliance officer:**

Md. Abdul Saleem, Company Secretary and Chief General Manager (Mines).



- **Composition, names of the members and their attendance at meetings are as under:**

| Name                               | Designation | Category                    | No. of meetings attended |
|------------------------------------|-------------|-----------------------------|--------------------------|
| P. Vishwanatha Shetty <sup>1</sup> | Chairman    | Non-Executive & Independent | 2                        |
| B. Ananda Kumar <sup>2</sup>       | Chairman    | Non-Executive & Independent | 4                        |
| S. Y. Ghorpade <sup>3</sup>        | Member      | Executive Director          | 4                        |
| Nazim Sheikh                       | Member      | Executive Director          | 4                        |
| T. R. Raghunandan <sup>4</sup>     | Member      | Non-Executive Director      | 1                        |

<sup>1</sup> Ceased to be Chairman/Member of the Committee w. e. f. 27 January 2017.

<sup>2</sup> Appointed as Chairman of the Committee w. e. f. 4 February 2017.

<sup>3</sup> Non-Executive Chairman w. e. f. 1 April 2017.

<sup>4</sup> Inducted as member w. e. f. 4 February 2017.

- **Role of Stakeholders Relationship Committee**

The Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

- **Number of shareholder complaints received, resolved to the satisfaction of the shareholder and number of pending share transfers:**

|                                                                                              |   |
|----------------------------------------------------------------------------------------------|---|
| Complaints outstanding as on 1 April 2016                                                    | 0 |
| Complaints received during the year ended 31 March 2017                                      | 0 |
| Complaints resolved during the year                                                          | 0 |
| Complaint not solved to the satisfaction of shareholders during the year ended 31 March 2017 | 0 |
| Complaints pending as on 31 March 2017                                                       | 0 |

There were no pending share transfer requests as on 31 March 2017.

## 7. **Environment Committee**

Reclamation & Rehabilitation Plans Implementation Review Committee was constituted on 10 August 2012 for ensuring effective implementation of Reclamation & Rehabilitation (R&R) plans for the Company's Mining Leases No.2678 and 2679.

The Hon'ble Supreme Court had, while dealing with Public Interest Litigation (PIL) in the form of Writ Petition (Civil) No.562 of 2009 with regard to rampant illegal mining being carried in the States of Andhra Pradesh and Karnataka, vide its order dated 13 April 2012 prescribed certain guidelines for preparation of R & R Plans for all the mining leases in Ballari, Tumakuru and Chitradurga.

Accordingly, the Committee was formed for implementing and monitoring the progress of implementation of the R & R Plans that may be prescribed and approved by the Central Empowered Committee for the Company's Mining Leases. The Committee was renamed as 'Environment Committee' in order to enlarge the scope and also provide an opportunity for the Committee to consider exploring and implementing new avenues for preserving the environment and contribute towards improvement of environment in the region of our presence.



- **Composition, names of the members and their attendance at meetings during the financial year are as under:**

| Name                        | Designation | Category                    | No. of meetings attended |
|-----------------------------|-------------|-----------------------------|--------------------------|
| S. Y. Ghorpade <sup>1</sup> | Chairman    | Non-Executive Director      | 1                        |
| Nazim Sheikh                | Member      | Executive Director          | 1                        |
| V. Balasubramanian          | Member      | Non-Executive & Independent | 1                        |
| U. R. Acharya               | Member      | Executive Director          | 1                        |
| G. P. Kundargi <sup>2</sup> | Member      | Non-Executive & Independent | 0                        |

<sup>1</sup> Chairman & Managing Director upto 31 March 2017. Non-Executive Chairman w. e. f. 01 April 2017.

<sup>2</sup> Inducted as Member w. e. f. 4 February 2017.

The Company Secretary acts as Secretary to the Committee.

The Committee met once during the financial year on 14 September 2016. All the members attended the meeting.

#### 8. **Corporate Social Responsibility Committee:**

In terms of the Section 135 of the Companies Act, 2013, every company having net worth of Rupees Five hundred crore or more, or turnover of Rupees One thousand crore or more or a net profit of Rupees Five crore or more during any financial year is required to constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

In order to comply with the provisions of Section 135 of the Companies Act, 2013, the Board of Directors has, at its meeting held on 29 March 2014, constituted the CSR Committee.

- **Composition, names of the members and their attendance at meetings during the financial year are as under:**

| Name                               | Designation | Category                    | No. of meetings attended |
|------------------------------------|-------------|-----------------------------|--------------------------|
| S. Y. Ghorpade <sup>1</sup>        | Chairman    | Non-Executive Director      | 1                        |
| Nazim Sheikh                       | Member      | Executive Director          | 1                        |
| V. Balasubramanian                 | Member      | Non-Executive & Independent | 1                        |
| S. S. Rao                          | Member      | Non-Executive & Independent | 1                        |
| P. Vishwanatha Shetty <sup>2</sup> | Member      | Non-Executive & Independent | 0                        |
| T. R. Raghunandan <sup>3</sup>     | Member      | Non-Executive Director      | 1                        |

<sup>1</sup> Non-Executive Director w. e. f. 1 April 2017. Managing Director till 31 March 2017.

<sup>2</sup> Ceased to be a member of the Committee w. e. f. 27 January 2017.

<sup>3</sup> Inducted as member of the Committee w. e. f. 28 May 2016.

The CSR Committee met once during the financial year on 14 September 2016.

The Company Secretary acts as Secretary to the Committee.

Based on the recommendation of the Committee, the Board has approved the Policy on Corporate Social Responsibility indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The Policy on Corporate Social Responsibility is available at the Company's website.

The Committee is required to recommend the amount of expenditure to be incurred on the said activities and monitor the Corporate Social Responsibility Policy of the Company from time to time. The Committee is further required to institute a transparent monitoring mechanism for implementation of the CSR projects / programs / activities undertaken by the Company.



## 9. **Risk Management Committee:**

The Risk Management Committee was constituted by the Board in its meeting held on 28 May 2014 in terms of Clause 49(VI) of the erstwhile Listing Agreement with the Stock Exchanges. In a departure from the earlier provisions of listing agreement requiring all listed entities to constitute a Risk Management Committee, the SEBI (LODR) Regulations 2015, requires only the top 100 listed entities (based on the market capitalization) to constitute a Risk Management Committee. Nevertheless, the Board has continued with the Risk Management Committee which has been delegated with monitoring and reviewing of the risk management plan to the Committee.

The Company Secretary acts as Secretary to the Committee.

The Committee met twice during the financial year on 5 August 2016 and 30 March 2017.

- ***Composition, names of the members and their attendance at meetings during the financial year are as under:***

| Name                           | Designation | Category                    | No. of meetings attended |
|--------------------------------|-------------|-----------------------------|--------------------------|
| S. Y. Ghorpade <sup>1</sup>    | Chairman    | Non - Executive Director    | 2                        |
| Nazim Sheikh <sup>2</sup>      | Member      | Executive Director          | 1                        |
| R. Subramanian <sup>3</sup>    | Member      | Non-Executive & Independent | 2                        |
| U. R. Acharya                  | Member      | Executive Director          | 2                        |
| B. Ananda Kumar                | Member      | Non-Executive & Independent | 2                        |
| Vatsala Watsa                  | Member      | Non-Executive Director      | 1                        |
| K. V. Ramarathnam <sup>4</sup> | Member      | Non-Executive Director      | 2                        |

<sup>1</sup> Non-Executive Director w. e. f. 1 April 2017. Managing Director till 31 March 2017.

<sup>2</sup> Inducted as member of the Committee w. e. f. 6 August 2016.

<sup>3</sup> Ceased to be a member of the Committee w. e. f. closure of working hours of 31 March 2017.

<sup>4</sup> Inducted as member of the Committee w. e. f. 28 May 2016.

## 10. **General Body Meetings**

- ***Location and time of the last three Annual General Meetings of the Company along with the Special Resolutions passed thereat:***

|                      | Location                                                                                      | Date & Time                      | Special Resolutions passed                                                     |
|----------------------|-----------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------|
| 62 <sup>nd</sup> AGM | Golden Jubilee Hall<br>Sandur Residential School<br>Shivapur, Palace Road<br>Sandur - 583 119 | 14 September 2016<br>at 11.00 AM | NIL                                                                            |
| 61 <sup>st</sup> AGM | Golden Jubilee Hall<br>Sandur Residential School<br>Shivapur, Palace Road<br>Sandur - 583 119 | 19 September 2015<br>at 11.00 AM | NIL                                                                            |
| 60 <sup>th</sup> AGM | Anuradha Hall, Shivapur<br>Sandur - 583119                                                    | 27 September 2014<br>at 11.00 AM | Appointment of<br>R. Subramanian as an<br>Independent Director<br>on the Board |

- During the year, no resolutions were passed by way of postal ballot.
- The Company does not propose to pass any special resolution through postal ballot.



## 11. **Subsidiary Company**

Star Metallics and Power Private Limited (SMPPL) is a subsidiary of the Company with 80.58% (81.24% as on 31 March 2016) of its paid-up equity share capital held by the Company as on 31 March 2017.

The following directors of the Company - S. Y. Ghorpade, Nazim Sheikh, V. Balasubramanian, S. S. Rao and B. Ananda Kumar hold directorship in SMPPL.

S. Y. Ghorpade, holds the position of Non-Executive Chairman of SMPPL. In compliance with the Listing Regulations, requiring a listed holding company to nominate an independent director on the board of its subsidiary, B. Ananda Kumar - an Independent Director of the Company, has been nominated to hold the office of Nominee director on the Board of SMPPL. Nazim Sheikh serves as a non-executive director on the Board of SMPPL. Further, V. Balasubramanian and S. S. Rao, Independent directors of SMIORE have been appointed as non-executive & Independent directors on the Board of SMPPL.

The operations of SMPPL are being controlled and monitored by the Company, inter alia, by the following means:

- Financial statements, in particular the investments made by SMPPL, are being reviewed by the Audit Committee of the Company.
- Minutes of the meetings of SMPPL's Board are being placed before the Company's Board regularly.
- Financial statements showing all significant transactions and arrangements entered into by SMPPL are placed before the Company's Board.

## 12. **Means of Communication**

- Quarterly financial results are being regularly sent to Bombay Stock Exchange Limited.
- Quarterly financial results are generally published in The Financial Express and Sanjevani newspapers and also placed on the website of the Company.
- Latest updates or any material developments are displayed on the website of the Company at [www.sandurgroup.com](http://www.sandurgroup.com).
- No presentation has been made to institutional investors or to the analysts.

## 13. **General Shareholder Information**

### i) **Date, Time and Venue of the Annual General Meeting:**

26 September 2017 at 11.00 a.m. at Golden Jubilee Hall, Sandur Residential School, Shivapur, Palace Road, Sandur - 583 119.

### ii) **Financial Year:** 1 April 2016 to 31 March 2017.

### iii) **Financial Calendar:** (tentative and subject to change).

|                                                              |                                |
|--------------------------------------------------------------|--------------------------------|
| Financial Reporting for the quarter ending 30 June 2017      | On or before 14 September 2017 |
| Financial Reporting for the quarter ending 30 September 2017 | On or before 14 December 2017  |
| Financial Reporting for the quarter ending 31 December 2017  | On or before 14 February 2018  |
| Financial Reporting for the quarter ending 31 March 2018     | By end of May 2018             |

### iv) **Dates of Book Closure:** 19 September 2017 to 26 September 2017 (both days inclusive).

### v) **Dividend Payment Date:** On or after 26 September 2017.



- vi) **Listing on Stock Exchange:** The Company's shares are listed on Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai – 400 001.

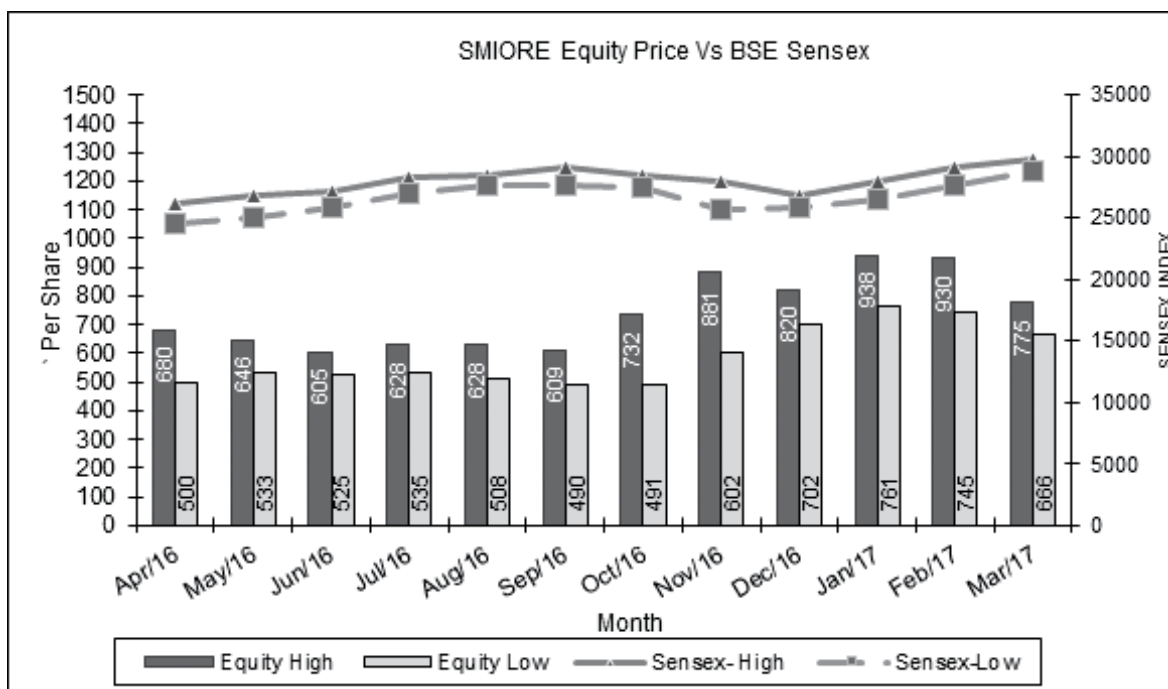
**Listing Fee:** The Company has paid annual listing fee for the year 2016-17 to Bombay Stock Exchange Limited where the securities of the Company are listed.

- vii) **Stock Code:** Bombay Stock Exchange Limited (BSE) - 504918.

- viii) **Monthly High and Low Quotation of Company's shares traded on BSE:**

| Month   | Open<br>₹ | High<br>₹ | Low<br>₹ | Close<br>₹ | No. of<br>Shares | No. of<br>Trades | BSE<br>Sensex<br>(Average) |
|---------|-----------|-----------|----------|------------|------------------|------------------|----------------------------|
| Apr-16  | 513       | 679.5     | 500.1    | 580.5      | 308,131          | 7,414            | 25,312                     |
| May-16  | 600       | 646.25    | 533      | 561.7      | 153,055          | 3,210            | 25,948                     |
| June-16 | 560       | 605       | 525      | 576.15     | 102,722          | 2,584            | 26,508                     |
| July-16 | 585.75    | 627.7     | 535      | 541.45     | 101,717          | 2,406            | 27,637                     |
| Aug-16  | 549       | 627.9     | 507.7    | 576.45     | 132,396          | 2,584            | 28,080                     |
| Sep-16  | 580       | 609       | 490      | 495.25     | 154,439          | 1,823            | 28,397                     |
| Oct-16  | 510       | 732       | 491.1    | 714.85     | 436,686          | 9,343            | 27,983                     |
| Nov-16  | 716.9     | 881       | 602.05   | 788.6      | 847,200          | 23,534           | 26,874                     |
| Dec-16  | 796.8     | 820       | 702.05   | 772.05     | 181,796          | 5,776            | 26,279                     |
| Jan-17  | 770       | 937.7     | 761.1    | 865.1      | 587,385          | 15,066           | 27,214                     |
| Feb-17  | 868       | 930       | 745      | 772.4      | 236,446          | 7,194            | 28,328                     |
| Mar-17  | 764.6     | 775       | 666      | 694.25     | 340,693          | 5,770            | 29,270                     |

- ix) **Comparison of Company's share price movement with BSE Sensex:**





**x) Distribution of Equity Shareholding as on 31 March 2017:**

| Shareholding of Nominal value of ₹ |        | No. of Shareholders | No. of Shares    | % to total Capital |
|------------------------------------|--------|---------------------|------------------|--------------------|
| Upto                               | 5000   | 7,859               | 1,333,753        | 15.24              |
| 5001                               | 10000  | 25                  | 180,883          | 2.07               |
| 10001                              | 20000  | 10                  | 144,943          | 1.66               |
| 20001                              | 30000  | 5                   | 121,645          | 1.39               |
| 30001                              | 40000  | 4                   | 143,107          | 1.64               |
| 40001                              | 50000  | 2                   | 90,069           | 1.03               |
| 50001                              | 100000 | 3                   | 220,476          | 2.54               |
| 100001                             | Above  | 8                   | 6,515,124        | 74.46              |
| <b>Total</b>                       |        | <b>7,916</b>        | <b>8,750,000</b> | <b>100.00</b>      |

**xi) Shareholding pattern as on 31 March 2017:**

| Categories                                                             | No. of Shares    | % to Total    |
|------------------------------------------------------------------------|------------------|---------------|
| Promoters, Directors and their relatives and persons acting in concert | 6,337,564        | 72.43         |
| Banks and Financial Institutions                                       | 72,750           | 0.83          |
| Mutual Funds                                                           | 1,200            | 0.01          |
| Insurance Companies                                                    | 0                | 0.00          |
| Foreign Institutional Investors                                        | 0                | 0.00          |
| Other bodies corporate                                                 | 479,449          | 5.48          |
| Public                                                                 | 1,859,037        | 21.25         |
| <b>TOTAL</b>                                                           | <b>8,750,000</b> | <b>100.00</b> |

**xii) Registrar and Share Transfer Agents:** Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharatnagar, Hyderabad - 500 018.

**xiii) Share Transfer System:** Venture Capital and Corporate Investments Private Limited (VCCIPL), one of the leading SEBI registered Category - I Registrar and Transfer Agents had been appointed as Share Transfer Agent of the Company to process share transfer requests on behalf of the Company with effect from 18 January 2008. The Chairman or Managing Director or Company Secretary approves the share transfer registers and a statement of share transfers / transmissions effected, share certificates issued in each quarter are placed before the Stakeholders' Relationship Committee for approval and are also placed before the Board of Directors for ratification at their next meeting.

**xiv) Dematerialization of Shares and Liquidity:** As on 31 March 2017, 85,79,840 equity shares have been dematerialized.

**xv) There are no outstanding GDRs / ADRs / Warrants or any Convertible Instruments due for conversion.**

**xvi) Commodity price risk or foreign exchange risk and hedging activities:** Nil

**xvii) Plant location:** Mines at Deogiri, SB Halli & Ramgad located around Sandur and Metal & Ferroalloy plant at Vyasankere.



**xviii) Address for correspondence:**

**Registered Office:** 'SATYALAYA', Door No. 266 (Old No. 80), Ward No.1,  
Behind Taluka Office, Sandur - 583 119, Ballari District, Karnataka.

**14. Other Disclosures**

- **Related Party Transactions:** During the year under review, besides the transactions reported in the Financial Statements in the Annual Report, there are no other material related party transactions entered into by the Company with its promoters, directors or the management or their relatives and associates. The Board has received disclosures from its Directors disclosing their concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including their shareholding. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- **Details of non-compliance:** There have been no instances of non-compliance by the Company and no penalties, strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- **Vigil Mechanism:** The Company has put in place a mechanism of reporting illegal or unethical behavior. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor/notified persons. The reports received from any employee will be reviewed by the audit committee. It is affirmed that no personnel have been denied access to the audit committee in this respect. The Directors and senior management are to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice. The Whistle Blower Policy is available on the Company's website at [www.sandurgroup.com](http://www.sandurgroup.com).
- **Status of compliance with the mandatory requirements and adoption of non-mandatory requirements of SEBI (LODR) Regulations, 2015 is given below:**
  - (i) **Compliance with mandatory requirements:** The Company has complied with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.
  - (ii) **Non-Executive Chairman's Office:** The Chairman of the Board was also holding the position of Managing Director of the Company until 31 March 2017. During the year under review, the Company did not have a Non-Executive Chairman. However, consequent to completion of his tenure as Managing Director, the Chairman continues as a Non-Executive Director of the Company. The Board accorded its approval for his continuance as a Non-Executive Chairman of the Company with effect from 1 April 2017.
  - (iii) **Shareholder Rights:** The quarterly and annual financial results of the Company are published in leading newspapers, placed on website of the Company and are provided to stock exchanges in compliance with the provisions of SEBI (LODR) Regulations, 2015. A copy of complete Annual Report is sent to each and every shareholder of the Company. The Company is yet to move to a regime of sending a half- yearly declaration of the financial performance including summary of the significant events in last six months to each household of its shareholders.
  - (iv) **Modified Opinion(s) in the Audit Report:** During the year under review, there was no audit qualification / modifications in the Auditor's Report.
  - (v) **Separate posts of Chairman and CEO:** During the year under review, the Company did not have separate posts of Chairman and CEO. However, with effect from 1 April 2017 the Company have separate posts of Chairman and CEO viz. S. Y. Ghorpade is Non-Executive Chairman and Nazim Sheikh is Managing Director, being the CEO.



(vi) **Reporting of Internal Auditor:** The Company has appointed M/s. P. Chandrasekar & Co, Chartered Accountants, as its internal auditor and they directly report to the Audit Committee on a quarterly basis.

- **Policy on determining material subsidiaries:** In terms of Regulation 16 (1)(c) of the SEBI (LODR) Regulations, 2015, the Company has formulated a Policy for Determining Material Subsidiaries and the same is available on the Company's website. The Policy can be accessed at: <http://www.sandurgroup.com/Policies.html>.
- **Policy on dealing with related party transactions:** The Board in its meeting held on 28 May 2014 adopted a Policy on Related Party Transactions incorporating the relevant provisions prescribed by the amended Listing Agreement dated 17 April 2014. The Board amended the said Policy in its meeting held on 14 February 2015 to incorporate the amendments dated 15 September 2014 to the erstwhile Listing Agreement and SEBI (LODR) Regulations, 2015. The Policy also, incorporates the provisions of the Companies Act, 2013 dealing with Related Party Transactions. The Policy can be accessed at: <http://www.sandurgroup.com/Policies.html>.
- **Disclosure of commodity price risks and commodity hedging activities:** Not applicable.

15. **Non-compliance of any requirements of corporate governance report:** Nil

16. **CEO / CFO Certification:**

The Managing Director and the Chief Financial Officer (CFO) have certified to the Board in accordance with Regulation 17 (8) of the SEBI (LODR) Regulations, 2015 for the financial year 2016-17. The CEO/ CFO certification is annexed hereto.

17. **Affirmation of compliance with code of conduct:**

The Chairman of the Company has given a certificate confirming that the Company has obtained from all the members of the Board and senior management, affirmation of their compliance with the Code of Conduct for directors and senior management in respect of the financial year 2016-17 and the same were placed before the Board at its meeting held on 30 May 2017. A copy of the said certificate is annexed hereto.

18. **Auditor's certificate on compliance with corporate governance requirements of the SEBI (LODR) Regulations, 2015:**

Auditor's Certificate is annexed.

for and on behalf of the Board of Directors

Place : Bengaluru  
Date : 30 May 2017

**S. Y. GHORPADE**  
Chairman  
DIN: 00080477



## CERTIFICATE

We, Nazim Sheikh - Managing Director (being the CEO) and K. Raman - Chief Financial Officer, certify that in respect of the financial year ended on 31 March 2017:

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:-
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company, pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee:
  - (i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - (ii) There has not been any significant change in accounting policies during the year requiring disclosures in the notes to the financial statements; and
  - (iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**for The Sandur Manganese & Iron Ores Limited**

Place : Bengaluru  
Date : 30 May 2017

**K. RAMAN**  
Chief Financial Officer

**NAZIM SHEIKH**  
Managing Director

## CERTIFICATE

I, Nazim Sheikh, Managing Director, do hereby certify and confirm that the Company has obtained from all the members of the Board and senior management, affirmation of their compliance with the Code of Conduct for directors and senior management in respect of the financial year 2016-17 and the same are being placed before the Board at its meeting held on 30 May 2017.

**for The Sandur Manganese & Iron Ores Limited**

Place : Bengaluru  
Date : 30 May 2017

**NAZIM SHEIKH**  
Managing Director



**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE  
TO THE MEMBERS OF  
THE SANDUR MANGANESE & IRON ORES LIMITED**

1. This certificate is issued in accordance with the terms of our engagement letter dated November 9, 2016.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of **THE SANDUR MANGANESE AND IRON ORES LIMITED** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

**Managements' Responsibility**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

**Auditor's Responsibility**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**MONISHA PARIKH**  
Partner  
(Membership No.47840)

Place : Bengaluru  
Date : 30 May 2017



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. BACKGROUND

Management Discussion and Analysis Report sets out the developments in the business, the Company's performance since the publication of the last report and the Company's future outlook. This report is part of the Directors' Report and the Audited Financial Statements, forming part of the Annual Report. However, certain statements made in this report relating to the projections, outlook, expectations, estimates, among others, may constitute 'forward looking statements' within the meaning of applicable laws and regulations, and may differ from actual results. Several factors could make a significant difference to the Company's operations, including climatic conditions, economic conditions affecting demand and supply, judicial pronouncements, government regulations, revision in government policies, taxation and natural calamities, over which the Company does not have any control.

### 2. INDUSTRIAL OVERVIEW, MARKET SCENARIO, OPPORTUNITIES AND THREATS

**Iron Ore:** Production of iron ore in India went up from 155 Million Tonnes (MT) during 2015-16 to 180 MT during 2016-17, an increase of 16%. In Karnataka production has reached 28MT with Ballari district contributing nearly 25 million tonnes. Although Company obtained all clearances to produce 1.60 MT, due to overall cap of 25 MT for Ballari district imposed by the Hon'ble Supreme Court, Company's production had to be restricted to 1.17 MT in accordance with the directions of Monitoring Committee. The Company could realize higher average price during FY17. NMDC whose prices are considered as bench mark prices has seen moderate increase and as a result there has been a general improvement in prices. Company has also improved its product mix to improve realization from iron ore sales. Iron ore supply in Odisha has considerably improved and consequently prices in eastern sector have come down however as the supply situation is still tight in Ballari and iron ore from Odisha suffers from higher logistic cost to steel mills in Ballari district, prices within the district have not been affected. In the international market prices have gone up marginally but this will not affect supply situation in Ballari district.

**Manganese ore:** Production of Manganese (Mn) ore within India has marginally improved but, supply continues to be lower than the demand. With the result import of Mn ore continues. International prices saw steep increase during third quarter of FY17 but again dipped in the fourth quarter. Price of Mn ore sold by the Company in e-auction during the year rose considerably. Company was also able to sell higher quantum of Mn ore. Grade of Manganese ore production by the Company is expected to improve during the year and the quantity to be offered for sale, after meeting captive requirement, is also expected to be higher. Prices are expected to be at the level of those achieved during last quarter of FY 17.

**Manganese alloys:** Mn alloy production in the country during the year saw a setback due to steep increase in price of imported Mn ore. Subsequently prices saw adjustment/alignment to new cost and the price of Silico Manganese (SiMn) in the market has improved. Mn alloy production in India is higher than domestic consumption and is dependent on export demand. Though market has witnessed improved prices for alloys, due to higher installed capacity how long such higher prices will remain needs to be seen.

**Power:** Prices obtainable in the open access for sale of power continues to be below variable cost of Coal. Company's power plant being dependent on price of coal saw considerable increase in cost of generation. As a result, sale of power was not possible. Generation of power had to be restricted to meet captive demand. Two furnaces were put on production of Mn alloys and generation was restricted to meet captive demand.

### SEGMENT-WISE PERFORMANCE

#### a) Mining

As of 31 March 2017, the Company's Mines:

- (i) Produced 2,22,271 tonnes of manganese ore and sold 1,77,373 tonnes in the domestic market; and internally consumed 25,172 tonnes for SiMn production.
- (ii) Produced 11,49,899 tonnes of iron ore and sold 11,93,615 tonnes.



#### **b) Conversion of Manganese ore to Silico Manganese**

During the year under review, 24,862 tonnes of Silico Manganese was manufactured and 22,362 tonnes sold.

#### **OUTLOOK, RISKS AND CONCERNS**

##### **Iron Ore**

Although CEC has permitted restoration of iron ore production limit at 1.60 MT, due to overall cap of 25 million tonnes for Ballari district, and many more mines in Ballari district becoming eligible for enhancement of production, there may be further reduction in the limits for production of iron ore, until such time Hon'ble Supreme Court concludes hearing in the matter..

##### **Mn ore**

Mn ore prices in the international market which had gone up steeply due to demand from Mn metal market in China and dropped suddenly after resistance from Chinese market has shown signs of stabilization and further fall may be arrested. The prices of Mn ore is likely to remain at the current level and Company's Mn ore to be sold through e-auction will realize stable prices. Higher grades of Mn ore are likely to be produced during current year.

##### **Manganese alloys**

Outlook for Mn alloy does not appear to be bright due to cyclical nature of industry and huge overcapacity built up in the country. On an average ferroalloy industry is operating at 60% capacity utilization. Prices which picked up during last quarter of previous year have already started declining. However, Company's production will improve as more captive power will be utilized for production of ferroalloy compared to previous year since the Company has developed a stable market for SiMn. Outlook for the Company's Ferroalloy division will be stable. Risk of fall in price of SiMn due to overcapacity in the Country continues to exist.

As all the products namely Iron ore, Mn ore and Silico Manganese are dependent on steel market which is likely to get a boost due to new initiatives taken by the Government and insistence on usage of domestic steel in all infrastructure project may see some buoyance in steel. Statutory clearances continue to cause hindrances in smooth functioning of mines. Increased demand for high grade Mn ore is a challenge to be faced. Efforts are on to beneficiate medium grade ore to meet the ferroalloy plants requirement.

The Company is confident that it will be able to produce higher grades of Mn ore and increased quantity of iron ore.

The prospects for Mn alloys remain stable. However, prices of Indian coal are rising. Company is now purchasing coal in auction and as a result landed costs of coal may go up, coupled with higher logistics cost leading to an increase in power generation costs. The Company runs the risk of incurring higher energy costs which will be solved after the proposed Coke Oven plant comes on stream.

##### **Iron and Steel Project**

The Company has envisioned setting up of a 1 Million Tonne Per Annum Steel Project, as a step towards consolidation of its businesses. The management endeavors to take it up in two phases. To begin with, the Company has already initiated steps to set up a 4 lakh tonne vertical Coke Oven Plant along with two Waste Heat Recovery Boilers (WHRB).

### **3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has well-developed internal control systems and has clearly allocated responsibilities among its executives. The Company had an internal audit department, which was independently monitoring the compliance with the approved internal control procedures and exercise of powers as per the approved delegation of powers.

To substantially expand the scope of internal audit, the Company has, in line with the standards of internal audit issued by the Institute of Chartered Accountants of India, appointed M/s. P. Chandrasekar, Chartered Accountants, as its internal auditor, which is submitting its report on a quarterly basis to the Audit Committee.



#### **4. FINANCIAL PERFORMANCE**

Information provided in the Directors' Report.

#### **5. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

As on 1 April 2016, the Company had employee strength of 1,879. During the year, 193 employees joined and 78 employees separated from the Company. Including the 352 temporary employees and 13 employees on consolidated remuneration, employee strength at the end of the financial year 2016-17 was 1994. The Company has a record of cordial relations with its employees ever since its inception.

for and on behalf of the Board of Directors

Place : Bengaluru  
Date : 30 May 2017

**S. Y. GHORPADE**  
Chairman  
DIN: 00080477



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF THE SANDUR MANGANESE & IRON ORES LIMITED**

#### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **THE SANDUR MANGANESE & IRON ORES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit and its cash flows for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**MONISHA PARIKH**  
Partner  
(Membership No.47840)

Place: Bengaluru  
Date: May 30, 2017  
MP/SMG



## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **THE SANDUR MANGANESE & IRON ORES LIMITED** (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditor’s Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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



unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**MONISHA PARIKH**  
Partner  
(Membership No.47840)

Place: Bengaluru  
Date: May 30, 2017  
MP/SMG



## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits.
- (vi) The maintenance of cost records have been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable except those disclosed below:

| Name of Statute                                               | Nature of Dues                                    | Amount<br>(₹ lakh) | Period to which<br>the amounts<br>relates | Due Date                                  |
|---------------------------------------------------------------|---------------------------------------------------|--------------------|-------------------------------------------|-------------------------------------------|
| Mines & Minerals<br>(Development and<br>Regulation) Act, 2015 | Contribution to<br>District Mineral<br>Foundation | 670.23             | February 2016 to<br>September 2016        | Payable<br>immediately on<br>sale of ores |

- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:



| Name of Statute              | Nature of Dues                 | Forum where dispute is pending       | Period to which the amount relates | Amount (₹ lakh) |
|------------------------------|--------------------------------|--------------------------------------|------------------------------------|-----------------|
| The Income-tax Act, 1961     | Income tax including interest  | Income Tax Appellate Tribunal        | 2010-11                            | 12.83*          |
|                              |                                | Commissioner of Income Tax (Appeals) | 2011-12 to 2013-14                 | 669.92**        |
| Customs Act, 1962            | Custom duty including interest | Hon'ble High Court of Andhra Pradesh | 1986-2016                          | 327.69***       |
| The Central Excise Act, 1944 | Service Tax                    | Hon'ble Supreme Court of India       | 2004-10                            | 293.34          |

\*Net of Rs.100 lakh paid under protest. \*\*Net of Rs.242 lakh paid under protest. \*\*\*Net of Rs.42.22 lakh paid under protest.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**MONISHA PARIKH**  
Partner  
(Membership No.47840)

Place: Bengaluru  
Date: May 30, 2017  
MP/SMG



# **THE SANDUR MANGANESE & IRON ORES LIMITED** **BALANCE SHEET AS AT 31 MARCH, 2017**

|                                                                  | Note No. | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|------------------------------------------------------------------|----------|----------------------------|----------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                                 |          |                            |                            |
| <b>1 Shareholders' funds</b>                                     |          |                            |                            |
| (a) Share capital                                                | 2        | 875.00                     | 875.00                     |
| (b) Reserves and surplus                                         | 3        | 40,879.63                  | 36,169.67                  |
|                                                                  |          | <u>41,754.63</u>           | <u>37,044.67</u>           |
| <b>2 Non-current liabilities</b>                                 |          |                            |                            |
| (a) Other long-term liabilities                                  | 4        | -                          | 28.00                      |
| (b) Long-term provisions                                         | 5        | 1,955.31                   | 1,696.44                   |
|                                                                  |          | <u>1,955.31</u>            | <u>1,724.44</u>            |
| <b>3 Current liabilities</b>                                     |          |                            |                            |
| (a) Trade payables                                               |          |                            |                            |
| Total outstanding dues of micro and small enterprises            | 26       | -                          | -                          |
| Total outstanding dues of other than micro and small enterprises |          | 3,238.23                   | 1,920.53                   |
|                                                                  |          | <u>3,238.23</u>            | <u>1,920.53</u>            |
| (b) Other current liabilities                                    | 6        | 7,295.17                   | 6,309.18                   |
| (c) Short-term provisions                                        | 7        | 1,359.78                   | 611.16                     |
|                                                                  |          | <u>11,893.18</u>           | <u>8,840.87</u>            |
| <b>TOTAL</b>                                                     |          | <u>55,603.12</u>           | <u>47,609.98</u>           |
| <b>II. ASSETS</b>                                                |          |                            |                            |
| <b>1 Non-current assets</b>                                      |          |                            |                            |
| (a) Fixed assets                                                 |          |                            |                            |
| (i) Tangible assets                                              | 8(a)     | 8,038.88                   | 7,486.95                   |
| (ii) Intangible assets                                           | 8(b)     | 235.09                     | 281.92                     |
| (iii) Capital work-in-progress                                   |          | 283.31                     | 138.99                     |
|                                                                  |          | <u>8,557.28</u>            | <u>7,907.86</u>            |
| (b) Non-current investments                                      | 9        | 12,748.05                  | 12,748.05                  |
| (c) Deferred tax assets (net)                                    | 36       | 2,430.00                   | 2,160.00                   |
| (d) Long-term loans and advances                                 | 10       | 8,307.04                   | 7,885.81                   |
| (e) Other non-current assets                                     | 11       | 161.90                     | 332.90                     |
|                                                                  |          | <u>32,204.27</u>           | <u>31,034.62</u>           |
| <b>2 Current assets</b>                                          |          |                            |                            |
| (a) Current investments                                          | 12       | 10,770.25                  | 4,791.24                   |
| (b) Inventories                                                  | 13       | 8,866.47                   | 6,032.76                   |
| (c) Trade receivables                                            | 14       | 630.54                     | 846.64                     |
| (d) Cash and bank balances                                       | 15       | 2,055.03                   | 2,175.46                   |
| (e) Short-term loans and advances                                | 16       | 996.75                     | 1,814.48                   |
| (f) Other current assets                                         | 17       | 79.81                      | 914.78                     |
|                                                                  |          | <u>23,398.85</u>           | <u>16,575.36</u>           |
| <b>TOTAL</b>                                                     |          | <u>55,603.12</u>           | <u>47,609.98</u>           |

See accompanying notes forming part of the financial statements

In terms of our report attached  
**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**MONISHA PARIKH**  
Partner

Place: Bengaluru  
Date : 30 May 2017

**For and on behalf of the Board of Directors**

**S.Y.GHORPADE**  
Chairman

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)

Place: Bengaluru  
Date : 30 May 2017

**NAZIM SHEIKH**  
Managing Director

**K. RAMAN**  
Chief Financial Officer



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017**

|                                                                   |          | For the year ended<br>31 March, 2017 | For the year ended<br>31 March, 2016 |
|-------------------------------------------------------------------|----------|--------------------------------------|--------------------------------------|
|                                                                   | Note No. | ₹ lakh                               | ₹ lakh                               |
| I. Revenue from operations (gross)                                | 18       | 43,371.05                            | 22,760.82                            |
| Less: Excise duty                                                 |          | 1,147.40                             | 519.60                               |
| Revenue from operations (net)                                     |          | 42,223.65                            | 22,241.22                            |
| II. Other income                                                  | 19       | 508.30                               | 488.17                               |
| III. Total revenue (I+II)                                         |          | 42,731.95                            | 22,729.39                            |
| IV. Expenses:                                                     |          |                                      |                                      |
| (a) Cost of materials consumed                                    | 20       | 9,496.49                             | 2,467.38                             |
| (b) Changes in inventories of finished goods and work-in-progress | 21       | (2,139.63)                           | 745.78                               |
| (c) Employee benefits expense                                     | 22       | 6,539.16                             | 5,499.22                             |
| (d) Finance costs                                                 | 23       | 724.92                               | 1.24                                 |
| (e) Depreciation and amortisation expenses                        | 8(c)     | 704.87                               | 437.55                               |
| (f) Other expenses                                                | 24       | 19,438.75                            | 13,493.72                            |
| Total expenses                                                    |          | 34,764.56                            | 22,644.89                            |
| V. Profit before exceptional items and tax (III-IV)               |          | 7,967.39                             | 84.50                                |
| VI. Exceptional items:                                            | 41       | -                                    | 577.00                               |
| VII. Profit/(Loss) before tax (V - VI)                            |          | 7,967.39                             | (492.50)                             |
| VIII. Tax expense/ (benefit) :                                    |          |                                      |                                      |
| (a) Current tax                                                   |          | 3,210.00                             | 390.00                               |
| (b) Deferred tax                                                  | 36       | (270.00)                             | 540.43                               |
|                                                                   |          | 2,940.00                             | 930.43                               |
| IX. Profit/(Loss) for the year (VII-VIII)                         |          | 5,027.39                             | (1,422.93)                           |
| X Earnings per equity share of ₹ 10 each :                        |          |                                      |                                      |
| Basic and diluted (₹)                                             | 35       | 57.46                                | (16.26)                              |

See accompanying notes forming part of the financial statements

In terms of our report attached  
**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**MONISHA PARIKH**  
Partner

**S.Y.GHORPADE**  
Chairman

**NAZIM SHEIKH**  
Managing Director

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)

**K. RAMAN**  
Chief Financial Officer

Place: Bengaluru  
Date : 30 May 2017

Place: Bengaluru  
Date : 30 May 2017



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

|                                                                                                          | 2016-17<br>₹ lakh | 2015-16<br>₹ lakh |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>A. Cash flow from operating activities</b>                                                            |                   |                   |
| Profit before tax                                                                                        | 7,967.39          | (492.50)          |
| Adjustments for :                                                                                        |                   |                   |
| - Depreciation and amortisation expenses                                                                 | 704.87            | 437.55            |
| - Assets discarded                                                                                       | -                 | 1.31              |
| - Bad trade receivables written off                                                                      | -                 | 36.45             |
| - (Profit)/ loss on sale of fixed assets (net)                                                           | -                 | (7.78)            |
| - Finance costs                                                                                          | 724.92            | 1.24              |
| - Interest income                                                                                        | (65.10)           | (32.69)           |
| - Gain on sale of current investments (net)                                                              | (120.37)          | (127.85)          |
| - Dividend income                                                                                        | (187.72)          | (228.96)          |
| - Provision for impairment of investments                                                                | -                 | 2,300.00          |
| - Provisions/ liabilities no longer required written back                                                | -                 | (1,723.00)        |
| Operating profit before working capital changes                                                          | 9,023.99          | 163.77            |
| Adjustments for (increase)/ decrease in operating assets:                                                |                   |                   |
| - Inventories                                                                                            | (2,833.71)        | 457.03            |
| - Trade receivables                                                                                      | 216.10            | (586.31)          |
| - Short-term loans and advances                                                                          | 817.73            | 209.80            |
| - Long-term loans and advances                                                                           | (167.24)          | (52.73)           |
| - Other current assets                                                                                   | 835.80            | (912.60)          |
| - Other non-current assets                                                                               | -                 | 990.05            |
| Adjustments for increase/(decrease) in operating liabilities:                                            |                   |                   |
| - Trade payables                                                                                         | 1,317.70          | 245.02            |
| - Other current liabilities                                                                              | 923.75            | 422.10            |
| - Other long-term liabilities                                                                            | (28.00)           | -                 |
| - Short-term provisions                                                                                  | 72.61             | 7.36              |
| - Long-term provisions                                                                                   | 258.87            | 92.04             |
| Cash generated from operations                                                                           | 10,437.60         | 1,035.53          |
| - Income tax paid                                                                                        | (2,405.78)        | (736.89)          |
| <b>Net cash flow from/(used in) operating activities (A)</b>                                             | <b>8,031.82</b>   | <b>298.64</b>     |
| <b>B. Cash flow from investing activities</b>                                                            |                   |                   |
| Capital expenditure on fixed assets (including capital work-in-progress and advances on capital account) | (1,469.84)        | (630.17)          |
| Proceeds from sale of fixed assets                                                                       | -                 | 35.26             |
| Bank balances not considered as cash and cash equivalents                                                | 250.53            | (549.35)          |
| (Purchase) / sale of current investments (net)                                                           | (5,858.64)        | 1,181.86          |
| Provision for impairment of investments                                                                  |                   |                   |
| Interest received                                                                                        | 64.26             | 33.14             |
| Dividend received from current investments                                                               | 187.72            | 228.96            |
| <b>Net cash (used in)/from investing activities (B)</b>                                                  | <b>(6,825.97)</b> | <b>299.70</b>     |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

|                                                                        | <b>2016-17</b><br>₹ lakh | 2015-16<br>₹ lakh |
|------------------------------------------------------------------------|--------------------------|-------------------|
| <b>C. Cash flow from financing activities</b>                          |                          |                   |
| Dividends paid                                                         | (437.50)                 | (262.50)          |
| Tax on dividend paid                                                   | (84.33)                  | (53.44)           |
| Finance costs                                                          | (724.92)                 | (1.24)            |
| <b>Net cash used in financing activities (C)</b>                       | <b>(1,246.75)</b>        | <b>(317.18)</b>   |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>               | <b>(40.90)</b>           | <b>281.16</b>     |
| Cash and cash equivalents (opening balance)                            | 1,625.46                 | 1,344.30          |
| Cash and cash equivalents (closing balance)                            | 1,584.56                 | 1,625.46          |
| <b>Reconciliation for cash and cash equivalents with Balance Sheet</b> |                          |                   |
| Cash and cash equivalents as per balance sheet (refer note 15)         | 2,055.03                 | 2,175.46          |
| Less: Deposits against guarantee                                       | 456.65                   | 550.00            |
| Less: Dividend accounts                                                | 13.82                    | -                 |
| Cash and cash equivalents as reported above                            | 1,584.56                 | 1,625.46          |

See accompanying notes forming part of the financial statements

In terms of our report attached  
**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**MONISHA PARIKH**  
Partner

**S.Y.GHORPADE**  
Chairman

**NAZIM SHEIKH**  
Managing Director

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)

**K. RAMAN**  
Chief Financial Officer

Place: Bengaluru  
Date : 30 May 2017

Place: Bengaluru  
Date : 30 May 2017



## **THE SANDUR MANGANESE & IRON ORES LIMITED**

### **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

#### **Note 1 Corporate information**

The Company is engaged in mining of manganese and iron ores in Deogiri village of Sandur taluk, Bellary District, Karnataka. The Company is also engaged in manufacture of ferroalloys and generation of power through its subsidiary company (Star Metallics & Power Private Limited) at the Metal & Ferroalloy Plant & Power Plant respectively located at Vyasanakere, Hospet by entering into a facility lease agreement w.e.f. February 1, 2016. The Company has its Registered Office at Laxmipur, Sandur and its Corporate Office at Bellary Road, Bangalore.

#### **Note 1A - Significant accounting policies**

##### **1.1. Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### **1.2. Use of estimates**

The Company uses prudent and reasonable assumptions and estimates in the preparation of its financial statements, and these are reflected in the reported amounts of income and expenses during the year, and the reported balances of assets and liabilities, and disclosures relating to contingent liabilities, as at the date of the financial statements.

##### **1.3. Fixed assets**

Fixed assets are capitalised at acquisition cost including directly attributable cost of bringing the asset to its working condition for the intended use. Certain assets have been revalued as on 31 March, 1985 and the resultant surplus has been added to the cost of the assets.

##### **1.4. Depreciation/Amortisation**

Depreciation amount for assets is the cost of an asset, or the amount substituted for cost, less its estimated residual value.

The Company's assets at head office and mines (including assets transferred to plant from these locations) are depreciated on the written down value method and at plant (including assets transferred to other locations from plant) are depreciated on the straight line method over the useful life and in manner prescribed in Schedule II to the 2013 Act.

Intangible assets are amortised over their estimated useful life on straight-line method as follows:

Mining lease rights - useful life of the mine or lease period, whichever is shorter.

Computer software- 5 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changes, if any.

##### **1.5. Impairment of fixed assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.



When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

#### **1.6. Foreign currency transactions**

##### Initial recognition

Transactions in foreign currency entered into by the Company are recorded on the basis of the exchange rate prevailing as on the date of transaction or at rates that closely approximate the rate at the date of transaction.

##### Measurement at the balance sheet date

Monetary assets and liabilities of the Company, denominated in foreign currency, outstanding at the balance sheet date are restated at rates prevailing at the year-end.

##### Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

#### **1.7. Investments:**

All long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of investments.

Current investments are carried individually, at lower of cost and fair value.

#### **1.8. Inventories**

Inventories are valued at lower of cost and net realisable value.

The method of determination of cost of various categories of inventories is as follows:

- (a) Stores and spare parts: Monthly weighted average rates;
- (b) Raw materials: Monthly weighted average rates; and
- (c) Work-in-progress and finished goods: Full absorption costing method based on annual cost of production.

#### **1.9. Revenue recognition**

Revenue from sale of goods is recognised on dispatch of goods to customers from plant or stock points as applicable when significant risks and rewards of ownership are considered to be transferred and realisation is reasonably assured. In case of service income, revenue is recognised when the service is rendered to the customer.

Revenue from sale of power is recognised on accrual basis based on the power generated and supplied as per applicable rates from time to time and includes unbilled revenue accrued up to the end of the accounting year.

#### **1.10. Other Income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

#### **1.11. Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### **1.12. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



### **1.13. Leases**

A lease is classified as an Operating Lease, if it does not transfer substantially all the risks and rewards incidental to ownership. Lease rentals are charged to statement of profit and loss on straight-line basis over the lease term, estimated by the management.

### **1.14. Employee benefits:**

Employee benefits include provident fund, employee state insurance scheme, pension, gratuity, superannuation and compensated absences.

#### **a) Short term employee benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive/ bonus and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(ii) in case of non-accumulating compensated absences, when the absences occur.

#### **b) Long-term employee benefits:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

#### **c) Defined Contribution Plan:**

The Company's contribution to provident fund (including pension) and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### **d) Defined Benefit Plan:**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### **1.15. Segment accounting:**

Segments are identified based on the types of products and the internal organisation and management structure. The Company has identified business segment as its primary segment with secondary information reported geographically.

The Company's primary segments consist of Mining, Ferroalloys & Power and Steel.

Unallocable represents other income and expenses which relate to the Company as a whole and are not allocated to segments.

### **1.16. Earnings per share**

The basic earnings/ (loss) per share is computed by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.



The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

#### **1.17. Taxation**

##### **Current tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

##### **Minimum Alternate Tax (MAT)**

MAT paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in the future years. Accordingly, MAT is recognised as an asset in the Balance Sheet where it is highly probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

##### **Deferred tax**

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the statement of profit and loss.

#### **1.18. Provisions and contingencies:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate 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. Contingent liabilities are not recognised but are disclosed in the notes.

The financial obligation towards mine closure plans under relevant Acts and Rules are technically estimated, based on total available ore reserves of all the mining leases. The amount so determined is provided in the books of account on the basis of run of mine ore production of the mines of all the mining leases.

Contingent assets are neither recognised nor disclosed in the financial statements.

#### **1.19. Operating cycle**

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III of the 2013 Act. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

|                                                                                                          | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|----------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Note 2 - Share capital</b>                                                                            |                            |                            |
| <b>i) Authorised</b>                                                                                     |                            |                            |
| 14,000,000 (As at 31.03.2016 : 14,000,000) equity shares of ₹10 each with voting rights                  | 1,400.00                   | 1,400.00                   |
| 100,000 (As at 31.03.2016 : 100,000) 'B' 16 % (subject to tax) redeemable preference shares of ₹100 each | 100.00                     | 100.00                     |
| <b>ii) Issued, subscribed and fully paid up</b>                                                          |                            |                            |
| Equity shares of ₹ 10 each with voting rights                                                            | 875.00                     | 875.00                     |

#### Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

| Particulars                                                                   | Opening balance | Fresh issue/ Other changes | Closing balance |
|-------------------------------------------------------------------------------|-----------------|----------------------------|-----------------|
| <b>Equity share with voting rights (Issued, subscribed and fully paid up)</b> |                 |                            |                 |
| Year ended 31.03.2017                                                         |                 |                            |                 |
| - Number of shares                                                            | 8,750,000       | -                          | 8,750,000       |
| - Amount ( ₹ lakh )                                                           | 875.00          | -                          | 875.00          |
| Year ended 31.03.2016                                                         |                 |                            |                 |
| - Number of shares                                                            | 8,750,000       | -                          | 8,750,000       |
| - Amount ( ₹ lakh )                                                           | 875.00          | -                          | 875.00          |

(ii) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive only residual assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

(iii) Details of shares held by the holding company:

| Name of Shareholder                     | As at 31.03.2017 | As at 31.03.2016 |
|-----------------------------------------|------------------|------------------|
|                                         | No. of shares    | No. of shares    |
| <b>Equity shares with voting rights</b> |                  |                  |
| Skand Private Limited                   | 4,632,040        | 4,632,040        |

(iv) Shareholders holding more than 5% shares in the Company

| Name of shareholders                    | As at 31.03.2017   |                                   | As at 31.03.2016   |                                   |
|-----------------------------------------|--------------------|-----------------------------------|--------------------|-----------------------------------|
|                                         | No. of shares held | % holding in that class of shares | No. of shares held | % holding in that class of shares |
| <b>Equity shares with voting rights</b> |                    |                                   |                    |                                   |
| Skand Private Limited                   | 4,632,040          | 52.94                             | 4,632,040          | 52.94                             |



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

|                                                                                                        | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|--------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Note 3 - Reserves and surplus</b>                                                                   |                            |                            |
| Capital redemption reserve                                                                             | 100.65                     | 100.65                     |
| Securities premium reserve                                                                             | 967.23                     | 967.23                     |
| General reserve                                                                                        | 3,788.11                   | 3,788.11                   |
| Surplus in statement of profit and loss                                                                |                            |                            |
| Opening balance                                                                                        | 31,313.68                  | 33,046.82                  |
| Add: Profit/ (loss) for the year                                                                       | 5,027.39                   | (1,422.93)                 |
|                                                                                                        | <u>36,341.07</u>           | <u>31,623.89</u>           |
| Less:                                                                                                  |                            |                            |
| Dividends proposed to be distributed to equity shareholders<br>(Previous year : ₹ 3 per share)         | -                          | 262.50                     |
| Tax on proposed dividend                                                                               | -                          | 47.71                      |
| Interim dividend to equity shareholders ₹ 3 per share                                                  | 262.50                     | -                          |
| Tax on interim dividend                                                                                | 54.93                      | -                          |
| Closing balance                                                                                        | <u>36,023.64</u>           | <u>31,313.68</u>           |
| <b>Total</b>                                                                                           | <u>40,879.63</u>           | <u>36,169.67</u>           |
| <b>Note 4 - Other long term liabilities</b>                                                            |                            |                            |
| Security deposits                                                                                      | -                          | 28.00                      |
|                                                                                                        | <u>-</u>                   | <u>28.00</u>               |
| <b>Note 5 - Long-term provisions</b>                                                                   |                            |                            |
| Provision for employee benefits: (refer note 32)                                                       |                            |                            |
| Pension                                                                                                | 1,261.01                   | 1,313.30                   |
| Compensated absences                                                                                   | 328.30                     | 264.54                     |
| Provision - Others                                                                                     |                            |                            |
| Mine closure (refer note 40)                                                                           | 366.00                     | 118.60                     |
| <b>Total</b>                                                                                           | <u>1,955.31</u>            | <u>1,696.44</u>            |
| <b>Note 6 - Other current liabilities</b>                                                              |                            |                            |
| Payables on purchases of fixed assets                                                                  | 8.98                       | 52.55                      |
| Statutory remittances (including disputed dues ₹ 4,304.82 lakh)<br>(As at 31.03.2016: ₹ 4,009.42 lakh) | 5,898.41                   | 4,171.11                   |
| Security deposits                                                                                      | 35.10                      | 2.60                       |
| Gratuity payable (net) (refer note 32)                                                                 | -                          | 362.48                     |
| Unpaid dividends                                                                                       | 13.82                      | -                          |
| Interim dividend payable                                                                               | 87.50                      | -                          |
| Tax on interim dividend                                                                                | 18.31                      | -                          |
| Advances from customers                                                                                | 1,225.41                   | 1,712.88                   |
| Others                                                                                                 | 7.64                       | 7.56                       |
| <b>Total</b>                                                                                           | <u>7,295.17</u>            | <u>6,309.18</u>            |



# **THE SANDUR MANGANESE & IRON ORES LIMITED** **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

|                                                                                     | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|-------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Note 7 - Short-term provisions</b>                                               |                            |                            |
| Provision for employee benefits: (refer note 32)                                    |                            |                            |
| Pension                                                                             | 191.54                     | 128.03                     |
| Compensated absences                                                                | 182.02                     | 172.92                     |
|                                                                                     | <b>373.56</b>              | <b>300.95</b>              |
| Provision Others:                                                                   |                            |                            |
| Provision for taxation (net of payments of ₹ 2,314.77 lakh<br>(31:03:2016; ₹ Nil )) | 986.22                     | -                          |
| Proposed equity dividend                                                            | -                          | 262.50                     |
| Tax on proposed dividend                                                            | -                          | 47.71                      |
|                                                                                     | <b>986.22</b>              | <b>310.21</b>              |
| <b>Total</b>                                                                        | <b>1,359.78</b>            | <b>611.16</b>              |

## **Note 8 - Fixed assets**

₹ lakh

| Description*                 | Gross block              |           |                         | Accumulated depreciation/ Amortisation |                          |                                                 |                            |                          | Net block                |                          |
|------------------------------|--------------------------|-----------|-------------------------|----------------------------------------|--------------------------|-------------------------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
|                              | Balance as at 01.04.2016 | Additions | Disposals / Adjustments | Balance as at 31.03.2017               | Balance as at 01.04.2016 | Depreciation/ Amortisation expense for the year | On disposals / Adjustments | Balance as at 31.03.2017 | Balance as at 31.03.2017 | Balance as at 31.03.2016 |
| <b>(a) Tangible assets</b>   |                          |           |                         |                                        |                          |                                                 |                            |                          |                          |                          |
| Freehold land                | 4,162.22                 | 16.34     |                         | 4,178.56                               | -                        | -                                               | -                          | -                        | 4,178.56                 | 4,162.22                 |
|                              | (4,517.65)               | -         | (355.43)                | (4,162.22)                             | (-)                      | (-)                                             | (-)                        | (-)                      | (4,162.22)               | (4,517.65)               |
| Buildings**                  | 2,788.31                 | 25.46     |                         | 2,813.77                               | 585.47                   | 133.55                                          | -                          | 719.02                   | 2,094.75                 | 2,202.84                 |
|                              | (2,035.63)               | (759.29)  | (6.61)                  | (2,788.31)                             | (472.45)                 | (118.50)                                        | (5.48)                     | (585.47)                 | (2,202.84)               | (1,563.18)               |
| Railway sidings              | 14.28                    | -         | -                       | 14.28                                  | 14.28                    | -                                               | -                          | 14.28                    | -                        | -                        |
|                              | (14.28)                  | (-)       | (-)                     | (14.28)                                | (14.28)                  | (-)                                             | (-)                        | (14.28)                  | (-)                      | -                        |
| Plant and equipment          | 2,158.63                 | 478.91    |                         | 2,637.54                               | 1,356.25                 | 271.57                                          | -                          | 1,627.82                 | 1,009.72                 | 802.38                   |
|                              | (2,102.20)               | (62.36)   | (5.93)                  | (2,158.63)                             | (1,206.16)               | (156.02)                                        | (5.93)                     | (1,356.25)               | (802.38)                 | (896.04)                 |
| Furniture and fixtures       | 232.04                   | 18.14     |                         | 250.18                                 | 122.16                   | 33.83                                           |                            | 155.99                   | 94.19                    | 109.88                   |
|                              | (223.69)                 | (11.07)   | (2.72)                  | (232.04)                               | (85.01)                  | (39.87)                                         | (2.72)                     | (122.16)                 | (109.88)                 | (138.68)                 |
| Vehicles                     | 384.95                   | 586.47    |                         | 971.42                                 | 285.81                   | 149.66                                          |                            | 435.47                   | 535.95                   | 99.14                    |
|                              | (529.53)                 | (17.52)   | (162.10)                | (384.95)                               | (374.74)                 | (45.51)                                         | (134.44)                   | (285.81)                 | (99.14)                  | (154.79)                 |
| Office equipment             | 403.00                   | 74.02     |                         | 477.02                                 | 292.51                   | 58.80                                           |                            | 351.31                   | 125.71                   | 110.49                   |
|                              | (388.26)                 | (35.50)   | (20.76)                 | (403.00)                               | (242.06)                 | (71.21)                                         | (20.76)                    | (292.51)                 | (110.49)                 | (146.20)                 |
|                              | 10,143.43                | 1,199.34  | -                       | 11,342.77                              | 2,656.48                 | 647.41                                          | -                          | 3,303.89                 | 8,038.88                 | 7,486.95                 |
|                              | (9,811.24)               | (885.74)  | (553.55)                | (10,143.43)                            | (2,394.70)               | (431.11)                                        | (169.33)                   | (2,656.48)               | (7,486.95)               | (7,416.54)               |
| <b>(b) Intangible assets</b> |                          |           |                         |                                        |                          |                                                 |                            |                          |                          |                          |
| Computer software            | 288.36                   | 10.63     | -                       | 298.99                                 | 6.44                     | 57.46                                           | -                          | 63.90                    | 235.09                   | 281.92                   |
|                              | (-)                      | (288.36)  | (-)                     | (288.36)                               | (-)                      | (6.44)                                          | (-)                        | (6.44)                   | (281.92)                 | (-)                      |
|                              | 288.36                   | 10.63     | -                       | 298.99                                 | 6.44                     | 57.46                                           | -                          | 63.90                    | 235.09                   | 281.92                   |
|                              | (-)                      | (288.36)  | (-)                     | (288.36)                               | (-)                      | (6.44)                                          | (10,718.31)                | (6.44)                   | (281.92)                 | (-)                      |

(Previous year figures are in brackets)

\* Owned, unless otherwise stated

\*\* includes building given on operating lease amounting to ₹ 288.30 lakh (As at March 31, 2016 ₹ 288.30 lakh), depreciation recognized in the statement of profit and loss for that asset ₹ 12.37 lakh (previous year ₹ 13.02 lakh) and accumulated depreciation ₹ 53.50 lakh (As at 31.03.2016 ₹ 41.13 lakh).

₹ lakh

|                                                   |                |                |
|---------------------------------------------------|----------------|----------------|
| <b>(c) Depreciation and amortisation expenses</b> | <b>2016-17</b> | <b>2015-16</b> |
| Depreciation as per note 8(a)                     | 647.41         | 431.11         |
| Amortisation as per note 8(b)                     | 57.46          | 6.44           |
|                                                   | <b>704.87</b>  | <b>437.55</b>  |



# **THE SANDUR MANGANESE & IRON ORES LIMITED** **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

|                                                                                                                                                                                 | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Note 9 - Non-current investments</b>                                                                                                                                         |                            |                            |
| <b>A. Trade investments (At cost)</b>                                                                                                                                           |                            |                            |
| <b>Investments in equity instruments of subsidiary company (unquoted)</b>                                                                                                       |                            |                            |
| 75,240,000 (As at 31.03.2016 : 75,240,000) equity shares of ₹ 10 each fully paid up at a premium of ₹ 10 per share in Star Metallica and Power Private Limited                  | 15,048.00                  | 15,048.00                  |
| <b>B. Other investments</b>                                                                                                                                                     |                            |                            |
| <b>Investments in equity instruments in others</b>                                                                                                                              |                            |                            |
| Sandur Micro Circuits Limited (unquoted)<br>900,000 (As at 31.03.2016 : 900,000) equity shares of ₹10 each fully paid up                                                        | 90.00                      | 90.00                      |
| Sandur Laminates Limited (quoted)<br>4,725,191 (As at 31.03.2016 : 4,725,191) equity shares of ₹10 each fully paid up<br>(Market value not ascertained as there was no trading) | 879.67                     | 879.67                     |
| HDFC Bank Limited (quoted)<br>2,500 (As at 31.03.2016 : 2,500) equity shares of ₹ 2 each fully paid up<br>(Market value ₹36.06 lakh (As at 31.03.2016 : ₹26.78 lakh)            | 0.05<br>969.72             | 0.05<br>969.72             |
| <b>Total (A+B)</b>                                                                                                                                                              | <b>16,017.72</b>           | <b>16,017.72</b>           |
| Less : Provision for diminution in the value of Investments                                                                                                                     | 3,269.67                   | 3,269.67                   |
| <b>Total</b>                                                                                                                                                                    | <b>12,748.05</b>           | <b>12,748.05</b>           |
| Aggregate amount of quoted investments                                                                                                                                          | 0.05                       | 0.05                       |
| Aggregate market value of listed and quoted investments                                                                                                                         | 36.06                      | 26.78                      |
| Aggregate amount of unquoted investments                                                                                                                                        | 15,138.00                  | 15,138.00                  |
| <b>Note 10 - Long-term loans and advances</b>                                                                                                                                   |                            |                            |
| Capital advances (Unsecured, considered good)                                                                                                                                   | 420.07                     | 348.08                     |
| Security deposits (Unsecured, considered good)                                                                                                                                  | 94.92                      | 84.36                      |
| Balances with government authorities (Unsecured, considered good)                                                                                                               | 156.68                     | -                          |
| Tax payments, net of provisions (Unsecured, considered good) of ₹24,083.51 lakh (previous year ₹ 24,083.51 lakh)                                                                | 4,465.34                   | 4,223.34                   |
| MAT credit entitlement (Unsecured, considered good)                                                                                                                             | -                          | 60.00                      |
| Advances for strategic alliance                                                                                                                                                 |                            |                            |
| Secured, considered good                                                                                                                                                        | 600.00                     | 600.00                     |
| Unsecured, considered good                                                                                                                                                      | 2,570.03                   | 2,570.03                   |
| <b>Total</b>                                                                                                                                                                    | <b>8,307.04</b>            | <b>7,885.81</b>            |
| <b>Note 11 - Other non-current assets</b>                                                                                                                                       |                            |                            |
| Deposits against guarantees with maturity of more than 12 months from the balance sheet date (refer note 15)                                                                    | 161.90                     | 332.90                     |
| <b>Total</b>                                                                                                                                                                    | <b>161.90</b>              | <b>332.90</b>              |



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

|                                                                              | As at 31.03.2017 |          |        | As at 31.03.2016 |          |        |
|------------------------------------------------------------------------------|------------------|----------|--------|------------------|----------|--------|
|                                                                              | ₹ lakh           |          |        | ₹ lakh           |          |        |
|                                                                              | Quoted           | Unquoted | Total  | Quoted           | Unquoted | Total  |
| <b>Note 12 - Current investments</b>                                         |                  |          |        |                  |          |        |
| <b>Investments in Mutual Funds</b>                                           |                  |          |        |                  |          |        |
| <b>(At lower of cost and fair value unless otherwise stated)</b>             |                  |          |        |                  |          |        |
| DSP BlackRock Dual Advantage Fund -S11-36 Month Regular Plan - Growth        | -                | -        | -      | 300.00           | -        | 300.00 |
| Nil units (As at 31.03.2016 : 3,000,000 units) of ₹10 each                   |                  |          |        |                  |          |        |
| Arthaveda Star Fund                                                          | -                | 287.05   | 287.05 | -                | 296.63   | 296.63 |
| 28,705 units (As at 31.03.2016 : 29,663) of ₹1,000 each                      |                  |          |        |                  |          |        |
| DHFL Pramerica Hybrid Fixed Term Fund-Series 14 - Regular Plan Growth        | 100.00           | -        | 100.00 | 100.00           | -        | 100.00 |
| 1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each             |                  |          |        |                  |          |        |
| Franklin India Corporate Bond Opportunities Fund - Growth Plan               | 386.57           | -        | 386.57 | 500.00           | -        | 500.00 |
| 3,252,487 units (As at 31.03.2016 : 4,206,807 units) of ₹11.89 each          |                  |          |        |                  |          |        |
| Edelweiss Stressed & Troubled Assets Revival Fund (Edelweiss STAR)           | -                | 83.84    | 83.84  | -                | 24.61    | 24.61  |
| 1,000 units (As at 31.03.2016 : 325 units) of ₹8384 each                     |                  |          |        |                  |          |        |
| ICICI Prudential Corporate Bond Fund - Growth                                | 387.96           | -        | 387.96 | 500.00           | -        | 500.00 |
| 2,160,364 units (As at 31.03.2016 : 2,784,259 units) of ₹17.96 each          |                  |          |        |                  |          |        |
| ICICI Prudential Multiple Yield Fund -Series 5-1100 Days Plan A - Cumulative | -                | -        | -      | 100.00           | -        | 100.00 |
| Nil units (As at 31.03.2016 : 1,000,000 units) of ₹10 each                   |                  |          |        |                  |          |        |
| ICICI Prudential Capital Protection Oriented Fund V - Plan B 1100 Days       | -                | -        | -      | 170.00           | -        | 170.00 |
| Nil units (As at 31.03.2016 : 1,700,000 units) of ₹10 each                   |                  |          |        |                  |          |        |
| DSP BlackRock Dual Advantage Fund - Series 29 - 40M - Reg - Gr Mat           | 200.00           | -        | 200.00 | 200.00           | -        | 200.00 |
| 2,000,000 units (As at 31.03.2016 : 2,000,000 units) of ₹10 each             |                  |          |        |                  |          |        |
| HDFC Corporate Debt Opportunities Fund - Regular Plan - Growth               | 500.00           | -        | 500.00 | 500.00           | -        | 500.00 |
| 4,846,511 units (As at 31.03.2016 : 4,846,511 units) of ₹10.32 each          |                  |          |        |                  |          |        |
| ICICI Prudential Capital Protection Oriented Fund VI Pan B-1100 Days         | 100.00           | -        | 100.00 | 100.00           | -        | 100.00 |
| 1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each             |                  |          |        |                  |          |        |
| Kotak Medium Term Fund - Growth (Regular Plan)                               | 400.00           | -        | 400.00 | 400.00           | -        | 400.00 |
| 3,918,419 units (As at 31.03.2016 : 3,918,419 units) of ₹10.21 each          |                  |          |        |                  |          |        |
| Sundaram Hybrid Fund SR H 5 YRS Regular Growth                               | 100.00           | -        | 100.00 | 100.00           | -        | 100.00 |
| 1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each             |                  |          |        |                  |          |        |
| DHFL Pramerica Hybrid Fixed Term Fund -Series.23 - Regular Plan - Growth     | 100.00           | -        | 100.00 | 100.00           | -        | 100.00 |
| 1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each             |                  |          |        |                  |          |        |
| Reliance Corporation Bond Fund - Growth - Plan - CBGP                        | 300.00           | -        | 300.00 | 300.00           | -        | 300.00 |
| 2,950,636 units (As at 31.03.2016 : 2,950,636 units) of ₹10.17 each          |                  |          |        |                  |          |        |
| Axis Hybrid Fund -Series 14 (1274 days) - Growth - A4GP                      | 200.00           | -        | 200.00 | 200.00           | -        | 200.00 |
| 2,000,000 units (As at 31.03.2016 : 2,000,000 units) of ₹10 each             |                  |          |        |                  |          |        |



# **THE SANDUR MANGANESE & IRON ORES LIMITED** **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

|                                                                              |                 | <b>As at 31.03.2017</b> |                 | <b>As at 31.03.2016</b> |                 |               |
|------------------------------------------------------------------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|---------------|
|                                                                              |                 | <b>₹ lakh</b>           |                 | <b>₹ lakh</b>           |                 |               |
| DHFL Pramarica Hybrid Fixed Term Fund Series 32 - Regular Plan - Growth      | <b>200.00</b>   | -                       | <b>200.00</b>   | 200.00                  | -               | 200.00        |
| 2,000,000 units (As at 31.03.2016 : 2,000,000 units) of ₹10 each             |                 |                         |                 |                         |                 |               |
| UTI-Dual Advantage Fixed Term Fund - Series I - II Regular Plan- Growth      | <b>100.00</b>   | -                       | <b>100.00</b>   | 100.00                  | -               | 100.00        |
| 1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each             |                 |                         |                 |                         |                 |               |
| Kotak Medium Term Fund - Growth (Regular Plan)                               | <b>500.00</b>   | -                       | <b>500.00</b>   | 500.00                  | -               | 500.00        |
| 4,400,246 units (As at 31.03.2016 : 4,400,246 units) of ₹11.36 each          |                 |                         |                 |                         |                 |               |
| Sundaram Hybrid Fund SR M Regular Growth                                     | <b>100.00</b>   | -                       | <b>100.00</b>   | 100.00                  | -               | 100.00        |
| 1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each             |                 |                         |                 |                         |                 |               |
| Birla Sun Life Cash Manager - Daily Dividend - Regular plan                  | <b>1,512.22</b> | -                       | <b>1,512.22</b> | -                       | -               | -             |
| 1,504,022 units (As at 31.03.2016 : Nil units) of ₹100.55 each               |                 |                         |                 |                         |                 |               |
| DSP BlackRock Income Opportunities Fund - Regular Plan - Growth              | <b>500.00</b>   | -                       | <b>500.00</b>   | -                       | -               | -             |
| 2,030,050 units (As at 31.03.2016 : Nil units) of ₹24.62 each                |                 |                         |                 |                         |                 |               |
| Reliance Regular Savings Fund - Debt Plan - Growth Plan Growth Option - SDGP | <b>500.00</b>   | -                       | <b>500.00</b>   | -                       | -               | -             |
| 2,376,731 units (As at 31.03.2016 : Nil units) of ₹21.03 each                |                 |                         |                 |                         |                 |               |
| Birla SL Medium Term Plan- Growth - Regular Plan                             | <b>500.00</b>   | -                       | <b>500.00</b>   | -                       | -               | -             |
| 2,564,823 units (As at 31.03.2016 : Nil units) of ₹19.49 each                |                 |                         |                 |                         |                 |               |
| HDFC Equity Savings Fund - Regular Plan - Growth                             | <b>500.00</b>   | -                       | <b>500.00</b>   | -                       | -               | -             |
| 1,617,404 units (As at 31.03.2016 : Nil units) of ₹30.91 each                |                 |                         |                 |                         |                 |               |
| DSP BlackRock Money Manager - Regular- Daily Dividend                        | <b>1,412.61</b> | -                       | <b>1,412.61</b> | -                       | -               | -             |
| 140,666 units (As at 31.03.2016 : Nil units) of ₹1004.23 each                |                 |                         |                 |                         |                 |               |
| DHFL Pramerica Credit Opportunities Fund - Growth Option                     | <b>400.00</b>   | -                       | <b>400.00</b>   | -                       | -               | -             |
| 3,120,417 units (As at 31.03.2016 : Nil units) of ₹12.82 each                |                 |                         |                 |                         |                 |               |
| Franklin India Dynamic Accrual Fund - Growth Plan                            | <b>600.00</b>   | -                       | <b>600.00</b>   | -                       | -               | -             |
| 1,060,087 units (As at 31.03.2016 : Nil units) of ₹56.60 each                |                 |                         |                 |                         |                 |               |
| ICICI Prudential Regular Savings Fund-Growth                                 | <b>500.00</b>   | -                       | <b>500.00</b>   | -                       | -               | -             |
| 2,902,657 units (As at 31.03.2016 : Nil units) of ₹17.23 each                |                 |                         |                 |                         |                 |               |
| IDFC Credit Opportunities Fund - Regular Plan - Growth                       | <b>300.00</b>   | -                       | <b>300.00</b>   | -                       | -               | -             |
| 3,000,000 units (As at 31.03.2016 : Nil units) of ₹10 each                   |                 |                         |                 |                         |                 |               |
| <b>Total</b>                                                                 |                 | <b>10,399.36</b>        | <b>370.89</b>   | <b>10,770.25</b>        | <b>4,470.00</b> | <b>321.24</b> |
| Aggregate amount of quoted investments                                       |                 |                         |                 | <b>10,399.36</b>        |                 | 4,470.00      |
| Aggregate market value of listed and quoted investments                      |                 |                         |                 | <b>11,518.48</b>        |                 | 5,250.67      |
| Aggregate amount of unquoted investments                                     |                 |                         |                 | <b>370.89</b>           |                 | 321.24        |



# **THE SANDUR MANGANESE & IRON ORES LIMITED** **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

|                                                                                           | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|-------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Note 13 - Inventories</b>                                                              |                            |                            |
| (At lower of cost and net realisable value)                                               |                            |                            |
| Raw materials and components                                                              | 1,627.80                   | 1,139.84                   |
| Finished goods                                                                            | 6,571.24                   | 4,431.61                   |
| Stores and spares                                                                         | 667.43                     | 461.31                     |
| <b>Total</b>                                                                              | <b>8,866.47</b>            | <b>6,032.76</b>            |
| <b>Note 14 - Trade receivables</b>                                                        |                            |                            |
| (Unsecured, considered good)*                                                             |                            |                            |
| Trade receivables outstanding for a period exceeding six months from the due date         | 220.13                     | 133.36                     |
| Other trade receivable                                                                    | 410.41                     | 713.28                     |
| * Includes ₹ Nil lakh (As at 31.03.2016 - ₹ 304.25 lakh)<br>due from a subsidiary company |                            |                            |
| <b>Total</b>                                                                              | <b>630.54</b>              | <b>846.64</b>              |
| <b>Note 15 - Cash and bank balances</b>                                                   |                            |                            |
| <b>Cash and cash equivalents</b>                                                          |                            |                            |
| Cash on hand                                                                              | 3.96                       | 5.24                       |
| Balances with banks                                                                       |                            |                            |
| In current accounts                                                                       | 1,580.60                   | 1,620.22                   |
|                                                                                           | <b>1,584.56</b>            | <b>1,625.46</b>            |
| <b>Other bank balances</b>                                                                |                            |                            |
| Deposits against guarantees/margin money<br>from the balance sheet date                   | 618.55                     | 882.90                     |
| Less: Amount disclosed under non-current assets (refer note 11)                           | 161.90                     | 332.90                     |
|                                                                                           | <b>456.65</b>              | <b>550.00</b>              |
| In dividend accounts                                                                      | 13.82                      | -                          |
| <b>Total</b>                                                                              | <b>2,055.03</b>            | <b>2,175.46</b>            |
| <b>Note 16 - Short-term loans and advances</b>                                            |                            |                            |
| (Unsecured, considered good)                                                              |                            |                            |
| Loans and advances to employees                                                           | 36.68                      | 36.02                      |
| Balances with government authorities                                                      | 249.01                     | 774.01                     |
| Prepaid expenses                                                                          | 21.38                      | -                          |
| Advance to vendors                                                                        | 689.68                     | 1,004.45                   |
| <b>Total</b>                                                                              | <b>996.75</b>              | <b>1,814.48</b>            |
| <b>Note 17 - Other current assets</b>                                                     |                            |                            |
| Interest accrued on deposits                                                              | 3.01                       | 2.18                       |
| Unbilled revenue                                                                          | 44.81                      | 912.60                     |
| Excess of plan asset on gratuity obligation (refer note 32)                               | 23.03                      | -                          |
| Others                                                                                    | 8.96                       | -                          |
| <b>Total</b>                                                                              | <b>79.81</b>               | <b>914.78</b>              |



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

|                                                                                                                | For the year ended<br>31 March, 2017<br>₹ lakh | For the year ended<br>31 March, 2016<br>₹ lakh |
|----------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Note 18 - Revenue from operations</b>                                                                       |                                                |                                                |
| Sale of products (refer note (i) below)                                                                        | 42,651.00                                      | 22,264.32                                      |
| Other operating revenues (refer note (ii) below)                                                               | 720.05                                         | 496.50                                         |
| Revenue from operations (gross)                                                                                | 43,371.05                                      | 22,760.82                                      |
| Less : Excise duty                                                                                             | 1,147.40                                       | 519.60                                         |
| Revenue from operations (net)                                                                                  | 42,223.65                                      | 22,241.22                                      |
| <b>Total</b>                                                                                                   |                                                |                                                |
| Notes :                                                                                                        |                                                |                                                |
| (i) Sale of products comprises:                                                                                |                                                |                                                |
| (a) Manganese ore (Includes ₹ 77.69 lakh (previous year ₹ Nil lakh) from sale of waste dumps))                 | 7,148.05                                       | 3,225.55                                       |
| (b) Iron ore (Includes ₹ 361.77 lakh (previous year ₹ Nil lakh) from sale of waste dumps))                     | 22,492.64                                      | 12,605.23                                      |
| (c) Silico-manganese                                                                                           | 11,860.75                                      | 4,676.01                                       |
| (d) Power                                                                                                      | 1,149.56                                       | 1,757.53                                       |
|                                                                                                                | 42,651.00                                      | 22,264.32                                      |
| (ii) Other operating revenues comprises:                                                                       |                                                |                                                |
| (a) Handling Charges                                                                                           | 622.94                                         | 227.00                                         |
| (b) Sale of scrap/ waste                                                                                       | 17.94                                          | 2.86                                           |
| (c) Other miscellaneous receipts                                                                               | 79.17                                          | 266.64                                         |
|                                                                                                                | 720.05                                         | 496.50                                         |
| <b>Note 19 - Other income</b>                                                                                  |                                                |                                                |
| Interest income                                                                                                |                                                |                                                |
| - On fixed-deposits with banks                                                                                 | 34.72                                          | 27.98                                          |
| - On long-term deposits                                                                                        | 9.86                                           | 4.71                                           |
| - On others                                                                                                    | 20.52                                          | -                                              |
|                                                                                                                | 65.10                                          | 32.69                                          |
| Dividend income on current investments                                                                         | 187.72                                         | 228.96                                         |
| Gain on sale of current investments (net)                                                                      | 120.37                                         | 127.85                                         |
| Profit on sale of fixed asset (net)                                                                            | -                                              | 7.78                                           |
| Other non operating income                                                                                     |                                                |                                                |
| - Rental income from operating leases                                                                          | 66.39                                          | 69.09                                          |
| - Sale of petroleum products (net of consumption/ expenses of ₹ 1,322.25 lakh previous year : ₹ 1,053.68 lakh) | 37.77                                          | 21.80                                          |
| Others                                                                                                         | 30.95                                          | -                                              |
| <b>Total</b>                                                                                                   | 508.30                                         | 488.17                                         |
| <b>Note 20 - Cost of materials consumed</b>                                                                    |                                                |                                                |
| Material consumed comprises:                                                                                   |                                                |                                                |
| - Manganese ore                                                                                                | 1,146.29                                       | 590.76                                         |
| - Coke                                                                                                         | 1,603.99                                       | 491.38                                         |
| - Coal                                                                                                         | 6,452.00                                       | 1,330.27                                       |
| - Other materials                                                                                              | 294.21                                         | 54.97                                          |
| <b>Total</b>                                                                                                   | 9,496.49                                       | 2,467.38                                       |



# **THE SANDUR MANGANESE & IRON ORES LIMITED** **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

|                                                                                | For the year ended<br>31 March, 2017<br>₹ lakh | For the year ended<br>31 March, 2016<br>₹ lakh |
|--------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Note 21 - Changes in inventories of finished goods and work-in-progress</b> |                                                |                                                |
| Inventories at the beginning of the period                                     |                                                |                                                |
| Finished goods                                                                 | 4,431.61                                       | 5,167.16                                       |
| Work-in-progress                                                               | -                                              | 10.23                                          |
|                                                                                | <u>4,431.61</u>                                | <u>5,177.39</u>                                |
| Inventories at the end of the period                                           |                                                |                                                |
| Finished goods                                                                 | 6,571.25                                       | 4,431.61                                       |
| <b>Net (increase)/ decrease</b>                                                | <u><b>(2,139.63)</b></u>                       | <u><b>745.78</b></u>                           |
| <b>Note 22 - Employee benefits expense</b>                                     |                                                |                                                |
| Salaries, wages and bonus                                                      | 4,439.42                                       | 3,764.75                                       |
| Contribution to provident and other funds (refer note 32)                      | 367.01                                         | 364.50                                         |
| Employee welfare expenses                                                      | 1,143.05                                       | 892.04                                         |
| Subsidy on food grains                                                         | 589.68                                         | 477.93                                         |
| <b>Total</b>                                                                   | <u><b>6,539.16</b></u>                         | <u><b>5,499.22</b></u>                         |
| <b>Note 23 - Finance costs</b>                                                 |                                                |                                                |
| Interest expense on delayed payment of taxes / statutory dues                  | 724.92                                         | 1.24                                           |
| <b>Total</b>                                                                   | <u><b>724.92</b></u>                           | <u><b>1.24</b></u>                             |
| <b>Note 24 - Other expenses</b>                                                |                                                |                                                |
| Consumption of stores and spare parts (refer note 31)                          | 544.17                                         | 115.86                                         |
| Subcontracting                                                                 | -                                              | 2,490.33                                       |
| Operation and maintenance charges                                              | 503.12                                         | 73.87                                          |
| Power and fuel                                                                 | 31.31                                          | 20.15                                          |
| Rent (refer note 34)                                                           | 1,073.30                                       | 180.36                                         |
| Repairs and maintenance to:                                                    |                                                | -                                              |
| Plant and machinery                                                            | 304.80                                         | 125.75                                         |
| Buildings                                                                      | 100.83                                         | 220.70                                         |
| Others                                                                         | 205.54                                         | 111.86                                         |
|                                                                                | <u>611.17</u>                                  | <u>458.31</u>                                  |
| Mine running expenses                                                          | 5,526.58                                       | 4,841.52                                       |
| Insurance                                                                      | 32.07                                          | 20.00                                          |
| Rates and taxes                                                                | 6,159.23                                       | 2,138.24                                       |
| Travelling and conveyance                                                      | 692.68                                         | 584.00                                         |
| Freight, loading and siding charges                                            | 2,092.02                                       | 1,172.73                                       |
| Selling expenses                                                               | 337.72                                         | 67.56                                          |
| Donations and contributions                                                    | 130.00                                         | 100.00                                         |
| Legal and professional (refer note 37)                                         | 696.75                                         | 407.43                                         |
| Assets discarded                                                               | -                                              | 1.31                                           |
| Bad trade receivables written off -                                            | -                                              | 36.45                                          |
| Foreign exchange fluctuation (net)                                             | 12.72                                          | -                                              |
| Security charges                                                               | 323.41                                         | 254.99                                         |
| Expenditure on corporate social responsibility (refer note 39)                 | 69.79                                          | 253.58                                         |
| (Increase)/ Decrease of excise duty on inventory                               | 170.18                                         | 10.00                                          |
| Miscellaneous expenses                                                         | 432.53                                         | 267.03                                         |
| <b>Total</b>                                                                   | <u><b>19,438.75</b></u>                        | <u><b>13,493.72</b></u>                        |



## THE SANDUR MANGANESE & IRON ORES LIMITED NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 25 - Contingent Liabilities and commitments (to the extent not provided for)

#### (i) Contingent Liabilities

##### a) Claims against the Company not acknowledged as debts:

₹ lakh

| Particulars                                                                          | As at 31.03.2017 | As at 31.03.2016 |
|--------------------------------------------------------------------------------------|------------------|------------------|
| Income tax (relating to certain disallowances)                                       | 3,284.47         | 2,039.29         |
| Service tax (relating to applicability of tax)                                       | 293.35           | 293.35           |
| Forest Development Tax, including interest                                           | 4,210.36         | -                |
| Differential rate relating to sale of power, including interest                      | 155.07           | -                |
| Contribution to District Mineral Foundation (relating to its applicability)          | -                | 807.42           |
| Interest on royalty (relating to interest on applicable rate on sales consideration) | 549.06           | 549.06           |
| Others (relating to provident fund and other matters)                                | 22.85            | 22.85            |

The above amounts have been arrived at based on the notice of demand or the Assessment Orders, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. No reimbursements are expected.

##### b) Guarantees given by the Company:

₹ lakh

| Particulars                                                                       | As at 31.03.2017 | As at 31.03.2016 |
|-----------------------------------------------------------------------------------|------------------|------------------|
| Corporate guarantee issued to Customs authorities on behalf of subsidiary company | 1,050.00         | 1,050.00         |

The Company has given the said guarantee in respect of fulfilment of the export obligations by the subsidiary company. There are no defaults as at the year end and no liability is expected.

#### (ii) Commitments:

₹ lakh

| Particulars                                                                                    | As at 31.03.2017 | As at 31.03.2016 |
|------------------------------------------------------------------------------------------------|------------------|------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 712.27           | 1,134.66         |

### Note 26 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

₹ lakh

| Particulars                                                                                                                                     | As at 31.03.2017 | As at 31.03.2016 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| - Principal amount remaining unpaid to any supplier as at the end of the accounting year                                                        | -                | -                |
| - Interest due thereon on remaining unpaid to any supplier as at the end of the accounting year                                                 | -                | -                |
| - The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                               | -                | -                |
| - The amount of interest due and payable for the year                                                                                           | -                | -                |
| - The amount of interest accrued and remaining unpaid at the end of the accounting year                                                         | -                | -                |
| - The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | -                | -                |

There are no dues to micro and small enterprises which were outstanding beyond the due date or for more than 45 days whichever is earlier. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### 27. Disclosures as per Regulation 34 (3) and 53 (f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement Regulations), 2015

Loans and advances in the nature of loans given to subsidiary :

₹ lakh

| Particulars                              | Relationship | Amount Outstanding as at 31 March, 2017 | Maximum amount outstanding during the year 2016-17 |
|------------------------------------------|--------------|-----------------------------------------|----------------------------------------------------|
| Star Metallics and Power Private Limited | Subsidiary   | -                                       | -                                                  |
|                                          |              | (-)                                     | (891.75)                                           |

Note: Figures in brackets relate to previous year.

**Note 28** - Trade payables do not include any amount to be credited to the Investor Education and Protection Fund.

**Note 29** - Value of Imports calculated on C.I.F. basis :

₹ lakh

| Expenditure   | For the year ended 31 March, 2017 | For the year ended 31 March, 2016 |
|---------------|-----------------------------------|-----------------------------------|
| Raw materials | -                                 | -                                 |
| <b>Total</b>  | -                                 | -                                 |

**Note 30** - Expenditure in foreign currency:

₹ lakh

| Expenditure  | For the year ended 31 March, 2017 | For the year ended 31 March, 2016 |
|--------------|-----------------------------------|-----------------------------------|
| Travel       | 5.96                              | 2.51                              |
| <b>Total</b> | 5.96                              | 2.51                              |

**Note 31 (a)** - Details of consumption of imported and indigenous items for material consumed:

| Raw Materials | For the Year ended 31 March, 2017 |                | For the Year ended 31 March, 2016 |                |
|---------------|-----------------------------------|----------------|-----------------------------------|----------------|
|               | ₹ lakh                            | %              | ₹ lakh                            | %              |
| Imported      |                                   |                |                                   |                |
| Raw materials | 442.78                            | 5%             | 428.42                            | 17%            |
| Indigenous    |                                   |                |                                   |                |
| Raw materials | 9,053.71                          | 95%            | 2,038.96                          | 83%            |
| <b>Total</b>  | <b>9,496.49</b>                   | <b>100.00%</b> | <b>2,467.38</b>                   | <b>100.00%</b> |

**Note 31 (b)** - Details of consumption of imported and indigenous items for stores & spares consumed:

| Raw Materials   | For the Year ended 31 March, 2017 |             | For the Year ended 31 March, 2016 |                |
|-----------------|-----------------------------------|-------------|-----------------------------------|----------------|
|                 | ₹ lakh                            | %           | ₹ lakh                            | %              |
| Imported        |                                   |             |                                   |                |
| Stores & Spares | -                                 | 0%          | -                                 | 0%             |
| Indigenous      |                                   |             |                                   |                |
| Stores & Spares | 544.17                            | 100%        | 115.86                            | 100.00%        |
| <b>Total</b>    | <b>544.17</b>                     | <b>100%</b> | <b>115.86</b>                     | <b>100.00%</b> |



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 32 - Employee benefit plans:

##### a) Defined contribution plan

The Company makes Provident Fund, Superannuation Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 181.16 lakh (year ended 31 March, 2016 - ₹ 165.27 lakh) for provident fund contributions to SMIORE Provident Fund Trust and ₹ 45.93 lakh (year ended 31 March, 2016 ₹ 39.32 lakh) for superannuation fund contributions in the statement of profit and loss as part of contribution to provident and other funds in note 22 and ₹ 2.47 lakh (year ended 31 March, 2016 - ₹ 0.61 lakh) for employee state insurance scheme contribution included as part of Employee welfare expenses in note 22. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

In case of SMIORE Provident Fund Trust interest rate payable by the Trust to its beneficiaries is as notified by the Government. The Company has an obligation to make good the short fall, between the return from the investments of the trust and the notified interest rate and recognise such shortfall as an expense. Based on management assessment, there is no shortfall in the interest payable by the trust to the beneficiaries as on the balance sheet date.

##### b) Defined benefit plan - Funded

The Company makes annual contributions to an Insurance managed Fund to fund its gratuity liability. The scheme provides for lump sum payment to vested employees on retirement, death while in employment or on termination of employment as per the Company's Gratuity Scheme, vesting occurs upon completion of three years of service.

The following table sets out the funded status and amount recognised in the Company's financial statements for Gratuity.

₹ lakh

|            | Particulars                                                                                                               | For the Year ended<br>31 March, 2017 | For the Year ended<br>31 March, 2016 |
|------------|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>I</b>   | <b>Net asset/(liability) recognised in the balance sheet</b>                                                              |                                      |                                      |
| 1          | Present value of funded obligations - A                                                                                   | <b>1,948.45</b>                      | 1,801.28                             |
| 2          | Fair value of plan Asset - B                                                                                              | <b>1,971.48</b>                      | 1,438.80                             |
| 3          | (Deficit)/ surplus (B-A)                                                                                                  | <b>23.03</b>                         | (362.48)                             |
| 4          | Net (asset)/ liability                                                                                                    |                                      |                                      |
|            | - Asset                                                                                                                   | <b>23.03</b>                         | -                                    |
|            | - Liability                                                                                                               |                                      | 362.48                               |
| <b>II</b>  | <b>Expenses recognised to the statement of profit and loss under contribution to provident and other funds in note 22</b> |                                      |                                      |
| 1          | Current service cost                                                                                                      | <b>80.73</b>                         | 67.31                                |
| 2          | Interest on defined benefit obligation                                                                                    | <b>119.60</b>                        | 122.11                               |
| 3          | Expected return on plan assets                                                                                            | <b>(88.46)</b>                       | (81.02)                              |
| 4          | Net actuarial losses / (gains) recognised during the year                                                                 | <b>28.05</b>                         | 51.51                                |
| 5          | Past service cost                                                                                                         | -                                    | -                                    |
| 6          | Losses / (gains) on curtailments & settlements                                                                            | -                                    | -                                    |
|            | Total                                                                                                                     | <b>139.92</b>                        | 159.91                               |
| <b>III</b> | <b>Actual return on plan assets</b>                                                                                       | <b>164.45</b>                        | 94.09                                |
| <b>IV</b>  | <b>Change in defined benefit obligation (DBO) during the year</b>                                                         |                                      |                                      |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

₹ lakh

|             | Particulars                                                                                                                        | For the Year ended<br>31 March, 2017 | For the Year ended<br>31 March, 2016 |
|-------------|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| 1           | Present value of DBO at the beginning of the year                                                                                  | 1,801.26                             | 1,891.53                             |
| 2           | Service cost                                                                                                                       | 80.73                                | 67.31                                |
| 3           | Interest cost                                                                                                                      | 119.60                               | 122.11                               |
| 4           | Actuarial losses/ (gains)                                                                                                          | 103.63                               | 64.56                                |
| 5           | Liabilities assumed on transfer of employees from subsidiary company                                                               | -                                    | 21.65                                |
| 5           | Actuarial losses/ (gains) due to curtailment                                                                                       | -                                    | -                                    |
| 6           | Benefits paid                                                                                                                      | (156.79)                             | (365.88)                             |
| 7           | Present value of DBO at the end of the year                                                                                        | 1,948.45                             | 1,801.26                             |
| <b>V</b>    | <b>Change in fair value of plan assets</b>                                                                                         |                                      |                                      |
| 1           | Opening fair value of plan assets                                                                                                  | 1,438.80                             | 1,410.61                             |
| 2           | Expected return                                                                                                                    | 88.46                                | 81.02                                |
| 3           | Actuarial gains/ (losses)                                                                                                          | 75.98                                | 13.05                                |
| 4           | Assets distributed on settlements                                                                                                  | -                                    | -                                    |
| 5           | Contributions by employer                                                                                                          | 525.03                               | 300.00                               |
| 6           | Benefits paid                                                                                                                      | (156.79)                             | (365.88)                             |
| 7           | Closing fair value of plan assets                                                                                                  | 1,971.48                             | 1,438.80                             |
| <b>VI</b>   | <b>The major categories of plan assets as a percentage of total plan assets:</b>                                                   |                                      |                                      |
| 1           | Government of India Securities                                                                                                     | 41.10%                               | 47.93%                               |
| 2           | Corporate bonds                                                                                                                    | 46.32%                               | 47.39%                               |
| 3           | Others                                                                                                                             | 12.58%                               | 4.68%                                |
| <b>VII</b>  | <b>Principal actuarial assumptions:</b>                                                                                            |                                      |                                      |
| 1           | Discount rate                                                                                                                      | 7.10% pa                             | 7.85% pa                             |
| 2           | Expected rate of return on plan assets                                                                                             | 7.50% pa                             | 8.00% pa                             |
| 3           | Salary escalation                                                                                                                  | 6.00% pa                             | 6.00% pa                             |
| 4           | Attrition rate                                                                                                                     | 2.00% pa                             | 2.00% pa                             |
| <b>VIII</b> | <b>Estimate of amount of contribution in the immediate next year</b>                                                               | 100.00                               | 362.48                               |
| <b>IX</b>   | <b>The employees are assumed to retire normally at the age of 60 years.</b>                                                        |                                      |                                      |
| <b>X</b>    | <b>The mortality rates considered are as per the published rates under the Indian Assured Life Mortality (2006-08) UIT tables.</b> |                                      |                                      |

₹ lakh

| XI | Particulars                                | Summary of defined benefit obligation / plan assets and experience adjustments |          |          |          |          |
|----|--------------------------------------------|--------------------------------------------------------------------------------|----------|----------|----------|----------|
|    |                                            | 31.03.17                                                                       | 31.03.16 | 31.03.15 | 31.03.14 | 31.03.13 |
| 1  | Defined benefit obligation                 | 1,948.45                                                                       | 1,801.28 | 1,891.53 | 1,370.96 | 1,369.17 |
| 2  | Plan assets                                | 1,971.48                                                                       | 1,438.80 | 1,410.61 | 1,354.95 | 1,313.12 |
| 3  | Surplus / (deficit)                        | 23.03                                                                          | (362.48) | (480.92) | (16.01)  | (56.05)  |
| 4  | Experience adjustments on plan liabilities | 24.06                                                                          | 55.03    | 363.25   | 22.51    | 2.82     |
| 5  | Experience adjustments on plan assets      | 75.98                                                                          | 13.05    | 51.32    | (25.46)  | 48.52    |

Expected rate of return on plan assets is based on average yield on investments.



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### c) Other long-term benefits

The other long-term benefits which are provided for but not funded are as under:

₹ lakh

|                             | Liability as at 31.03.2017 | Liability as at 31.03.2016 |
|-----------------------------|----------------------------|----------------------------|
| <b>Compensated absences</b> |                            |                            |
| - Current                   | 182.02                     | 172.92                     |
| - Non-current               | 328.30                     | 264.54                     |
| <b>Total</b>                | <b>510.32</b>              | <b>437.46</b>              |
| <b>Pension</b>              |                            |                            |
| - Current                   | 191.54                     | 128.03                     |
| - Non-current               | 1,261.01                   | 1,313.30                   |
| <b>Total</b>                | <b>1,452.55</b>            | <b>1,441.33</b>            |

The actuarial valuation has been carried out using projected unit credit method in respect of compensated absences based on assumptions given in respect of gratuity valuation.

Note : a) The discount rate for defined benefit plan and other long term benefits is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations. The estimate of future salary increases considered for defined benefits plan and other long term benefits takes into account the inflation, seniority, promotion, increments and other relevant factors.

b) The provision towards pension payable to eligible employees is fixed and computed based on actuals and is not funded.

#### Note 33 - Related party disclosures

##### Name of related parties and description of relationship

|   |                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Holding Company                                          | Skand Private Limited, (w.e.f 28 March, 2016)                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2 | Subsidiary                                               | Star Metallica and Power Private Limited                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 3 | Enterprise having significant influence over the company | Skand Private Limited, (upto 27 March, 2016)                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 4 | Key Management Personnel (KMP)                           | i) S. Y. Ghorpade, (Chairman & Managing Director upto 31 March 2017 & Chairman from 1 April 2017)<br>ii) Nazim Sheikh, (Joint Managing Director upto 31 March 2017 & Managing Director from 1 April 2017)<br>iii) S.H. Mohan, Executive Director (Projects) (upto 7 September, 2015)<br>iv) S.R. Sridhar, Executive Director (Mines) (upto 5 September, 2015)<br>v) U. R. Acharya, Director (Commercial)<br>vi) K. Raman, Director (Finance) (upto 19 September, 2015) |
| 5 | Relative of KMP                                          | Aditya Shivrao Ghorpade<br>Dhanunjaya Shivarao Ghorpade<br>Mubeen A Sheriff                                                                                                                                                                                                                                                                                                                                                                                            |



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Details of related party transactions during the year ended 31 March, 2017 and balance outstanding as at 31 March 2017

#### a) Subsidiary

₹ lakh

| Particulars                                     | 2016-17  | 2015-16  |
|-------------------------------------------------|----------|----------|
| <b>Transactions during the year</b>             |          |          |
| - Subcontracting                                | -        | 2,490.33 |
| - Purchase of raw material (Coal)               | 5,087.47 | 604.71   |
| - Purchase of stores and spares                 | 5.30     | 353.79   |
| - Lease rentals                                 | 1,025.89 | 170.00   |
| - Recovery of expenses                          | -        | 19.83    |
| - Reimbursement of expenses                     | 14.82    | 2.82     |
| - Electricity Tax and Charges                   | 241.50   | -        |
| <b>Closing balance at the year end</b>          |          |          |
| Trade receivable                                | -        | 304.25   |
| Trade payables                                  | 607.24   | -        |
| Guarantee given on behalf of subsidiary company | 1,050.00 | 1,050.00 |

#### b) Holding company/ Enterprise having significant influence over the company

₹ lakh

| Particulars                            | 2016-17 | 2015-16 |
|----------------------------------------|---------|---------|
| <b>Transactions during the year</b>    |         |         |
| - Reimburesment of expenses            | -       | 1.29    |
| <b>Closing balance at the year end</b> |         |         |
| Loans and advances                     | -       | 1.79    |

#### c) Key Management Personnel

₹ lakh

| SI No. | Name of KMP    | Remuneration  |               | Amounts payable at the year end |              |
|--------|----------------|---------------|---------------|---------------------------------|--------------|
|        |                | 31.03.17      | 31.03.16      | 31.03.17                        | 31.03.16     |
| 1      | S. Y. Ghorpade | 140.69        | 120.00        | 13.78                           | 7.50         |
| 2      | Nazim Sheikh   | 128.99        | 111.40        | 23.84                           | 5.17         |
| 3      | S. H. Mohan    | -             | 76.96         | -                               | -            |
| 4      | S. R. Sridhar  | -             | 46.89         | -                               | -            |
| 5      | U.R. Acharya   | 75.68         | 63.02         | 12.27                           | 3.54         |
| 6      | K. Raman       | -             | 29.80         | -                               | -            |
|        | <b>Total</b>   | <b>345.36</b> | <b>448.07</b> | <b>49.89</b>                    | <b>16.21</b> |

#### d) Relative of KMP

₹ lakh

| SI No. | Name of relative of KMP      | Remuneration |          | Amounts payable at the year end |          |
|--------|------------------------------|--------------|----------|---------------------------------|----------|
|        |                              | 31.03.17     | 31.03.16 | 31.03.17                        | 31.03.16 |
| 1      | Aditya Shivrao Ghorpade      | 23.27        | 22.32    | (0.38)                          | 1.94     |
| 2      | Dhanunjaya Shivarao Ghorpade | 15.04        | 14.42    | 0.95                            | 0.97     |
| 3      | Mubeen A. Sherriff           | 17.85        | 17.10    | 1.25                            | 2.01     |



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 34 - Details of leasing arrangements:

##### As Lessor

The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 3 years from January 1, 2014 and is renewable by mutual consents.

Future minimum lease payments

₹ lakh

| Particulars                                       | For the year ended<br>31 March, 2017 | For the year ended<br>31 March, 2016 |
|---------------------------------------------------|--------------------------------------|--------------------------------------|
| Not later than one year                           | -                                    | 46.34                                |
| Later than one year and not later than five years | -                                    | -                                    |

The Company has not received any contingent rent with respect to the leasing and thus no contingent rent is recognised as income in the Statement of Profit and loss account for the year ended March 31, 2017.

##### As Lessee

The Company has entered into operating leases in respect of ferroalloys & power plant, office premises and residential premise. The leasing arrangement is cancellable and is renewable by mutual consents. The lease rentals charged to the statement of profit and loss in respect of these leases amounts to ₹ 1,073.30 lakh (2015-16 ₹ 180.36 lakh).

#### Note 35 - Earnings per share

| Particulars                              | 2016-17   | 2015-16    |
|------------------------------------------|-----------|------------|
| Net profit/ (loss) after tax - ₹lakh     | 5,027.39  | (1,422.93) |
| Weighted average number of equity shares | 8,750,000 | 8,750,000  |
| Nominal value of share - ₹               | 10.00     | 10.00      |
| Basic and diluted earnings per share - ₹ | 57.46     | (16.26)    |

#### Note 36 - Accounting for Taxes on Income

Details of deferred tax assets/ (liabilities) are as below:

₹ lakh

|                                                                        | Opening balance | Tax effect for the<br>year | As at<br>31.03.2017 |
|------------------------------------------------------------------------|-----------------|----------------------------|---------------------|
| <b>Deferred tax asset</b>                                              |                 |                            |                     |
| On difference between book balance and tax balance of fixed assets     | 61.28           | (43.00)                    | 104.28              |
| Provision for employee benefits                                        | 650.25          | (52.26)                    | 702.51              |
| Disallowances under Section 40(a) (i), 43B of the Income Tax Act, 1961 | 1,448.47        | (174.74)                   | 1,623.21            |
| <b>Net deferred tax asset / (liability)</b>                            | <b>2,160.00</b> | <b>(270.00)</b>            | <b>2,430.00</b>     |

#### Note 37 - Payment to Auditors : (included under legal and professional note 24)

₹ lakh

| To Statutory Auditor's   | 2016-17      | 2015-16      |
|--------------------------|--------------|--------------|
| For Statutory Audit      | 27.50        | 27.50        |
| For Taxation matters     | 4.50         | 4.50         |
| For Other services       | 19.00        | 23.00        |
| For Reimbursement of     |              |              |
| - out of pocket expenses | -            | 0.44         |
| - levies                 | 9.08         | 8.43         |
|                          | <b>66.08</b> | <b>63.87</b> |



# **THE SANDUR MANGANESE & IRON ORES LIMITED** **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

## **Note 38 - Segment reporting**

### **a) Primary segments (business segments)**

₹ lakh

| Particulars                                            | Mining           |                 | Ferroalloy & Power |                   | Steel    |               | Unallocable       |                   | Elimination |          | Total           |                   |
|--------------------------------------------------------|------------------|-----------------|--------------------|-------------------|----------|---------------|-------------------|-------------------|-------------|----------|-----------------|-------------------|
|                                                        | 2016-17          | 2015-16         | 2016-17            | 2015-16           | 2016-17  | 2015-16       | 2016-17           | 2015-16           | 2016-17     | 2015-16  | 2016-17         | 2015-16           |
| <b>REVENUE</b>                                         |                  |                 |                    |                   |          |               |                   |                   |             |          |                 |                   |
| External sales                                         | 30,279.72        | 16,284.25       | 11,888.84          | 5,914.38          | -        | -             | 55.09             | 42.59             | -           | -        | 42,223.65       | 22,241.22         |
| Inter Segment Revenue                                  | 1,705.12         | 320.41          | -                  | -                 | -        | -             | -                 | -                 | (1,705.12)  | (320.41) | -               | -                 |
| Total revenue                                          | 31,984.84        | 16,604.66       | 11,888.84          | 5,914.38          | -        | -             | 55.09             | 42.59             | (1,705.12)  | (320.41) | 42,223.65       | 22,241.22         |
| <b>RESULT</b>                                          |                  |                 |                    |                   |          |               |                   |                   |             |          |                 |                   |
| Segment                                                | 11,959.83        | 2,210.38        | (1,526.55)         | (1,192.75)        | -        | (4.18)        | -                 | -                 | -           | -        | 10,433.28       | 1,013.45          |
| Unallocable corporate (expense) / income (net)         | -                | -               | -                  | -                 | -        | -             | (1,740.97)        | (927.71)          | -           | -        | (1,740.97)      | (927.71)          |
| Operating profit/ (loss)                               | 11,959.83        | 2,210.38        | (1,526.55)         | (1,192.75)        | -        | (4.18)        | (1,740.97)        | (927.71)          | -           | -        | 8,692.31        | 85.74             |
| Finance costs                                          | (622.37)         | -               | (11.55)            | -                 | -        | -             | (91.00)           | (1.24)            | -           | -        | (724.92)        | (1.24)            |
| Profit/ (loss) before taxes                            | 11,337.46        | 2,210.38        | (1,538.10)         | (1,192.75)        | -        | (4.18)        | (1,831.97)        | (928.95)          | -           | -        | 7,967.39        | 84.50             |
| Tax expense                                            | -                | -               | -                  | -                 | -        | -             | (2,940.00)        | (930.43)          | -           | -        | (2,940.00)      | (930.43)          |
|                                                        | 11,337.46        | 2,210.38        | (1,538.10)         | (1,192.75)        | -        | (4.18)        | (4,771.97)        | (1,859.38)        | -           | -        | 5,027.39        | (845.93)          |
| Exceptional items                                      | -                | 1,723.00        | -                  | (2,300.00)        | -        | -             | -                 | -                 | -           | -        | -               | (577.00)          |
| <b>Profit/ (loss) for the year</b>                     | <b>11,337.46</b> | <b>3,933.38</b> | <b>(1,538.10)</b>  | <b>(3,492.75)</b> | <b>-</b> | <b>(4.18)</b> | <b>(4,771.97)</b> | <b>(1,859.38)</b> | <b>-</b>    | <b>-</b> | <b>5,027.39</b> | <b>(1,422.93)</b> |
| <b>OTHER INFORMATION</b>                               |                  |                 |                    |                   |          |               |                   |                   |             |          |                 |                   |
| Segment assets                                         | 8,419.81         | 6,250.03        | 17,894.26          | 17,337.34         | 3,170.46 | 3,170.46      | 26,118.59         | 20,852.15         | -           | -        | 55,603.12       | 47,609.98         |
| Segment liabilities                                    | 10,524.82        | 8,162.70        | 1,658.45           | 675.61            | 2.80     | 2.02          | 1,662.42          | 1,724.96          | -           | -        | 13,848.49       | 10,565.29         |
| Capital expenditure including capital work-in-progress | 1,094.75         | 32.05           | 4.22               | 121.50            | -        | -             | 255.32            | 784.68            | -           | -        | 1,354.29        | 938.23            |
| Depreciation and amortisation expenses                 | 370.99           | 124.84          | 63.51              | 42.07             | -        | 1.70          | 270.37            | 268.94            | -           | -        | 704.87          | 437.55            |
| Other significant non-cash expenses                    | -                | -               | -                  | 36.45             | -        | -             | -                 | 1.31              | -           | -        | -               | 37.76             |

Note 1 : Primary business segments have been identified on the basis of distinguishable businesses in which the Company is engaged.

Note 2 : Inter segment transfer from the mining segment is measured at cost.

- b) The Company operates in a single geographical segment and accordingly, secondary segments for geographical segment, as envisaged in Accounting Standard - 17 on Segment Reporting are not applicable.

## **Note 39 - Expenditure on corporate social responsibility (as per section 135 of the 2013 Act)**

- (a) Gross amount required to be spent by the company during the year ₹ 53.90 lakh (previous year ₹ 77.62 lakh)  
(b) Amount spent during the year on: (included under expenditure on corporate social responsibility note 24)

|                                            | In Cash | Yet to be paid in cash | Total   |
|--------------------------------------------|---------|------------------------|---------|
| 1. Construction / acquisition of any asset | -       | -                      | -       |
|                                            | (-)     | (-)                    | (-)     |
| 2. On purposes other than (1) above        | 69.79   | -                      | 69.79   |
|                                            | (79.68) | (-)                    | (79.68) |

## **Note 40 - Provisions - Disclosure of particulars as per Accounting Standard 29 are as under:**

₹ lakh

| Particulars of provisions | Opening balance as on 01.04.2016 | Provision | Provision written back/ used | Closing balance as on 31.03.2017 |
|---------------------------|----------------------------------|-----------|------------------------------|----------------------------------|
| Mine closure expenses     | 118.60                           | 247.40    | -                            | 366.00                           |



## THE SANDUR MANGANESE & IRON ORES LIMITED NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 41 - Details of exceptional items:

₹ lakh

| Particulars                                                                                                                                                                        | 2016-17 | 2015-16    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------|
| Provision for other than temporary diminution in value of investment in Star Metalics and Power Private Limited (SMPPL), a subsidiary company                                      | -       | 2,300.00   |
| Provision towards Forest Development Tax for the years 2008 - 09 to 2011 - 12 written back in view of the Order of The Hon'ble High Court of Karnataka (Net of estimated expenses) | -       | (1,723.00) |
| <b>Net</b>                                                                                                                                                                         | -       | 577.00     |

### Note 42 - Details of specified bank notes held and transacted during the period November 08, 2016 to December 30, 2016:

| Particulars                           | SBNs      | Other Denomination Notes | Total (Rs.) |
|---------------------------------------|-----------|--------------------------|-------------|
| Closing Balance as on 08-11-2016      | 4,799,000 | 554,522                  | 5,353,522   |
| Add: Permissible Receipts             | -         | 6,149,836                | 6,149,836   |
| Less: Permitted Payments              | -         | 6,255,021                | 6,255,021   |
| Less: Amounts deposited in banks      | 4,799,000 | -                        | 4,799,000   |
| Closing cash in hand as on 30-12-2016 | -         | 449,337                  | 449,337     |

### Note 43 - Events occurring after the Balance Sheet Date:

The Board of Directors in their meeting held on May 30, 2017, proposed dividend of ₹ 2 per share for the year ended March 31, 2017, which need to be approved by the shareholders. Pursuant to the notification of Companies (Accounting Standards) Amendment Rules, 2016, which is applicable to the Company with effect from April 1, 2016, dividend declared after the balance sheet date but before the financial statements are approved for issue, is not to be recognised as a liability at the balance sheet date but should be disclosed in the notes to the financial statements. Accordingly, the aforesaid dividend declared after March 31, 2017 but before the issue of these financial statements is not recognised as a liability as on March 31, 2017.

**Note 44** - Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

Signatures to notes 1 to 44  
For and on behalf of the Board of Directors

**S.Y.GHORPADE**  
Chairman

**NAZIM SHEIKH**  
Managing Director

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)

**K. RAMAN**  
Chief Financial Officer

Place: Bengaluru  
Date : 30 May 2017



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF THE SANDUR MANGANESE & IRON ORES LIMITED**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **THE SANDUR MANGANESE & IRON ORES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### **Management's Responsibility for the Consolidated Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group Company, is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's, incorporated in India, internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.
  - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the Management, we report that the disclosures are in accordance with the relevant books of account maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us by the Management of the respective Group entities.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**MONISHA PARIKH**  
Partner  
(Membership No.47840)

Place: Bengaluru  
Date: May 30, 2017  
MP/SMG



## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **THE SANDUR MANGANESE & IRON ORES LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiary company, which is incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditor’s Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company incorporated in India.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records



that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**MONISHA PARIKH**  
(Partner)  
(Membership No. 47840)

Place: Bengaluru  
Date: May 30, 2017  
MP/SMG



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2017**

|                                                                            | Note No. | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|----------------------------------------------------------------------------|----------|----------------------------|----------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                                           |          |                            |                            |
| <b>1 Shareholders' funds</b>                                               |          |                            |                            |
| (a) Share capital                                                          | 3        | 875.00                     | 875.00                     |
| (b) Reserves and surplus                                                   | 4        | 40,614.16                  | 35,487.29                  |
|                                                                            |          | 41,489.16                  | 36,362.29                  |
| <b>2 Minority Interest</b>                                                 |          | 3,111.57                   | 2,891.74                   |
| <b>3 Non-current liabilities</b>                                           |          |                            |                            |
| (a) Other long-term liabilities                                            | 5        | -                          | 28.00                      |
| (b) Long-term provisions                                                   | 6        | 1,957.10                   | 1,698.25                   |
|                                                                            |          | 1,957.10                   | 1,726.25                   |
| <b>4 Current liabilities</b>                                               |          |                            |                            |
| (a) Trade payables                                                         |          |                            |                            |
| Total outstanding dues to Micro and Small Enterprises                      | 27       | -                          | -                          |
| Total outstanding dues to creditors other than Micro and Small Enterprises |          | 2,943.30                   | 2,524.55                   |
|                                                                            |          | 2,943.30                   | 2,524.55                   |
| (b) Other current liabilities                                              | 7        | 7,567.31                   | 6,715.49                   |
| (c) Short-term provisions                                                  | 8        | 1,372.18                   | 625.22                     |
|                                                                            |          | 11,882.79                  | 9,865.26                   |
| <b>TOTAL</b>                                                               |          | <b>58,440.62</b>           | <b>50,845.54</b>           |
| <b>II. ASSETS</b>                                                          |          |                            |                            |
| <b>1 Non-current assets</b>                                                |          |                            |                            |
| (a) Fixed assets                                                           |          |                            |                            |
| (i) Tangible assets                                                        | 9(a)     | 22,160.52                  | 22,010.11                  |
| (ii) Intangible assets                                                     | 9(b)     | 235.09                     | 281.92                     |
| (iii) Capital work-in-progress                                             |          | 366.23                     | 257.97                     |
|                                                                            |          | 22,761.84                  | 22,550.00                  |
| (b) Goodwill on consolidation                                              |          | 149.99                     | 149.99                     |
| (c) Non-current investments                                                | 10       | 0.05                       | 0.05                       |
| (d) Deferred tax assets (net)                                              | 33       | 2,430.00                   | 2,160.00                   |
| (e) Long-term loans and advances                                           | 11       | 8,530.61                   | 8,255.67                   |
| (f) Other non-current assets                                               | 12       | 161.90                     | 514.79                     |
|                                                                            |          | 34,034.39                  | 33,630.50                  |
| <b>2 Current assets</b>                                                    |          |                            |                            |
| (a) Current investments                                                    | 13       | 10,770.25                  | 4,791.24                   |
| (b) Inventories                                                            | 14       | 8,866.47                   | 6,040.34                   |
| (c) Trade receivables                                                      | 15       | 636.78                     | 753.27                     |
| (d) Cash and cash equivalents                                              | 16       | 2,949.23                   | 2,655.14                   |
| (e) Short-term loans and advances                                          | 17       | 1,088.22                   | 2,054.22                   |
| (f) Other current assets                                                   | 18       | 95.28                      | 920.83                     |
|                                                                            |          | 24,406.23                  | 17,215.04                  |
| <b>TOTAL</b>                                                               |          | <b>58,440.62</b>           | <b>50,845.54</b>           |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**MONISHA PARIKH**  
Partner

Place: Bengaluru  
Date : 30 May 2017

**For and on behalf of the Board of Directors**

**S.Y.GHORPADE**  
Chairman

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)

Place: Bengaluru  
Date : 30 May 2017

**NAZIM SHEIKH**  
Managing Director

**K. RAMAN**  
Chief Financial Officer



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017**

|                                                                                   | Note No. | For the year ended<br>31 March, 2017<br>₹ lakh | For the year ended<br>31 March, 2016<br>₹ lakh |
|-----------------------------------------------------------------------------------|----------|------------------------------------------------|------------------------------------------------|
| I. Revenue from operations (gross)                                                | 19       | 43,371.05                                      | 27,395.30                                      |
| Less: Excise duty                                                                 |          | 1,147.40                                       | 519.60                                         |
| Revenue from operations (net)                                                     |          | 42,223.65                                      | 26,875.70                                      |
| II. Other income                                                                  | 20       | 693.59                                         | 574.68                                         |
| III. Total revenue (I + II)                                                       |          | 42,917.24                                      | 27,450.38                                      |
| IV. Expenses:                                                                     |          |                                                |                                                |
| (a) Cost of materials consumed                                                    | 21       | 9,496.49                                       | 7,880.30                                       |
| (b) Changes in inventories of finished goods and work-in-progress                 | 22       | (2,139.64)                                     | 745.78                                         |
| (c) Employee benefits expense                                                     | 23       | 6,628.81                                       | 5,904.54                                       |
| (d) Finance costs                                                                 | 24       | 724.92                                         | 30.06                                          |
| (e) Depreciation and amortisation expense                                         | 9(c)     | 1,172.14                                       | 905.53                                         |
| (f) Other expenses                                                                | 25       | 18,559.38                                      | 12,079.17                                      |
| Total expenses                                                                    |          | 34,442.10                                      | 27,545.38                                      |
| V. Profit/ (loss) before exceptional item and tax (III-IV)                        |          | 8,475.14                                       | (95.00)                                        |
| VI. Exceptional item                                                              | 37       | -                                              | (1,723.00)                                     |
| VII. Profit before tax (V - VI)                                                   |          | 8,475.14                                       | 1,628.00                                       |
| VIII. Tax expense/ (benefit) :                                                    |          |                                                |                                                |
| (a) Current tax                                                                   |          | 3,210.00                                       | 390.00                                         |
| (b) Deferred tax                                                                  | 33       | (270.00)                                       | 540.43                                         |
|                                                                                   |          | 2,940.00                                       | 930.43                                         |
| IX. Profit after tax before minority interest (VII-VIII)                          |          | 5,535.14                                       | 697.57                                         |
| X. Share of profit/ (loss) to minority interest                                   |          | 90.84                                          | (41.23)                                        |
| XI. Profit for the year attributable to equity shareholders of the Company (IX-X) |          | 5,444.30                                       | 738.80                                         |
| XII. Earnings per equity share of ₹ 10 each :                                     |          |                                                |                                                |
| Basic and diluted ( ₹ )                                                           | 32       | 62.22                                          | 8.44                                           |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**MONISHA PARIKH**  
Partner

Place: Bengaluru  
Date : 30 May 2017

**For and on behalf of the Board of Directors**

**S.Y.GHORPADE**  
Chairman

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)

Place: Bengaluru  
Date : 30 May 2017

**NAZIM SHEIKH**  
Managing Director

**K. RAMAN**  
Chief Financial Officer



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017**

|                                                                                                          | 2016-17<br>₹ lakh | 2015-16<br>₹ lakh |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>A. Cash flow from operating activities</b>                                                            |                   |                   |
| Profit before tax and share of loss of minority interest                                                 | 8,475.14          | 1,628.00          |
| Adjustments for :                                                                                        |                   |                   |
| - Depreciation and amortisation expense                                                                  | 1,172.14          | 905.53            |
| - Assets discarded                                                                                       | -                 | 1.31              |
| - Bad trade receivables/ advances written off                                                            | 24.02             | 42.61             |
| - (Profit)/ loss on sale of fixed assets (net)                                                           | (0.23)            | (7.78)            |
| - Finance costs                                                                                          | 724.92            | 30.06             |
| - Interest income                                                                                        | (111.00)          | (72.80)           |
| - Gain on sale of current investments (net)                                                              | (120.37)          | (127.85)          |
| - Dividend income from investments                                                                       | (187.72)          | (228.96)          |
| - Provisions/ liabilities no longer required written back                                                | (108.78)          | (1,731.20)        |
| - Foreign currency fluctuations (net)                                                                    | 5.27              | 1.68              |
| Operating profit before working capital changes                                                          | 9,873.39          | 440.60            |
| Adjustments for (increase)/ decrease in operating assets:                                                |                   |                   |
| - Inventories                                                                                            | (2,825.93)        | 2,306.04          |
| - Trade receivables                                                                                      | (795.24)          | (223.75)          |
| - Short-term loans and advances                                                                          | 941.97            | (519.39)          |
| - Other current assets                                                                                   | 835.80            | (912.60)          |
| - Long-term loans and advances                                                                           | (167.24)          | 142.25            |
| - Other non-current assets                                                                               | 164.07            | -                 |
| Adjustments for increase/(decrease) in operating liabilities:                                            |                   |                   |
| - Trade payables                                                                                         | 1,478.34          | (1,637.86)        |
| - Other long-term liabilities                                                                            | (28.00)           | -                 |
| - Other current liabilities                                                                              | 958.36            | 423.25            |
| - Short-term provisions                                                                                  | 70.95             | 5.47              |
| - Long-term provisions                                                                                   | 258.85            | 56.80             |
| Cash generated from operations                                                                           | 10,765.32         | 80.81             |
| - Income tax paid                                                                                        | (2,259.54)        | (795.06)          |
| <b>Net cash flow from/(used in) operating activities (A)</b>                                             | <b>8,505.78</b>   | <b>(714.25)</b>   |
| <b>B. Cash flow from investing activities</b>                                                            |                   |                   |
| Capital expenditure on fixed assets (including capital work-in-progress and advances on capital account) | (1,499.64)        | (710.05)          |
| Proceeds from sale of fixed assets                                                                       | 0.43              | 35.26             |
| Bank balances not considered as cash and cash equivalents                                                | (39.17)           | (392.49)          |
| (Purchase) / sale of current investments (net)                                                           | (5,858.64)        | 1,181.86          |
| Interest received                                                                                        | 118.58            | 64.63             |
| Dividend received from current investments                                                               | 187.72            | 228.96            |
| <b>Net cash flow (used in)/from investing activities (B)</b>                                             | <b>(7,090.72)</b> | <b>408.17</b>     |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017**

|                                                                | 2016-17<br>₹ lakh | 2015-16<br>₹ lakh |
|----------------------------------------------------------------|-------------------|-------------------|
| <b>C. Cash flow from financing activities</b>                  |                   |                   |
| Dividends paid                                                 | (437.50)          | (262.50)          |
| Tax on dividend                                                | (84.33)           | (53.44)           |
| Finance costs                                                  | (724.92)          | (30.06)           |
| Interest paid                                                  | (84.39)           | -                 |
| <b>Net cash flow used in financing activities (C)</b>          | <b>(1,331.14)</b> | <b>(346.00)</b>   |
| <b>Net cash flow from/(used in) during the year (A+B+C)</b>    | <b>83.92</b>      | <b>(652.08)</b>   |
| Cash and cash equivalents (opening balance)                    | 2,075.14          | 2,727.22          |
| Cash and cash equivalents (closing balance)                    | 2,159.06          | 2,075.14          |
| Increase/ (decrease) in cash and cash equivalents              | 83.92             | (652.08)          |
| <br>Note:                                                      |                   |                   |
| Cash and cash equivalents as per balance sheet (refer note 16) | 2,949.23          | 2,655.14          |
| Less: Deposits against guarantee                               | 776.35            | 580.00            |
| Less: Dividend accounts                                        | 13.82             | -                 |
| Cash and cash equivalents as reported above                    | 2,159.06          | 2,075.14          |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**MONISHA PARIKH**  
Partner

Place: Bengaluru  
Date : 30 May 2017

**For and on behalf of the Board of Directors**

**S.Y.GHORPADE**  
Chairman

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)

Place: Bengaluru  
Date : 30 May 2017

**NAZIM SHEIKH**  
Managing Director

**K. RAMAN**  
Chief Financial Officer



## **THE SANDUR MANGANESE & IRON ORES LIMITED**

### **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

1. The Consolidated Financial Statements comprise the financial statements of The Sandur Manganese & Iron Ores Limited ("the Company") and its subsidiary viz: Star Metallica and Power Private Limited ("SMPPL").

SMPPL is incorporated in India and the Company's ownership interest and voting power is 80.58% (As at 31.03.2016 : 81.24%) as at the balance sheet date.

The financial statements of SMPPL are drawn up to the same reporting date as that of the Company i.e. 31 March, 2017 and are audited.

The difference between the cost of investment in SMPPL over the Company's portion of equity in SMPPL is recognised as Goodwill on Consolidation.

Minority interest in the net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the Company's shareholders.

Minority interest in the net assets of consolidated subsidiary consists of:

- The amount of equity attributable to minority at the date on which investment in subsidiary is made; and
- The minorities' share of movements in equity since the date parent-subsidiary relationship came into existence.

Minority interest in the net profit/(loss) for the year of consolidated subsidiary is identified and adjusted against the profit/(loss) after tax of the Group.

## **2. Significant accounting policies**

### **2.1 Basis of accounting and preparation of consolidated financial statements**

The consolidated financial statements of the Company and its subsidiary (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

### **2.2. Use of estimates**

The Group uses prudent and reasonable assumptions and estimates in the preparation of its consolidated financial statements, and these are reflected in the reported amounts of income and expenses during the year, and the reported balances of assets and liabilities, and disclosures relating to contingent liabilities, as at the date of the consolidated financial statements.

### **2.3. Fixed assets**

Fixed assets are capitalised at acquisition cost including directly attributable cost of bringing the asset to its working condition for the intended use. Certain assets have been revalued as on 31 March, 1985 and the resultant surplus has been added to the cost of the assets.

### **2.4. Depreciation/Amortisation**

Depreciation amount for assets is the cost of an asset or the amount substituted for costs, less its estimated residual value. The Group's assets at head office and mines (including assets transferred to plant from these locations) are depreciated on the written down value method and at plant (including assets transferred to other locations from plant) are depreciated on the straight line method over the useful life and in the manner prescribed in Schedule II to the 2013 Act.

Intangible assets are amortised over their estimated useful life on straight-line method as follows:

Mining lease rights - useful life of the mine or lease period, whichever is shorter.

Computer software- 5 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changes, if any.

### **2.5. Impairment of fixed assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

#### 2.6. Foreign currency transactions

##### Initial recognition

Transactions in foreign currency entered into by the Company are recorded on the basis of the exchange rate prevailing as on the date of transaction or at rates that closely approximate the rate at the date of transaction.

##### Measurement at the balance sheet date

Monetary assets and liabilities of the Company, denominated in foreign currency, outstanding at the balance sheet date are restated at rates prevailing at the year-end.

##### Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

#### 2.7. Investments:

All long-term investments are valued at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of investments.

Current investments are carried individually, at lower of cost and fair value.

#### 2.8. Inventories

Inventories are valued at lower of cost and net realisable value.

The method of determination of cost of various categories of inventories is as follows:

- (a) Stores and spare parts: monthly weighted average rates;
- (b) Raw materials: monthly weighted average rates; and
- (c) Work-in-progress and finished goods: full absorption costing method based on annual cost of production.

#### 2.9. Revenue recognition

Revenue from sale of goods is recognised on dispatch of goods to customers from plant or stock points as applicable when significant risks and rewards of ownership are considered to be transferred and realisation can be reasonably assumed. In case of service income, revenue is recognised when the service is rendered to the customer.

Revenue from sale of power is recognised on accrual basis based on the power generated and supplied as per applicable rates from time to time and includes unbilled revenues accrued up to the end of the accounting year.

#### 2.10. Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

#### 2.11. Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

#### 2.12. Employee benefits

Employee benefits include provident fund, employee state insurance scheme, pension, gratuity, superannuation and compensated absences.



## **THE SANDUR MANGANESE & IRON ORES LIMITED**

### **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **a) Short term employee benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive/ bonus and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (ii) in case of non-accumulating compensated absences, when the absences occur.

#### **b) Long-term employee benefits:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

#### **c) Defined Contribution Plan:**

The Company's contribution to provident fund (including pension) and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### **d) Defined Benefit Plan:**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using, the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### **2.13. Segment accounting**

Segments are identified based on the types of products and the internal organisation and management structure. The Group has identified business segment as its primary segment with secondary information reported geographically.

The Group's primary segments consist of Mining, Ferroalloys/ Power and Steel.

"Unallocable" represents other income and expenses which relate to the Group as a whole and are not allocated to segments.

### **2.14. Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **2.15. Leases**

A lease is classified as an Operating Lease, if it does not transfer substantially all the risks and rewards incidental to ownership. Lease rentals are charged to statement of profit and loss on straight-line basis over the lease term, estimated by the management.

### **2.16. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.



## **THE SANDUR MANGANESE & IRON ORES LIMITED**

### **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **2.17. Taxation**

##### **Current tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

##### **Deferred tax**

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

##### **Minimum alternate tax (MAT)**

Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax in the future years. Accordingly, MAT is recognised as an asset in the balance sheet where it is highly probable that the future economic benefit associated with it will flow to the Group and the asset can be measured reliably.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the consolidated statement of profit and loss.

#### **2.18. Provisions and contingencies:**

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate 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. Contingent liabilities are not recognised but are disclosed in the notes.

The financial obligations towards mine closure plans under relevant Acts and Rules are technically estimated, based on total available ore reserves of all the mining leases. The amount so determined is provided in the books of account on the basis of Run of Mine ore production of the mines of all the mining leases.

Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

#### **2.19. Operating cycle**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III of the 2013 Act. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.



# **THE SANDUR MANGANESE & IRON ORES LIMITED** **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

|                                                                                                                      | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|----------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Note 3 - Share capital</b>                                                                                        |                            |                            |
| <b>i) Authorised</b>                                                                                                 |                            |                            |
| 14,000,000 (As at 31.03.2016 : 14,000,000) equity shares of ₹ 10 each with voting rights                             | 1,400.00                   | 1,400.00                   |
| 100,000 (As at 31.03.2016 : 100,000) 'B' 16 % (subject to tax) redeemable cumulative preference shares of ₹ 100 each | 100.00                     | 100.00                     |
| <b>ii) Issued, subscribed and fully paid up</b>                                                                      |                            |                            |
| Equity shares of ₹ 10 each with voting rights                                                                        | 875.00                     | 875.00                     |
|                                                                                                                      | <b>875.00</b>              | <b>875.00</b>              |

## **Notes:**

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

| Particulars                                                                   | Opening balance | Fresh issue/ Other changes | Closing balance |
|-------------------------------------------------------------------------------|-----------------|----------------------------|-----------------|
| <b>Equity share with voting rights (Issued, subscribed and fully paid up)</b> |                 |                            |                 |
| <b>Year ended 31.03.2017</b>                                                  |                 |                            |                 |
| - Number of shares                                                            | 8,750,000       | -                          | 8,750,000       |
| - Amount ( ₹ lakh )                                                           | 875.00          | -                          | 875.00          |
| <b>Year ended 31.03.2016</b>                                                  |                 |                            |                 |
| - Number of shares                                                            | 8,750,000       | -                          | 8,750,000       |
| - Amount ( ₹ lakh )                                                           | 875.00          | -                          | 875.00          |

(ii) Rights, preferences and restrictions attached to equity shares :

The Company has only one class of equity share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive only residual assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

(iii) Details of shares held by the holding company:

| Name of Shareholders                    | As at 31.03.2017 | As at 31.03.2016 |
|-----------------------------------------|------------------|------------------|
|                                         | No. of shares    | No. of shares    |
| <b>Equity shares with voting rights</b> |                  |                  |
| Skand Private Limited                   | 4,632,040        | 4,632,040        |

(iv) Shareholders holding more than 5% shares in the Company

| Name of shareholders                    | As at 31.03.2017   |                                   | As at 31.03.2016   |                                   |
|-----------------------------------------|--------------------|-----------------------------------|--------------------|-----------------------------------|
|                                         | No. of shares held | % holding in that class of shares | No. of shares held | % holding in that class of shares |
| <b>Equity shares with voting rights</b> |                    |                                   |                    |                                   |
| Skand Private Limited                   | 4,632,040          | 52.94                             | 4,632,040          | 52.94                             |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

|                                                                                                         | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|---------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Note 4 - Reserves and surplus</b>                                                                    |                            |                            |
| Capital redemption reserve                                                                              | 100.65                     | 100.65                     |
| Securities premium reserve                                                                              | 967.23                     | 967.23                     |
| General reserve                                                                                         | 3,788.11                   | 3,788.11                   |
| Surplus in consolidated statement of profit and loss                                                    |                            |                            |
| Opening balance                                                                                         | 30,631.30                  | 30,202.71                  |
| Add: Profit for the year                                                                                | 5,444.30                   | 738.80                     |
|                                                                                                         | <b>36,075.60</b>           | <b>30,941.51</b>           |
| Less:                                                                                                   |                            |                            |
| Dividends proposed to be distributed to equity shareholders<br>(previous year ₹ 3 per share)            | -                          | 262.50                     |
| Tax on proposed dividend                                                                                | -                          | 47.71                      |
| Interim dividend to equity shareholders ₹ 3 per share                                                   | 262.50                     | -                          |
| Tax on interim dividend                                                                                 | 54.93                      | -                          |
| Closing balance                                                                                         | <b>35,758.17</b>           | <b>30,631.30</b>           |
| <b>Total</b>                                                                                            | <b>40,614.16</b>           | <b>35,487.29</b>           |
| <b>Note 5 - Other long-term liabilities</b>                                                             |                            |                            |
| Security deposits                                                                                       | -                          | 28.00                      |
| <b>Total</b>                                                                                            | <b>-</b>                   | <b>28.00</b>               |
| <b>Note 6 - Long-term provisions</b>                                                                    |                            |                            |
| Provision for employee benefits (refer note 28)                                                         |                            |                            |
| - Pension                                                                                               | 1,261.01                   | 1,313.30                   |
| - Compensated absences                                                                                  | 329.40                     | 265.69                     |
| - Gratuity (net)                                                                                        | 0.69                       | 0.66                       |
| Provision others                                                                                        |                            |                            |
| - Mine closure (refer note 36)                                                                          | 366.00                     | 118.60                     |
| <b>Total</b>                                                                                            | <b>1,957.10</b>            | <b>1,698.25</b>            |
| <b>Note 7 - Other current liabilities</b>                                                               |                            |                            |
| Payables on purchase of fixed assets                                                                    | 159.29                     | 202.86                     |
| Statutory remittances (including disputed dues<br>₹ 4,304.82 lakh (As at 31.03.2016 : ₹ 4,009.42 lakh)) | 5,944.79                   | 4,182.43                   |
| Interest accrued and due on borrowings                                                                  | -                          | 168.78                     |
| Gratuity payable (net) (refer note 28 b)                                                                | -                          | 362.48                     |
| Advances from customers                                                                                 | 1,225.41                   | 1,713.33                   |
| Trade/ security/ other deposits received                                                                | 36.10                      | 3.60                       |
| Un-paid dividends                                                                                       | 13.82                      | -                          |
| Interim dividend payable                                                                                | 87.50                      | -                          |
| Tax on interim dividend                                                                                 | 18.31                      | -                          |
| Retention money payable                                                                                 | 74.45                      | 74.45                      |
| Others                                                                                                  | 7.64                       | 7.56                       |
| <b>Total</b>                                                                                            | <b>7,567.31</b>            | <b>6,715.49</b>            |



# **THE SANDUR MANGANESE & IRON ORES LIMITED** **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

|                                                 | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|-------------------------------------------------|----------------------------|----------------------------|
| <b>Note 8 - Short-term provisions</b>           |                            |                            |
| Provision for employee benefits (refer note 28) |                            |                            |
| Pension                                         | 191.54                     | 128.03                     |
| Gratuity (net)                                  | 4.52                       | 5.53                       |
| Compensated absences                            | 189.90                     | 181.45                     |
|                                                 | <b>385.96</b>              | <b>315.01</b>              |
| Provision - others                              |                            |                            |
| Provision for tax                               | 986.22                     | -                          |
| Proposed equity dividend                        | -                          | 262.50                     |
| Tax on proposed equity dividend                 | -                          | 47.71                      |
|                                                 | <b>986.22</b>              | <b>310.21</b>              |
| <b>Total</b>                                    | <b>1,372.18</b>            | <b>625.22</b>              |

## **Note 9 - Fixed assets**

₹ lakh

|     | Description*             | Gross block              |                 |                       | Accumulated depreciation / Amortisation |                          |                                                 |                          | Net block                |                          |
|-----|--------------------------|--------------------------|-----------------|-----------------------|-----------------------------------------|--------------------------|-------------------------------------------------|--------------------------|--------------------------|--------------------------|
|     |                          | Balance as at 01.04.2016 | Additions       | Disposals/ adjustment | Balance as at 31.03.2017                | Balance as at 01.04.2016 | Depreciation/ Amortisation expense for the year | On disposals/ adjustment | Balance as at 31.03.2017 | Balance as at 31.03.2017 |
| (a) | <b>Tangible Assets</b>   |                          |                 |                       |                                         |                          |                                                 |                          |                          |                          |
|     | Freehold land            | 5,517.57                 | 16.34           | -                     | 5,533.91                                | -                        | -                                               | -                        | 5,533.91                 | 5,517.57                 |
|     |                          | (5,873.00)               | (-)             | (355.43)              | (5,517.57)                              | (-)                      | (-)                                             | (-)                      | (5,517.57)               | (5,873.00)               |
|     | Buildings and roads**    | 4,587.33                 | 25.46           | -                     | 4,612.79                                | 928.84                   | 198.18                                          | -                        | 1,127.02                 | 3,485.77                 |
|     |                          | (3,830.23)               | (763.71)        | (6.61)                | (4,587.33)                              | (751.23)                 | (183.09)                                        | (5.48)                   | (928.84)                 | (3,658.49)               |
|     | Railway sidings          | 14.28                    | -               | -                     | 14.28                                   | 14.28                    | -                                               | -                        | 14.28                    | -                        |
|     |                          | (14.28)                  | (-)             | (-)                   | (14.28)                                 | (14.28)                  | (-)                                             | (-)                      | (14.28)                  | (-)                      |
|     | Plant and equipment      | 17,159.80                | 533.82          | -                     | 17,693.62                               | 4,716.93                 | 654.90                                          | -                        | 5,371.83                 | 12,321.79                |
|     |                          | (17,084.59)              | (81.14)         | (5.93)                | (17,159.80)                             | (4,184.73)               | (538.13)                                        | (5.93)                   | (4,716.93)               | (12,442.87)              |
|     | Vehicles                 | 421.96                   | 594.96          | 1.70                  | 1,015.22                                | 304.66                   | 155.04                                          | 1.50                     | 458.20                   | 557.02                   |
|     |                          | (566.54)                 | (17.52)         | (162.10)              | (421.96)                                | (388.50)                 | (50.60)                                         | (134.44)                 | (304.66)                 | (117.30)                 |
|     | Furniture and fixtures   | 310.64                   | 18.34           | -                     | 328.98                                  | 163.01                   | 42.60                                           | -                        | 205.61                   | 123.37                   |
|     |                          | (301.60)                 | (11.76)         | (2.72)                | (310.64)                                | (115.78)                 | (49.95)                                         | (2.72)                   | (163.01)                 | (147.63)                 |
|     | Office equipment         | 443.44                   | 76.37           | -                     | 519.81                                  | 317.19                   | 63.96                                           | -                        | 381.15                   | 138.66                   |
|     |                          | (426.71)                 | (37.49)         | (20.76)               | (443.44)                                | (260.63)                 | (77.32)                                         | (20.76)                  | (317.19)                 | (126.25)                 |
|     |                          | <b>28,455.02</b>         | <b>1,265.29</b> | <b>1.70</b>           | <b>29,718.61</b>                        | <b>6,444.91</b>          | <b>1,114.68</b>                                 | <b>1.50</b>              | <b>7,558.09</b>          | <b>22,160.52</b>         |
|     |                          | (28,096.95)              | (911.62)        | (553.55)              | (28,455.02)                             | (5,715.15)               | (899.09)                                        | (169.33)                 | (6,444.91)               | (22,010.11)              |
| (b) | <b>Intangible assets</b> |                          |                 |                       |                                         |                          |                                                 |                          |                          |                          |
|     | Computer Software        | 288.36                   | 10.63           | -                     | 298.99                                  | 6.44                     | 57.46                                           | -                        | 63.90                    | 235.09                   |
|     |                          | (-)                      | (288.36)        | (-)                   | (288.36)                                | (-)                      | (6.44)                                          | (-)                      | (6.44)                   | (281.92)                 |
|     |                          | <b>288.36</b>            | <b>10.63</b>    | <b>-</b>              | <b>298.99</b>                           | <b>-</b>                 | <b>57.46</b>                                    | <b>-</b>                 | <b>63.90</b>             | <b>235.09</b>            |

(Previous year figures are in brackets)

\* Owned, unless otherwise stated

\*\* includes building given on operating lease amounting to ₹ 288.30 lakh (As at March 31, 2016 ₹ 288.30 lakh), depreciation recognised in the statement of profit and loss for that asset ₹ 12.37 lakh (previous year ₹ 13.02 lakh) and accumulated depreciation ₹ 53.50 lakh (As at 31.03.2016 ₹ 41.13 lakh).

₹ lakh

| (c) | Depreciation and amortisation expenses | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|-----|----------------------------------------|-----------------------------------|-----------------------------------|
|     | Depreciation as per 9(a)               | 1,114.68                          | 899.09                            |
|     | Amortisation as per 9(b)               | 57.46                             | 6.44                              |
|     |                                        | <b>1,172.14</b>                   | <b>905.53</b>                     |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

|                                                                                                                                                                                    | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Note 10 - Non-current investments</b>                                                                                                                                           |                            |                            |
| <b>Investments in equity instruments</b>                                                                                                                                           |                            |                            |
| Sandur Micro Circuits Limited (unquoted)<br>900,000 (As at 31.03.2016 : 900,000) equity shares of<br>₹10 each fully paid up                                                        | 90.00                      | 90.00                      |
| Sandur Laminates Limited (quoted)<br>4,725,191 (As at 31.03.2016 : 4,725,191) equity shares of<br>₹10 each fully paid up<br>(Market value not ascertained as there was no trading) | 879.67                     | 879.67                     |
| HDFC Bank Limited (quoted)<br>2,500 (As at 31.03.2016 : 2,500) equity shares of<br>₹ 2 each fully paid up<br>(Market value ₹36.06 lakh (As at 31.03.2016 : ₹26.78 lakh)            | 0.05                       | 0.05                       |
|                                                                                                                                                                                    | <b>969.72</b>              | 969.72                     |
| Less : Provision for diminution in the value of Investments                                                                                                                        | <b>969.67</b>              | 969.67                     |
| <b>Total</b>                                                                                                                                                                       | <b>0.05</b>                | 0.05                       |
| Aggregate amount of quoted investments                                                                                                                                             | <b>0.05</b>                | 0.05                       |
| Aggregate market value of listed and quoted investments                                                                                                                            | <b>36.06</b>               | 26.78                      |
| <b>Note 11 - Long-term loans and advances</b>                                                                                                                                      |                            |                            |
| Capital advances (Unsecured, considered good)                                                                                                                                      | 478.14                     | 406.15                     |
| Security deposits (Unsecured, considered good)                                                                                                                                     | 141.11                     | 130.60                     |
| Balances with government authorities (Unsecured, considered good)                                                                                                                  | 156.99                     | -                          |
| Tax payments, net of provisions (Unsecured, considered good) of<br>₹24,083.51 lakh (previous year ₹24,083.51 lakh)                                                                 | 4,555.27                   | 4,488.89                   |
| MAT credit entitlement (Unsecured, considered good)                                                                                                                                | 29.38                      | 60.00                      |
| Advances for strategic alliance                                                                                                                                                    |                            |                            |
| - Secured, considered good                                                                                                                                                         | 600.00                     | 600.00                     |
| - Unsecured, considered good                                                                                                                                                       | 2,569.72                   | 2,570.03                   |
|                                                                                                                                                                                    | <b>3,169.72</b>            | 3,170.03                   |
| <b>Total</b>                                                                                                                                                                       | <b>8,530.61</b>            | 8,255.67                   |
| <b>Note 12 - Other non-current assets</b>                                                                                                                                          |                            |                            |
| Deposits with banks against guarantee with maturity of more than 12 months<br>from the balance sheet date (refer note 16)                                                          | 161.90                     | 496.97                     |
| Interest accrued but not due on deposits                                                                                                                                           | -                          | 17.82                      |
| <b>Total</b>                                                                                                                                                                       | <b>161.90</b>              | 514.79                     |



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

|                                                                                                                                             | As at 31.03.2017<br>₹ lakh |          |        | As at 31.03.2016<br>₹ lakh |          |        |
|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------|--------|----------------------------|----------|--------|
|                                                                                                                                             | Quoted                     | Unquoted | Total  | Quoted                     | Unquoted | Total  |
| <b>Note 13 - Current investment</b>                                                                                                         |                            |          |        |                            |          |        |
| <b>Investments in Mutual Funds</b>                                                                                                          |                            |          |        |                            |          |        |
| <b>(At lower of cost and fair value unless otherwise stated)</b>                                                                            |                            |          |        |                            |          |        |
| DSP BlackRock Dual Advantage Fund -S11-36 Month Regular Plan - Growth<br>Nil units (As at 31.03.2016 : 3,000,000 units) of ₹10 each         | -                          | -        | -      | 300.00                     | -        | 300.00 |
| Arthaveda Star Fund<br>28,705 units (As at 31.03.2016 : 29,663) of ₹1,000 each                                                              | -                          | 287.05   | 287.05 | -                          | 296.63   | 296.63 |
| DHFL Pramerica Hybrid Fixed Term Fund-Series 14 - Regular Plan Growth<br>1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each   | 100.00                     | -        | 100.00 | 100.00                     | -        | 100.00 |
| Franklin India Corporate Bond Opportunities Fund - Growth Plan<br>3,252,487 units (As at 31.03.2016 : 4,206,807 units) of ₹11.89 each       | 386.57                     | -        | 386.57 | 500.00                     | -        | 500.00 |
| Edelweiss Stressed & Troubled Assets Revival Fund (Edelweiss STAR)<br>1,000 units (As at 31.03.2016 : 325 units) of ₹8384 each              | -                          | 83.84    | 83.84  | -                          | 24.61    | 24.61  |
| ICICI Prudential Corporate Bond Fund - Growth<br>2,160,364 units (As at 31.03.2016 : 2,784,259 units) of ₹17.96 each                        | 387.96                     | -        | 387.96 | 500.00                     | -        | 500.00 |
| ICICI Prudential Multiple Yield Fund -Series 5-1100 Days Plan A - Cumulative<br>Nil units (As at 31.03.2016 : 1,000,000 units) of ₹10 each  | -                          | -        | -      | 100.00                     | -        | 100.00 |
| ICICI Prudential Capital Protection Oriented Fund V - Plan B 1100 Days<br>Nil units (As at 31.03.2016 : 1,700,000 units) of ₹10 each        | -                          | -        | -      | 170.00                     | -        | 170.00 |
| DSP BlackRock Dual Advantage Fund - Series 29 - 40M - Reg - Gr Mat<br>2,000,000 units (As at 31.03.2016 : 2,000,000 units) of ₹10 each      | 200.00                     | -        | 200.00 | 200.00                     | -        | 200.00 |
| HDFC Corporate Debt Opportunities Fund - Regular Plan - Growth<br>4,846,511 units (As at 31.03.2016 : 4,846,511 units) of ₹10.32 each       | 500.00                     | -        | 500.00 | 500.00                     | -        | 500.00 |
| ICICI Prudential Capital Protection Oriented Fund VI Pan B-1100 Days<br>1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each    | 100.00                     | -        | 100.00 | 100.00                     | -        | 100.00 |
| Kotak Medium Term Fund - Growth (Regular Plan)<br>3,918,419 units (As at 31.03.2016 : 3,918,419 units) of ₹10.21 each                       | 400.00                     | -        | 400.00 | 400.00                     | -        | 400.00 |
| Sundaram Hybrid Fund SR H 5 YRS Regular Growth<br>1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each                          | 100.00                     | -        | 100.00 | 100.00                     | -        | 100.00 |
| DHFL Pramarica Hybrid Fixed Term Fund -Series.23 - Regular Plan<br>1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each         | 100.00                     | -        | 100.00 | 100.00                     | -        | 100.00 |
| Reliance Corporation Bond Fund - Growth - Plan - CBGP<br>2,950,636 units (As at 31.03.2016 : 2,950,636 units) of ₹10.17 each                | 300.00                     | -        | 300.00 | 300.00                     | -        | 300.00 |
| Axis Hybrid Fund -Series 14 (1274 days) - Growth - A4GP<br>2,000,000 units (As at 31.03.2016 : 2,000,000 units) of ₹10 each                 | 200.00                     | -        | 200.00 | 200.00                     | -        | 200.00 |
| DHFL Pramarica Hybrid Fixed Term Fund Series 32 - Regular Plan - Growth<br>2,000,000 units (As at 31.03.2016 : 2,000,000 units) of ₹10 each | 200.00                     | -        | 200.00 | 200.00                     | -        | 200.00 |
| UTI-Dual Advantage Fixed Term Fund - Series I - II Regular Plan- Growth<br>1,000,000 units (As at 31.03.2016 : 1,000,000 units) of ₹10 each | 100.00                     | -        | 100.00 | 100.00                     | -        | 100.00 |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
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|                                                                                                                                               | As at 31.03.2017<br>₹ lakh |               |                  | As at 31.03.2016<br>₹ lakh |               |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------|------------------|----------------------------|---------------|-----------------|
| Kotak Medium Term Fund - Growth (Regular Plan)<br>4,400,246 units (As at 31.03.2016 : Nil units) of ₹11.36 each                               | 500.00                     | -             | 500.00           | 500.00                     | -             | 500.00          |
| Sundaram Hybrid Fund SR M Regular Growth<br>1,000,000 units (As at 31.03.2016 : Nil units) of ₹10 each                                        | 100.00                     | -             | 100.00           | 100.00                     | -             | 100.00          |
| Birla Sun Life Cash Manager - Daily Dividend - Regular plan<br>1,504,022 units (As at 31.03.2016 : Nil units) of ₹100.55 each                 | 1,512.22                   | -             | 1,512.22         | -                          | -             | -               |
| DSP BlackRock Income Opportunities Fund - Regular Plan - Growth<br>2,030,050 units (As at 31.03.2016 : Nil units) of ₹24.62 each              | 500.00                     | -             | 500.00           | -                          | -             | -               |
| Reliance Regular Savings Fund - Debt Plan - Growth Plan Growth Option - SDGP<br>2,376,731 units (As at 31.03.2016 : Nil units) of ₹21.03 each | 500.00                     | -             | 500.00           | -                          | -             | -               |
| Birla SL Medium Term Plan- Growth - Regular Plan<br>2,564,823 units (As at 31.03.2016 : Nil units) of ₹19.49 each                             | 500.00                     | -             | 500.00           | -                          | -             | -               |
| HDFC Equity Savings Fund - Regular Plan - Growth<br>1,617,404 units (As at 31.03.2016 : Nil units) of ₹30.91 each                             | 500.00                     | -             | 500.00           | -                          | -             | -               |
| DSP BlackRock Money Manager - Regular- Daily Dividend<br>140,666 units (As at 31.03.2016 : Nil units) of ₹1004.23 each                        | 1,412.61                   | -             | 1,412.61         | -                          | -             | -               |
| DHFL Pramerica Credit Opportunities Fund - Growth Option<br>3,120,417 units (As at 31.03.2016 : Nil units) of ₹12.82 each                     | 400.00                     | -             | 400.00           | -                          | -             | -               |
| Franklin India Dynamic Accrual Fund - Growth Plan<br>1,060,087 units (As at 31.03.2016 : Nil units) of ₹56.60 each                            | 600.00                     | -             | 600.00           | -                          | -             | -               |
| ICICI Prudential Regular Savings Fund-Growth<br>2,902,657 units (As at 31.03.2016 : Nil units) of ₹17.23 each                                 | 500.00                     | -             | 500.00           | -                          | -             | -               |
| IDFC Credit Opportunities Fund - Regular Plan - Growth<br>3,000,000 units (As at 31.03.2016 : Nil units) of ₹10 each                          | 300.00                     | -             | 300.00           | -                          | -             | -               |
| <b>Total</b>                                                                                                                                  | <b>10,399.36</b>           | <b>370.89</b> | <b>10,770.25</b> | <b>4,470.00</b>            | <b>321.24</b> | <b>4,791.24</b> |
| Aggregate amount of quoted investments                                                                                                        |                            |               | 10,399.36        |                            |               | 4,470.00        |
| Aggregate market value of quoted investments                                                                                                  |                            |               | 11,518.48        |                            |               | 5,250.67        |
| Aggregate amount of unquoted investments                                                                                                      |                            |               | 370.89           |                            |               | 321.24          |

**Note 14 - Inventories**

(At lower of cost and net realisable value)

|                              |                 |                 |
|------------------------------|-----------------|-----------------|
| Raw Materials and components | 1,627.80        | 1,139.84        |
| Finished goods               | 6,571.24        | 4,431.61        |
| Stores and spares            | 667.43          | 468.89          |
| <b>Total</b>                 | <b>8,866.47</b> | <b>6,040.34</b> |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

|                                                                                             | As at 31.03.2017<br>₹ lakh | As at 31.03.2016<br>₹ lakh |
|---------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Note 15 - Trade receivables</b>                                                          |                            |                            |
| (Unsecured)                                                                                 |                            |                            |
| Trade receivables outstanding for a period exceeding more than six months from the due date |                            |                            |
| Considered good                                                                             | 227.12                     | 133.36                     |
| Considered doubtful                                                                         | 49.57                      | 49.57                      |
|                                                                                             | 276.69                     | 182.93                     |
| Less: Provision for doubtful trade receivables                                              | 49.57                      | 49.57                      |
|                                                                                             | 227.12                     | 133.36                     |
| Other trade receivable (considered good)                                                    | 409.66                     | 619.91                     |
| <b>Total</b>                                                                                | <b>636.78</b>              | <b>753.27</b>              |
| <b>Note 16 - Cash and bank balances</b>                                                     |                            |                            |
| <b>Cash and cash equivalents</b>                                                            |                            |                            |
| Cash on hand                                                                                | 4.12                       | 5.79                       |
| Balances with banks                                                                         |                            |                            |
| - In current accounts                                                                       | 1,707.57                   | 1,848.65                   |
| - In EEFC accounts                                                                          | 0.59                       | 0.63                       |
| - In deposit accounts                                                                       | 446.78                     | 220.07                     |
|                                                                                             | 2,159.06                   | 2,075.14                   |
| <b>Other bank balances</b>                                                                  |                            |                            |
| Deposits against guarantees/margin money                                                    | 938.25                     | 1,076.97                   |
| Less: Amount disclosed under non-current assets (refer note 12)                             | 161.90                     | 496.97                     |
|                                                                                             | 776.35                     | 580.00                     |
| In Dividend accounts                                                                        | 13.82                      | -                          |
| <b>Total</b>                                                                                | <b>2,949.23</b>            | <b>2,655.14</b>            |
| <b>Note 17 - Short-term loans and advances</b>                                              |                            |                            |
| Security deposits (unsecured, considered good)                                              | 34.38                      | 34.38                      |
| Loans and advances with employees (unsecured, considered good)                              | 36.68                      | 36.02                      |
| Prepaid expenses (unsecured, considered good)                                               | 21.45                      | 8.80                       |
| Balance with government authorities (unsecured, considered good)                            | 270.85                     | 876.40                     |
| Advance to suppliers (unsecured)                                                            |                            |                            |
| - Considered good                                                                           | 724.86                     | 1,098.62                   |
| - Considered doubtful                                                                       | 2.96                       | 2.96                       |
|                                                                                             | 727.82                     | 1,101.58                   |
| Less: Provision for doubtful advances                                                       | 2.96                       | 2.96                       |
|                                                                                             | 724.86                     | 1,098.62                   |
| <b>Total</b>                                                                                | <b>1,088.22</b>            | <b>2,054.22</b>            |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

|                                                                                               | As at 31.03.2017<br>₹ lakh                              | As at 31.03.2016<br>₹ lakh                              |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| <b>Note 18 - Other current assets</b>                                                         |                                                         |                                                         |
| Interest accrued on deposits                                                                  | 3.01                                                    | 2.18                                                    |
| Interest accrued but not due on deposits                                                      | 15.47                                                   | 6.05                                                    |
| Unbilled revenue                                                                              | 44.81                                                   | 912.60                                                  |
| Excess of plan assets over gratuity obligation (refer note 28)                                | 23.03                                                   | -                                                       |
| Others                                                                                        | 8.96                                                    | -                                                       |
| <b>Total</b>                                                                                  | <b>95.28</b>                                            | <b>920.83</b>                                           |
|                                                                                               | <b>For the year ended<br/>31 March, 2017<br/>₹ lakh</b> | <b>For the year ended<br/>31 March, 2016<br/>₹ lakh</b> |
| <b>Note 19 - Revenue from operations</b>                                                      |                                                         |                                                         |
| Sale of products (refer note (i) below)                                                       | 42,651.00                                               | 26,895.30                                               |
| Other operating revenues (refer note (ii) below)                                              | 720.05                                                  | 500.00                                                  |
| Revenue from operations (gross)                                                               | 43,371.05                                               | 27,395.30                                               |
| Less : Excise duty                                                                            | 1,147.40                                                | 519.60                                                  |
| Revenue from operations (net)                                                                 | <b>42,223.65</b>                                        | <b>26,875.70</b>                                        |
| <b>Notes :</b>                                                                                |                                                         |                                                         |
| (i) Sale of products comprises:                                                               |                                                         |                                                         |
| (a) Manganese ore(Includes ₹ 77.69 lakh (previous year ₹ Nil lakh) from sale of waste dumps)) | 7,148.05                                                | 3,225.55                                                |
| (b) Iron ore (includes ₹ 361.77 lakh (previous year ₹ Nil from sale of waste dumps))          | 22,492.64                                               | 12,605.23                                               |
| (c) Silico-manganese                                                                          | 11,860.75                                               | 4,676.01                                                |
| (d) Power                                                                                     | 1,149.56                                                | 6,388.51                                                |
|                                                                                               | <b>42,651.00</b>                                        | <b>26,895.30</b>                                        |
| (ii) Other operating revenues comprises:                                                      |                                                         |                                                         |
| (a) Sale of scrap/ waste                                                                      | 17.94                                                   | 6.36                                                    |
| (b) Other miscellaneous receipts                                                              | 79.17                                                   | 266.64                                                  |
| (c) Handling Charges                                                                          | 622.94                                                  | 227.00                                                  |
|                                                                                               | <b>720.05</b>                                           | <b>500.00</b>                                           |
| <b>Note 20 - Other income</b>                                                                 |                                                         |                                                         |
| Interest income                                                                               |                                                         |                                                         |
| - On fixed deposits with banks                                                                | 78.68                                                   | 65.96                                                   |
| - On security deposits                                                                        | 1.94                                                    | 2.13                                                    |
| - On long-term deposits                                                                       | 9.86                                                    | 4.71                                                    |
| - On income-tax refund                                                                        | 11.83                                                   | -                                                       |
| - On others                                                                                   | 20.52                                                   | -                                                       |
|                                                                                               | <b>122.83</b>                                           | <b>72.80</b>                                            |
| Dividend income on current investments                                                        | 187.72                                                  | 228.96                                                  |
| Gain on sale of current investments (net)                                                     | 120.37                                                  | 127.85                                                  |
| Foreign currency fluctuations (net)                                                           | -                                                       | 35.80                                                   |
| Profit on sale of fixed asset (net)                                                           | 0.23                                                    | 7.78                                                    |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

|                                                                                                                  | For the year ended<br>31 March, 2017<br>₹ lakh | For the year ended<br>31 March, 2016<br>₹ lakh |
|------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Other non operating income                                                                                       |                                                |                                                |
| - Rental income from operating lease                                                                             | 66.39                                          | 69.09                                          |
| - Provisions/ liabilities no longer required written back                                                        | 108.78                                         | 8.20                                           |
| - Sale of petroleum products (net of consumption/ expenses of ₹ 1,322.25 lakh (previous year : ₹ 1,053.68 lakh)) | 37.77                                          | 21.80                                          |
| - Insurance claims received                                                                                      | 17.44                                          | -                                              |
| - Miscellaneous income                                                                                           | 32.06                                          | 2.40                                           |
|                                                                                                                  | <u>570.76</u>                                  | <u>501.88</u>                                  |
| <b>Total</b>                                                                                                     | <b>693.59</b>                                  | <b>574.68</b>                                  |
| <b>Note 21 - Cost of materials consumed</b>                                                                      |                                                |                                                |
| Material consumed comprises:                                                                                     |                                                |                                                |
| - Manganese ore                                                                                                  | 1,146.29                                       | 590.76                                         |
| - Coke                                                                                                           | 1,603.99                                       | 491.38                                         |
| - Coal                                                                                                           | 6,452.00                                       | 6,706.37                                       |
| - Other materials                                                                                                | 294.21                                         | 91.79                                          |
|                                                                                                                  | <u>9,496.49</u>                                | <u>7,880.30</u>                                |
| <b>Note 22 - Changes in inventories of finished goods and work-in-progress</b>                                   |                                                |                                                |
| Inventories at the beginning of the year                                                                         |                                                |                                                |
| Finished goods                                                                                                   | 4,431.61                                       | 5,167.16                                       |
| Work-in-progress                                                                                                 | -                                              | 10.23                                          |
|                                                                                                                  | <u>4,431.61</u>                                | <u>5,177.39</u>                                |
| Inventories at the end of the year                                                                               |                                                |                                                |
| Finished goods                                                                                                   | 6,571.25                                       | 4,431.61                                       |
|                                                                                                                  | <u>6,571.25</u>                                | <u>4,431.61</u>                                |
| <b>Net (increase) / decrease</b>                                                                                 | <b>(2,139.64)</b>                              | <b>745.78</b>                                  |
| <b>Note 23 - Employee benefits expense</b>                                                                       |                                                |                                                |
| Salaries, wages and bonus                                                                                        | 4,526.40                                       | 4,128.65                                       |
| Contribution to provident and other funds (refer note 28)                                                        | 369.72                                         | 377.96                                         |
| Gratuity expenses (unfunded) (refer note 28)                                                                     | (0.91)                                         | 7.58                                           |
| Employee welfare expenses                                                                                        | 1,143.92                                       | 912.42                                         |
| Subsidy on food grains                                                                                           | 589.68                                         | 477.93                                         |
|                                                                                                                  | <u>6,628.81</u>                                | <u>5,904.54</u>                                |
| <b>Note 24 - Finance costs</b>                                                                                   |                                                |                                                |
| Interest expense on delayed payment of taxes/ statutory dues                                                     | 724.92                                         | 1.31                                           |
| Interest expense on trade payables                                                                               | -                                              | 28.75                                          |
| <b>Total</b>                                                                                                     | <b>724.92</b>                                  | <b>30.06</b>                                   |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

|                                                                           | For the year ended<br>31 March, 2017<br>₹ lakh | For the year ended<br>31 March, 2016<br>₹ lakh |
|---------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>Note 25 - Other expenses</b>                                           |                                                |                                                |
| Consumption of stores and spares                                          | 551.95                                         | 317.16                                         |
| Subcontracting                                                            | -                                              | 315.58                                         |
| Operation and maintenance charges                                         | 503.12                                         | 368.52                                         |
| Power and fuel                                                            | 31.31                                          | 93.50                                          |
| Rent (refer note 31)                                                      | 60.40                                          | 25.25                                          |
| Repairs and maintenance to:                                               |                                                |                                                |
| Plant and machinery                                                       | 304.80                                         | 160.84                                         |
| Building                                                                  | 100.83                                         | 223.01                                         |
| Others                                                                    | 205.80                                         | 136.86                                         |
|                                                                           | <b>611.43</b>                                  | <b>520.71</b>                                  |
| Mine running expenses                                                     | 5,526.58                                       | 4,841.52                                       |
| Insurance                                                                 | 46.12                                          | 44.92                                          |
| Rates and taxes                                                           | 6,177.78                                       | 2,189.92                                       |
| Travelling and conveyance                                                 | 696.36                                         | 609.79                                         |
| Freight loading and siding charges                                        | 2,092.02                                       | 1,172.73                                       |
| Selling expenses                                                          | 337.72                                         | 89.45                                          |
| Donations and contributions                                               | 130.00                                         | 100.00                                         |
| Legal and professional (refer note 34)                                    | 732.90                                         | 454.70                                         |
| Assets discarded                                                          | -                                              | 1.31                                           |
| Bad trade receivables and advances written off                            | 24.02                                          | 42.61                                          |
| Foreign exchange fluctuations (net)                                       | 17.99                                          | -                                              |
| Security charges                                                          | 323.41                                         | 303.65                                         |
| Expenditure on corporate social responsibility (refer note 35)            | 69.79                                          | 253.58                                         |
| Prior-period expenses (represents exchange fluctuations in previous year) | -                                              | 32.82                                          |
| (Increase)/ Decrease of excise duty on inventory                          | 170.18                                         | 10.00                                          |
| Miscellaneous expenses                                                    | 456.30                                         | 291.45                                         |
| <b>Total</b>                                                              | <b>18,559.38</b>                               | <b>12,079.17</b>                               |



**Note 26 - Contingent liabilities and commitments (to the extent not provided for)**

**(i) Contingent liabilities**

₹ lakh

| <b>a) Claims against the group not acknowledged as debts</b>                          | <b>As at 31.03.2017</b> | <b>As at 31.03.2016</b> |
|---------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Income tax (relating to certain disallowances)                                        | <b>3,284.47</b>         | 2,039.29                |
| Service tax (relating to applicability of tax)                                        | <b>293.35</b>           | 293.35                  |
| Forest development tax, including interest                                            | <b>4,210.36</b>         | -                       |
| Differential rate relating to sale of power, including interest                       | <b>364.24</b>           | -                       |
| Contribution to District Mineral Foundation (relating to its applicability)           | -                       | 807.42                  |
| Interest on royalty (relating to interest on applicable rate on sale consideration)   | <b>549.06</b>           | 549.06                  |
| Customs duty (relating to demand towards differential duty payable on import of coal) | <b>314.21</b>           | 293.79                  |
| Others (relating to provident fund and other matters)                                 | <b>22.85</b>            | 22.85                   |

The above amounts have been arrived at based on the notice of demand or the Assessment Orders, as the case may be, and the Group is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Group's rights for future appeals before the judiciary. No reimbursements are expected.

₹ lakh

| <b>Particulars</b>                                                                     | <b>As at 31.03.2017</b> | <b>As at 31.03.2016</b> |
|----------------------------------------------------------------------------------------|-------------------------|-------------------------|
| b) Corporate guarantee issued to Customs authorities on behalf of a subsidiary company | <b>1,050.00</b>         | 1,050.00                |

The Company has given the said guarantee in respect of fulfilment of the export obligations by the subsidiary company. There are no defaults as at the year end and no liability is expected.

**(ii) Capital commitments:**

₹ lakh

| <b>Particulars</b>                                                                             | <b>As at 31.03.2017</b> | <b>As at 31.03.2016</b> |
|------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | <b>726.69</b>           | 1,148.89                |

**Note 27 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

| <b>Particulars</b>                                                                                                                              | <b>As at 31.03.2017<br/>₹ lakh</b> | <b>As at 31.03.2016<br/>₹ lakh</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| - Principal amount remaining unpaid to any supplier as at the end of the accounting year                                                        | -                                  | -                                  |
| - Interest due thereon remaining unpaid to any supplier as at the end of the accounting year                                                    | -                                  | -                                  |
| - The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                               | -                                  | -                                  |
| - The amount of interest due and payable for the year                                                                                           | -                                  | -                                  |
| - The amount of interest accrued and remaining unpaid at the end of the accounting year                                                         | -                                  | -                                  |
| - The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | -                                  | -                                  |

There are no dues to micro and small enterprises which were outstanding beyond the due date or for more than 45 days whichever is earlier. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Note 28 - Employee Benefits :

##### a) Defined Contribution Plan

The Group makes Provident Fund, Superannuation Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised ₹ 183.86 lakh (2015-16 ₹ 178.73 lakh) for provident fund contributions, ₹ 45.93 lakh (2015-16 ₹ 39.32 lakh) for superannuation fund contributions in the consolidated statement of profit and loss as part contribution to provident and other funds in note 23 and ₹ 2.46 lakh (2015-16 ₹ 0.61 lakh) for employee state insurance scheme contributions included as part of employee welfare expenses in note 23. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

The Group makes contributions at predetermined rates to SMIORE Provident Fund Trust and to the regional Provident Fund Commissioner in respect of Employee Provident Fund and to the Life Insurance Corporation of India in respect of Superannuation Fund.

In case of SMIORE Provident Fund Trust interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Group has an obligation to make good the short fall, between the return from the investments of trust and the notified interest rate and recognise such shortfall as an expense. Based on management assessment, there is no shortfall in the interest payable by the trust to the beneficiaries as on the balance sheet date.

##### b) Defined Benefit Plan

The Company makes annual contributions to an Insurance Managed Fund. The scheme provides for lump sum payment to vested employees on retirement, death while in employment or on termination of employment as per the Company's Gratuity Scheme, vesting occurs upon completion of three years of service.

The gratuity benefit of the subsidiary is not funded.

The following table sets out the funded status and amount recognised in the Group's consolidated financial statements for Gratuity.

₹ lakh

|           | Particulars                                                                                                                            | 2016-17  |          | 2015-16  |          |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|
|           |                                                                                                                                        | Funded   | Unfunded | Funded   | Unfunded |
| <b>I</b>  | Net asset/ (liability) recognised in the consolidated balance sheet                                                                    |          |          |          |          |
| 1         | Present value of obligations - A                                                                                                       | 1,948.45 | 5.21     | 1,801.28 | 6.19     |
| 2         | Fair value of plan Asset - B                                                                                                           | 1,971.48 | -        | 1,438.80 | -        |
| 3         | (Deficit)/surplus (B-A)                                                                                                                | 23.03    | (5.21)   | (362.48) | (6.19)   |
| 4         | Net asset/(liability)                                                                                                                  |          |          |          |          |
|           | - Asset                                                                                                                                | 23.03    | -        | -        | -        |
|           | - Liability                                                                                                                            |          |          |          |          |
|           | Current                                                                                                                                | -        | 4.52     | 362.48   | 5.53     |
|           | Non-current                                                                                                                            | -        | 0.69     | -        | 0.66     |
|           |                                                                                                                                        | -        | 5.21     | 362.48   | 6.19     |
| <b>II</b> | Expenses recognised in the consolidated statement of profit and loss as part of contribution to provident and other funds in Note - 23 |          |          |          |          |
| 1         | Current service cost                                                                                                                   | 80.73    | -        | 67.31    | 5.46     |
| 2         | Interest on defined benefit obligation                                                                                                 | 119.60   | -        | 122.11   | 1.70     |
| 3         | Expected return on plan assets                                                                                                         | (88.46)  | -        | (81.02)  | -        |
| 4         | Net actuarial losses/(gains) recognised during the year                                                                                | 28.05    | (0.91)   | 51.51    | 0.42     |
| 5         | Past service cost                                                                                                                      | -        | -        | -        | -        |
| 6         | Losses/(gains) on "curtailments & settlements"                                                                                         | -        | -        | -        | -        |
|           | Total                                                                                                                                  | 139.92   | (0.91)   | 159.91   | 7.58     |



**THE SANDUR MANGANESE & IRON ORES LIMITED**  
**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

₹ lakh

|             | Particulars                                                                                                                 | 2016-17  |          | 2015-16  |          |
|-------------|-----------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|
|             |                                                                                                                             | Funded   | Unfunded | Funded   | Unfunded |
| <b>III</b>  | Actual return on plan Assets                                                                                                | 164.45   | -        | 94.09    | -        |
| <b>IV</b>   | <b>Change in defined benefit obligation (DBO) during the year</b>                                                           |          |          |          |          |
| 1           | Present value of DBO at the beginning of the year                                                                           | 1,801.26 | 6.19     | 1,891.53 | 23.29    |
| 2           | Service cost                                                                                                                | 80.73    | -        | 67.31    | 5.46     |
| 3           | Interest cost                                                                                                               | 119.60   | -        | 122.11   | 1.70     |
| 4           | Actuarial losses/ (gains)                                                                                                   | 103.63   | (0.91)   | 64.56    | 0.42     |
| 5           | Liabilities assumed on transfer of employees from subsidiary company                                                        | -        | -        | 21.65    | (21.65)  |
| 6           | Actuarial losses/ (gains) due to curtailment                                                                                | -        | -        | -        | -        |
| 7           | Benefits paid                                                                                                               | (156.79) | (0.07)   | (365.88) | (3.03)   |
| 8           | Present value of DBO at the end of the year                                                                                 | 1,948.45 | 5.21     | 1,801.28 | 6.19     |
| <b>V</b>    | <b>Change in fair value of plan assets</b>                                                                                  |          |          |          |          |
| 1           | Opening fair value of plan assets                                                                                           | 1,438.80 | -        | 1,410.61 | -        |
| 2           | Expected return                                                                                                             | 88.46    | -        | 81.02    | -        |
| 3           | Actuarial gains /(losses)                                                                                                   | 75.98    | -        | 13.05    | -        |
| 4           | Assets distributed on settlements                                                                                           | -        | -        | -        | -        |
| 5           | Contributions by employer                                                                                                   | 525.03   | -        | 300.00   | -        |
| 6           | Benefits paid                                                                                                               | (156.79) | -        | (365.88) | -        |
| 7           | Closing fair value of plan assets                                                                                           | 1,971.48 | -        | 1,438.80 | -        |
| <b>VI</b>   | <b>The major categories of plan assets as a percentage of total plan assets:</b>                                            |          |          |          |          |
| 1           | Government of India Securities                                                                                              | 41.10%   | NA       | 47.93%   | NA       |
| 2           | Corporate Bonds                                                                                                             | 46.32%   | NA       | 47.39%   | NA       |
| 3           | Others                                                                                                                      | 12.58%   | NA       | 4.68%    | NA       |
| <b>VII</b>  | <b>Principal actuarial assumptions:</b>                                                                                     |          |          |          |          |
| 1           | Discount Rate                                                                                                               | 7.10% pa | 7.10%    | 7.85% pa | 7.50%    |
| 2           | Expected Rate of Return on Plan Assets                                                                                      | 7.50% pa | NA       | 8.00% pa | NA       |
| 3           | Salary escalation                                                                                                           | 6.00% pa | 6.00% pa | 6.00% pa | 5.00% pa |
| 4           | Attrition rate                                                                                                              | 2.00% pa | 6.00% pa | 2.00% pa | 5.00%    |
| <b>VIII</b> | Estimate of amount of contribution in the immediate next year                                                               | 100.00   | NA       | 362.48   | NA       |
| <b>IX</b>   | The employees are assumed to retire normally at the age of 60 years                                                         |          |          |          |          |
| <b>X</b>    | The mortality rates considered are as per the published rates under the Indian Assured Life Mortality (2006-08) UIT tables. |          |          |          |          |

₹ lakh

| XI | Particulars                                | Summary of defined benefit obligation/plan assets and experience adjustments |            |            |            |            |
|----|--------------------------------------------|------------------------------------------------------------------------------|------------|------------|------------|------------|
|    |                                            | 31.03.2017                                                                   | 31.03.2016 | 31.03.2015 | 31.03.2014 | 31.03.2013 |
| 1  | Defined Benefit Obligation                 | 1,953.66                                                                     | 1,807.47   | 1,914.82   | 1,386.57   | 1,377.49   |
| 2  | Plan Assets                                | 1,971.48                                                                     | 1,438.80   | 1,410.61   | 1,354.95   | 1,313.12   |
| 3  | Surplus / (Deficit)                        | 17.82                                                                        | (368.67)   | (504.21)   | (31.62)    | (64.37)    |
| 4  | Experience adjustments on Plan Liabilities | 24.97                                                                        | 33.77      | 360.62     | 19.27      | (0.71)     |
| 5  | Experience adjustments on Plan Assets      | 75.98                                                                        | 13.05      | 51.32      | (25.46)    | 48.52      |

Expected rate of return on plan assets is based on average yield on investments.



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### c) Other long term benefits

The other long-term benefits which are provided for but not funded are as under:

|                             | Liability as at 31.03.2017 | Liability as at 31.03.2016 |
|-----------------------------|----------------------------|----------------------------|
| <b>Compensated absences</b> |                            |                            |
| -Current                    | 189.90                     | 181.45                     |
| -Non Current                | 329.40                     | 265.69                     |
| <b>Total</b>                | <b>519.30</b>              | <b>447.14</b>              |
| <b>Pension</b>              |                            |                            |
| -Current                    | 191.54                     | 128.03                     |
| -Non Current                | 1,261.01                   | 1,313.30                   |
| <b>Total</b>                | <b>1,452.55</b>            | <b>1,441.33</b>            |

The actuarial valuation has been carried out using projected unit credit method in respect of compensated absences based on assumptions given in respect of gratuity valuation.

Note: a) The discount rate for defined benefit plan and other long term benefits is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations. The estimate of future salary increases considered for defined benefits plan and other long term benefits takes into account the inflation, seniority, promotion, increments and other relevant factors.

b) The provision towards pension payable to eligible employees is fixed and computed based on actuals and is not funded.

#### Note 29 - Related party disclosures:

##### a) Names of related parties and description relationship:

|   |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Holding Company                         | Skand Private Limited, (w.e.f 28 March, 2016)                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 2 | Enterprise having significant influence | Skand Private Limited (upto 27 March, 2016)                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 3 | Key Management Personnel (KMP)          | i) S. Y. Ghorpade, (Chairman & Managing Director upto 31 March 2017 & Chairman from 1 April 2017)<br>ii) Nazim Sheikh, (Joint Managing Director upto 31 March 2017 & Managing Director from 1 April 2017)<br>iii) S.H. Mohan, Executive Director (Projects) (upto 7 September, 2015)<br>iv) S.R.Sridhar, Executive Director (Mines) (upto 5 September, 2015)<br>v) U. R. Acharya, Director (Commercial)<br>vi) K Raman, Director (Finance) (upto 19 September, 2015) |
| 4 | Relative of KMP                         | Aditya Shivrato Ghorpade<br>Dhananjaya Shivarao Ghorpade<br>Mubeen A. Sheriff                                                                                                                                                                                                                                                                                                                                                                                        |

##### b) Details of related party transactions during the year ended 31 March, 2017 and balance outstanding as at 31 March, 2017

##### Holding Company/ enterprise having significant influence

| Particulars                            | 2016-17 | 2015-16 |
|----------------------------------------|---------|---------|
| <b>Transactions during the year</b>    |         |         |
| - Reimbursement of expenses            | -       | 1.29    |
| <b>Closing balance at the year end</b> |         |         |
| -Loans and advances                    | -       | 1.79    |



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Key Management Personnel (KMP)

₹ lakh

| SI No. | Name of KMP    | Remuneration  |               | Amounts payable at the year end |              |
|--------|----------------|---------------|---------------|---------------------------------|--------------|
|        |                | 31.03.17      | 31.03.16      | 31.03.17                        | 31.03.16     |
| 1      | S. Y. Ghorpade | 140.69        | 120.00        | 13.78                           | 7.50         |
| 2      | Nazim Sheikh   | 128.99        | 111.40        | 23.84                           | 5.17         |
| 3      | S. H. Mohan    | -             | 76.96         | -                               | -            |
| 4      | S. R. Sridhar  | -             | 46.89         | -                               | -            |
| 5      | U. R. Acharya  | 75.68         | 63.02         | 12.27                           | 3.54         |
| 6      | K. Raman       | -             | 29.80         | -                               | -            |
|        | <b>Total</b>   | <b>345.36</b> | <b>448.07</b> | <b>49.89</b>                    | <b>16.21</b> |

#### Relative of KMP

₹ lakh

| SI No. | Name of relative of KMP     | Remuneration |            | Amounts payable at the year end |            |
|--------|-----------------------------|--------------|------------|---------------------------------|------------|
|        |                             | 31.03.2017   | 31.03.2016 | 31.03.2017                      | 31.03.2016 |
| 1      | Aditya Shivrao Ghorpade     | 23.27        | 22.32      | (0.38)                          | 1.94       |
| 2      | Dhananjai Shivarao Ghorpade | 15.04        | 14.42      | 0.95                            | 0.97       |
| 3      | Mubeen A. Sheriff           | 17.85        | 17.10      | 1.25                            | 2.01       |

#### Note 30 - Segment reporting

##### a) Primary segments (business segments)

₹ lakh

| Particulars                                            | Mining           |                  | Ferroalloy & Power |                   | Steel    |               | Unallocable       |                   | Elimination       |                 | Total            |                  |
|--------------------------------------------------------|------------------|------------------|--------------------|-------------------|----------|---------------|-------------------|-------------------|-------------------|-----------------|------------------|------------------|
|                                                        | 2016-17          | 2015-16          | 2016-17            | 2015-16           | 2016-17  | 2015-16       | 2016-17           | 2015-16           | 2016-17           | 2015-16         | 2016-17          | 2015-16          |
| <b>REVENUE</b>                                         |                  |                  |                    |                   |          |               |                   |                   |                   |                 |                  |                  |
| External sales                                         | 30,279.71        | 16,284.25        | 11,888.85          | 10,548.86         | -        | -             | 55.09             | 42.59             | -                 | -               | 42,223.65        | 26,875.70        |
| Inter segment revenue                                  | 1,705.12         | 320.41           | -                  | -                 | -        | -             | -                 | -                 | (1,705.12)        | (320.41)        | -                | -                |
| <b>Total revenue</b>                                   | <b>31,984.83</b> | <b>16,604.66</b> | <b>11,888.85</b>   | <b>10,548.86</b>  | <b>-</b> | <b>-</b>      | <b>55.09</b>      | <b>42.59</b>      | <b>(1,705.12)</b> | <b>(320.41)</b> | <b>42,223.65</b> | <b>26,875.70</b> |
| <b>RESULT</b>                                          |                  |                  |                    |                   |          |               |                   |                   |                   |                 |                  |                  |
| Segment                                                | 11,960.00        | 2,210.38         | (1,030.94)         | (1,332.07)        | -        | (4.18)        | -                 | -                 | -                 | -               | 10,929.06        | 874.13           |
| Unallocated corporate (expense) / income (net)         | -                | -                | -                  | -                 | -        | -             | (1,729.00)        | (939.07)          | -                 | -               | (1,729.00)       | (939.07)         |
| Operating profit/ (loss)                               | 11,960.00        | 2,210.38         | (1,030.94)         | (1,332.07)        | -        | (4.18)        | (1,729.00)        | (939.07)          | -                 | -               | 9,200.06         | (64.94)          |
| Finance costs                                          | (622.37)         | -                | (11.55)            | -                 | -        | -             | (91.00)           | (30.06)           | -                 | -               | (724.92)         | (30.06)          |
| Profit/ (loss) before tax                              | 11,337.63        | 2,210.38         | (1,042.49)         | (1,332.07)        | -        | (4.18)        | (1,820.00)        | (969.13)          | -                 | -               | 8,475.14         | (95.00)          |
| Tax expenses                                           | -                | -                | -                  | -                 | -        | -             | (2,940.00)        | 930.43            | -                 | -               | (2,940.00)       | 930.43           |
| Exceptional item                                       | -                | (1,723.00)       | -                  | -                 | -        | -             | -                 | -                 | -                 | -               | -                | (1,723.00)       |
| <b>Net profit/ (loss)</b>                              | <b>11,337.63</b> | <b>3,933.38</b>  | <b>(1,042.49)</b>  | <b>(1,332.07)</b> | <b>-</b> | <b>(4.18)</b> | <b>(4,760.00)</b> | <b>(1,899.56)</b> | <b>-</b>          | <b>-</b>        | <b>5,535.14</b>  | <b>697.57</b>    |
| <b>OTHER INFORMATION</b>                               |                  |                  |                    |                   |          |               |                   |                   |                   |                 |                  |                  |
| Segment assets                                         | 8,419.81         | 5,945.78         | 19,947.49          | 20,056.97         | 3,170.46 | 3,170.46      | 26,902.86         | 21,672.33         | -                 | -               | 58,440.62        | 50,845.54        |
| Segment liabilities                                    | 10,524.82        | 8,162.70         | 4,744.80           | 4,564.00          | 2.80     | 2.02          | 1,679.04          | 1,754.53          | -                 | -               | 16,951.46        | 14,483.25        |
| Capital expenditure including capital work-in-progress | 1,094.75         | 32.05            | 33.99              | 201.36            | -        | -             | 255.44            | 784.68            | -                 | -               | 1,384.18         | 1,018.09         |
| Depreciation/amortisation                              | 370.99           | 124.84           | 528.19             | 509.69            | -        | 1.70          | 272.96            | 269.30            | -                 | -               | 1,172.14         | 905.53           |
| Other significant non-cash expenses                    | -                | -                | 24.02              | 42.61             | -        | -             | -                 | 1.31              | -                 | -               | 24.02            | 43.92            |

Note 1 : Primary business segments have been identified on the basis of distinguishable businesses in which the Group is engaged.

Note 2 : Inter segment transfer from the mining segment is measured at cost.

b) The Group majorly operates in a single geographical segment and accordingly, secondary segments for geographical segment, as envisaged in Accounting Standard- 17 on Segment Reporting are not applicable.



## THE SANDUR MANGANESE & IRON ORES LIMITED

### NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Note 31 - Details of leasing arrangements:

##### As Lessor

The Group has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 3 years and is renewable by mutual consent.

Future minimum lease payments

₹ lakh

| Particulars                                       | For the year ended<br>31 March, 2017 | For the year ended<br>31 March, 2016 |
|---------------------------------------------------|--------------------------------------|--------------------------------------|
| Not later than one year                           | -                                    | 46.34                                |
| Later than one year and not later than five years | -                                    | -                                    |

The Group has not received any contingent rent with respect to the leasing and thus no contingent rent is recognised as income in the Statement of Profit and loss account for the year ended March 31, 2017.

##### As Lessee

The Group has entered into operating leases in respect of office premises and residential premise. The leasing arrangements are cancellable and are renewable by mutual consent. The lease rentals charged to the consolidated statement of profit and loss in respect of these leases amounts to ₹ 60.40 lakh (2015-16 ₹ 25.25 lakh).

#### Note 32 - Earnings per share

| Particulars                              | 2016-17   | 2015-16   |
|------------------------------------------|-----------|-----------|
| Net profit after tax - ₹ Lakh            | 5,444.30  | 738.80    |
| Weighted average number of equity shares | 8,750,000 | 8,750,000 |
| Nominal value of share - ₹               | 10.00     | 10.00     |
| Basic and diluted earnings per share - ₹ | 62.22     | 8.44      |

#### Note 33 - Accounting for taxes on income

Details of deferred tax assets/ (liabilities) are as below:

₹ lakh

|                                                                       | Opening<br>balance | Tax effect for<br>the year<br>(Credit)/Charge | As at<br>31.03.2017 |
|-----------------------------------------------------------------------|--------------------|-----------------------------------------------|---------------------|
| <b>Deferred tax (liability)</b>                                       |                    |                                               |                     |
| On difference between book balance and tax balance of fixed assets    | (1,955.61)         | 120.65                                        | (2,076.26)          |
| <b>Sub total</b>                                                      | (1,955.61)         | 120.65                                        | (2,076.26)          |
| <b>Deferred tax asset</b>                                             |                    |                                               |                     |
| Provision for employee benefits                                       | 650.25             | (52.26)                                       | 702.51              |
| On difference between book balance and tax balance of fixed assets    | 2,016.89           | (163.66)                                      | 2,180.55            |
| Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961 | 1,448.47           | (174.73)                                      | 1,623.20            |
| <b>Sub total</b>                                                      | 4,115.61           | (390.65)                                      | 4,506.26            |
| <b>Net deferred tax asset / (liability)</b>                           | 2,160.00           | (270.00)                                      | 2,430.00            |



## THE SANDUR MANGANESE & IRON ORES LIMITED SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 34 - Payment to Auditors :** (included under legal and professional note 25)

₹ lakh

| Auditor's remuneration   | 2016-17 | 2015-16 |
|--------------------------|---------|---------|
| For Statutory audit      | 41.50   | 43.00   |
| For taxation matters     | 7.50    | 7.50    |
| For other services       | 19.00   | 23.00   |
| Reimbursement of         |         |         |
| - out of pocket expenses | 0.30    | 0.68    |
| - levies                 | 9.08    | 8.43    |
|                          | 77.38   | 82.61   |

**Note 35 - Expenditure on corporate social responsibility** (as per section 135 of the 2013 Act)

(a) Gross amount required to be spent by the company during the year ₹ 53.90 lakh (previous year ₹ 77.62 lakh)

(b) Amount spent during the year on: (included under expenditure on corporate social responsibility note 24)

₹ lakh

|                                            | In Cash          | Yet to be paid in cash | Total            |
|--------------------------------------------|------------------|------------------------|------------------|
| 1. Construction / acquisition of any asset | -<br>(-)         | -<br>(-)               | -<br>(-)         |
| 2. On purposes other than (1) above        | 69.79<br>(79.68) | -<br>(-)               | 69.79<br>(79.68) |

Previous year figures are in bracket

**Note 36 - Provisions - Disclosure of particulars as per Accounting Standard 29 are as under:**

₹ lakh

| Particulars of provisions | Opening balance as on 01.04.2016 | Provision | Provision written back/ used | Closing balance as on 31.03.2016 |
|---------------------------|----------------------------------|-----------|------------------------------|----------------------------------|
| Mine closure expenses     | 118.60                           | 247.40    | -                            | 366.00                           |

**Note 37 -** Exceptional item of ₹ 1,723 lakh relates to write back of provision (net of estimated expenses) towards Forest Development Tax for the years 2008 - 09 to 2011 - 12 in view of the Order of The Hon'ble High Court of Karnataka.

**Note 38 -** Additional information as required by Paragraph 2 of the General Instructions for preparation of consolidated financial statements to schedule III to the 2013 Act.

**For the year ended March 31, 2017**

| Name of the entity                                            | Net assets, i.e., total assets minus total liabilities |                  | Share of profit             |                 |
|---------------------------------------------------------------|--------------------------------------------------------|------------------|-----------------------------|-----------------|
|                                                               | As % of consolidated net assets                        | Amount ₹ lakh    | As % of consolidated profit | Amount ₹ lakh   |
| Parent :The Sandur Manganese & Iron Ores Limited              | 68.81                                                  | 28,548.52        | 90.48                       | 4,925.90        |
| Subsidiary :Indian - Star Metallica And Power Private Limited | 38.69                                                  | 16,052.21        | 7.85                        | 427.56          |
| Minority interest                                             | (7.50)                                                 | (3,111.57)       | 1.67                        | 90.84           |
| <b>Total</b>                                                  | <b>100.00</b>                                          | <b>41,489.16</b> | <b>100.00</b>               | <b>5,444.30</b> |



## THE SANDUR MANGANESE & IRON ORES LIMITED

### SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

| Name of the entity                                            | Net assets, i.e., total assets minus total liabilities |               | Share of profit             |               |
|---------------------------------------------------------------|--------------------------------------------------------|---------------|-----------------------------|---------------|
|                                                               | As % of consolidated net assets                        | Amount ₹ lakh | As % of consolidated profit | Amount ₹ lakh |
| Parent :The Sandur Manganese & Iron Ores Limited              | 66.38                                                  | 24,141.80     | 129.67                      | 957.99        |
| Subsidiary :Indian - Star Metallica And Power Private Limited | 41.56                                                  | 15,112.23     | (35.25)                     | (260.42)      |
| Minority interest                                             | (7.95)                                                 | (2,891.74)    | 5.58                        | 41.23         |
| Total                                                         | 100.00                                                 | 36,362.29     | 100.00                      | 738.80        |

Note: The details of share in profit or loss of the subsidiary is as per the standalone financial information of the subsidiary

**Note 39 -** Details of specified bank notes held and transacted during November 08, 2016 to December 30, 2016:

| Particulars                           | SBNs      | Other Denomination Notes | Total (Rs.) |
|---------------------------------------|-----------|--------------------------|-------------|
| Closing Balance as on 08-11-2016      | 4,818,500 | 567,545                  | 5,386,045   |
| Add: Permissible Receipts             | -         | 6,199,836                | 6,199,836   |
| Less: Permitted Payments              | -         | 6,292,961                | 6,292,961   |
| Less: Amounts deposited in banks      | 4,818,500 | -                        | 4,818,500   |
| Closing cash in hand as on 30-12-2016 | -         | 474,420                  | 474,420     |

**Note 40 -** Events occurring after the Balance Sheet Date:

The Board of Directors of SMIORE in their meeting held on May 30, 2017, proposed dividend of ₹ 2 per share for the year ended March 31, 2017, which need to be approved by the shareholders. Pursuant to the notification of Companies (Accounting Standards) Amendment Rules, 2016, which is applicable to the Group with effect from April 1, 2016, dividend declared after the balance sheet date but before the financial statements are approved for issue, is not to be recognised as a liability at the balance sheet date but should be disclosed in the notes to the financial statements. Accordingly, the aforesaid dividend declared after March 31, 2017 but before the issue of these financial statements is not recognised as a liability as on March 31, 2017.

**Note 41 -** (a) Figures pertaining to SMPPL have been reclassified, where necessary, to bring them in line with the consolidated financial statements.

(b) The figures of the previous year have been regrouped/ reclassified, where necessary, to conform to the current year's classification.

Signature to notes 1 to 41  
for and on behalf of the Board of Directors

**S. Y. GHORPADE**  
Chairman

**NAZIM SHEIKH**  
Managing Director

**MD. ABDUL SALEEM**  
Company Secretary &  
Chief General Manager (Mines)

**K. RAMAN**  
Chief Financial Officer

Place : Bengaluru  
Date : 30 May 2017



## Nomination Form

Form No. SH-13

[Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies  
(Share Capital and Debentures) Rules, 2014]

The Sandur Manganese & Iron Ores Limited  
'SATYALAYA', Door No. 266 (Old No.80), Ward No.1,  
Behind Taluka Office Sandur - 583 119,  
Ballari District, Karnataka, India

I/We ..... the holder(s) of the securities particulars  
of which are given hereunder wish to make nomination and do hereby nominate the following persons in  
whom shall vest, all the rights in respect of such securities in the event of my/our death.

### (1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

| Nature of Securities | Folio No. | No. of Securities | Certificate No. | Distinctive No. |
|----------------------|-----------|-------------------|-----------------|-----------------|
|                      |           |                   |                 |                 |
|                      |           |                   |                 |                 |
|                      |           |                   |                 |                 |

### (2) PARTICULARS OF NOMINEE/S —

- (a) Name:
- (b) Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:

### (3) IN CASE NOMINEE IS A MINOR

- (a) Date of birth:
- (b) Date of attaining majority
- (c) Name of guardian:
- (d) Address of guardian:

Name of the Security

Holder (s) \_\_\_\_\_

Signature \_\_\_\_\_

Witness Name:

and signature: \_\_\_\_\_

Witness Address: \_\_\_\_\_



## Cancellation or Variation of Nomination

Form No. SH-14

[Pursuant to sub-section (3) section 72 of the Companies Act, 2013 and rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014]

The Sandur Manganese & Iron Ores Limited  
'SATYALAYA', Door No. 266 (Old No.80), Ward No.1,  
Behind Taluka Office Sandur - 583 119,  
Ballari District, Karnataka, India

I/We hereby cancel the nomination(s) made by me/us in favor of \_\_\_\_\_

(name and address of the nominee) in respect of the below mentioned securities.

Or

I/We hereby nominate the following person in place of \_\_\_\_\_  
as nominee in respect of below mentioned securities in whom shall vest all rights in respect of such securities  
in the event of my/our death.

### (1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

| Nature of Securities | Folio No. | No. of Securities | Certificate No. | Distinctive No. |
|----------------------|-----------|-------------------|-----------------|-----------------|
|                      |           |                   |                 |                 |
|                      |           |                   |                 |                 |
|                      |           |                   |                 |                 |

### (2) (a) PARTICULARS OF THE NEW NOMINEE/S:

- Name:
- Date of Birth:
- Father's/Mother's/Spouse's name:
- Nationality:
- Address:
- E-mail id:
- Relationship with the security holder:

### (b) IN CASE NOMINEE IS A MINOR

- Date of birth:
- Date of attaining majority
- Name of guardian:
- Address of guardian:

Name of the Security

Holder (s) \_\_\_\_\_

Signature \_\_\_\_\_

Witness Name:

and signature: \_\_\_\_\_

Witness Address: \_\_\_\_\_



## *The Sandur Manganese & Iron Ores Limited*

Regd. Office: 'SATYALAYA', Door No. 266 (Old No.80), Ward No.1,  
Behind Taluka Office, Sandur - 583 119, Ballari District, Karnataka, India.  
CIN: L85110KA1954PLC000759

### **ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) ECS Mandate for payment of dividend on Equity Shares**

1. First Shareholder's Name  
(IN BLOCK LETTERS) :
2. Shareholders Folio No. :
3. Particulars of Bank Account
  - A. Bank Name :
  - B. Branch Name, Address & Phone Number :
  - C. Account No.  
(as appearing on the cheque book) :
  - D. Account Type  
(SB Account / Credit A/c or Cash Credit).  
Please tick the correct box : ☐ S.B A/c ☐ Current A/c ☐ CC or Other A/c
  - E. Ledger Folio No. of the Bank A/c.  
(as if appearing on the Cheque Book) :
  - F. 9 Digit Code No. of the Bank &  
Branch appearing on the MICR  
Cheque issued by the bank. :

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete information, I would not hold the Company responsible.

Date:

Signature of the First Shareholder

Note: Please attach photocopy of a cheque or a blank cancelled cheque relating to your above account for verifying the accuracy of the MICR.



# *The Sandur Manganese & Iron Ores Limited*

## PROXY FORM

Form MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L85110KA1954PLC000759  
Name of the Company : The Sandur Manganese & Iron Ores Limited  
Registered Office : 'SATYALAYA', Door No. 266(Old No. 80), Ward No. 1,  
Behind Taluka Office, Sandur – 583119, Ballari District, Karnataka

Name of the member (s) :  
Registered address :  
E-mail Id :  
Folio No./Client ID :  
DP ID :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

- 1 Name :  
Address :  
E-mail ID :  
Signature : Failing him
- 2 Name :  
Address :  
E-mail ID :  
Signature : Failing him
- 3 Name :  
Address :  
E-mail ID :  
Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 63rd Annual general meeting of the company, to be held on the Tuesday, 26th Day of September 2017 at 11.00 a.m. at Sandur and at any adjournment thereof in respect of resolutions as are indicated below:

| Sl. No. | Resolution No.                                                                                                               | For | Against |
|---------|------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| 1       | To consider and adopt the Audited financial statements for the year ended 31 March 2017                                      |     |         |
| 2       | To declare dividend of ₹5 per share, including the Interim Dividend of ₹3 per share for the year 2016-17                     |     |         |
| 3       | To appoint a Director in place of Vatsala Watsa, who retires by rotation & being eligible, offers herself for re-appointment |     |         |
| 4       | To appoint R. Subramanian & Co. as Statutory Auditors of the Company                                                         |     |         |
| 5       | To approve the appointment of Nazim Sheikh as Managing Director of the Company                                               |     |         |
| 6       | To approve the appointment of U R Acharya as Director(Commercial)                                                            |     |         |
| 7       | To approve the Change in Designation of K V Ramarathnam as an Independent Director                                           |     |         |
| 8       | To approve the appointment of G. P. Kundargi as an Independent Director of the Company                                       |     |         |
| 9       | To consider and fix the borrowing powers of the Board of Directors pursuant to Section 180(1)(c)                             |     |         |
| 10      | To ratify the remuneration payable to Cost Auditor for the audit of cost records for the year 2017-18                        |     |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

Signature of Shareholder \_\_\_\_\_

Signature of Proxy Holder(s) \_\_\_\_\_

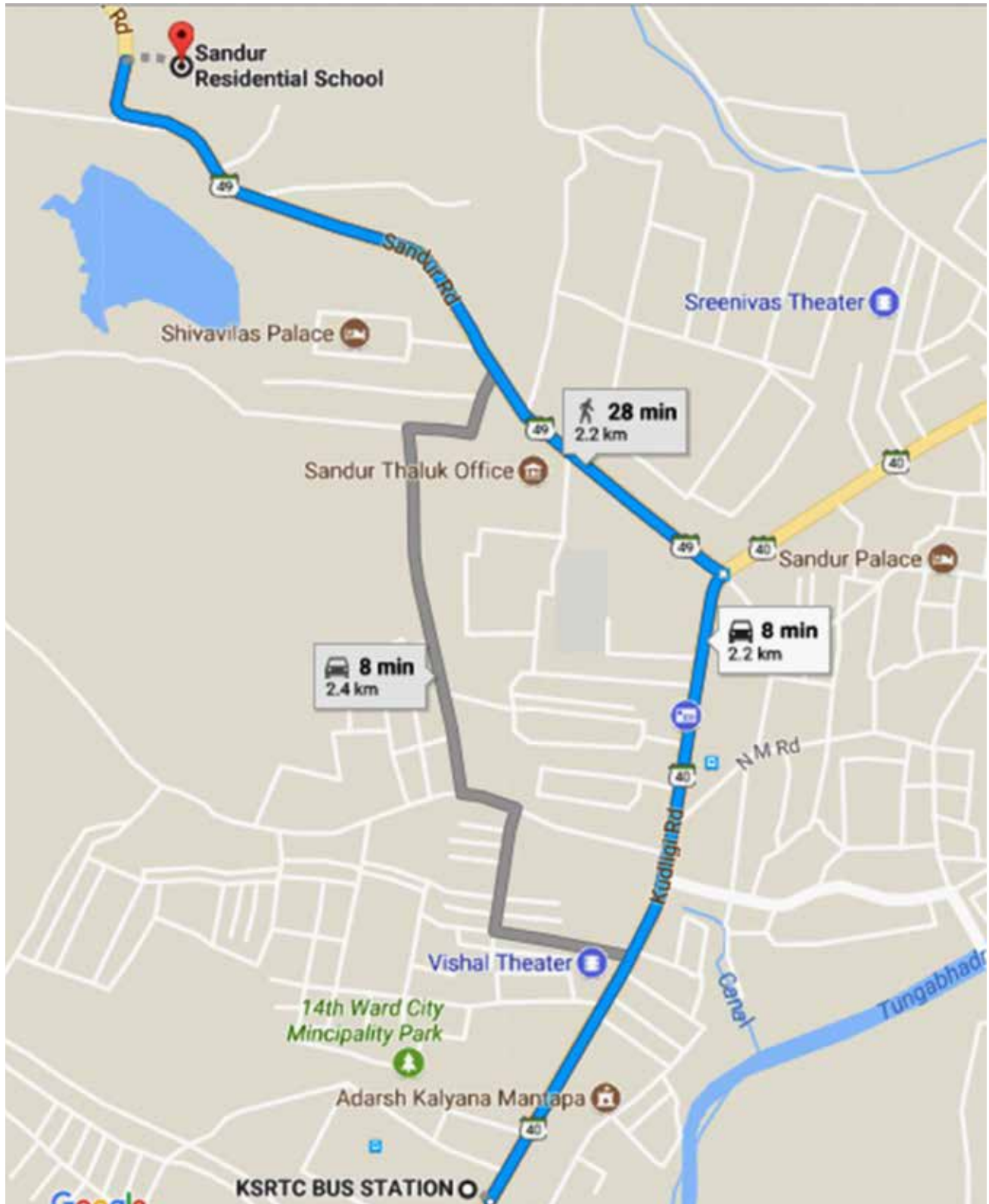
Affix  
Revenue  
Stamp

### NOTE:

- THIS FORM OF PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) & HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. IN CASE A PROXY IS PROPOSED TO BE APPOINTED BY A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS, THEN SUCH PROXY SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER.



## ROUTE MAP TO THE VENUE OF THE AGM



Registered Parcel:

If undelivered please return to:

*The Sandur Manganese & Iron Ores Limited*

1A & 2C, 'Redifice Signature'

No.6, Hospital Road, Shivaji Nagar, Bangalore - 560 001. Karnataka, INDIA.

Ph: +91 80 4152 0176 - 80 | Fax: +91 80 4152 0182