



# *The Sandur Manganese & Iron Ores Limited*

**67th Annual General Meeting  
September 22, 2021**

## **Transcript of proceedings**

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**Bijan Kumar Dash:** Dear shareholders, good morning. I am Bijan Kumar Dash, Company Secretary of The Sandur Manganese and Iron Ores Limited.

Welcome to the 67th Annual General Meeting of The Sandur Manganese & Iron Ores Limited.

I have some procedural announcements to make.

For smooth conduct of the meeting, all the members will be on mute mode. Audio and video will be switched on only when they will speak at the AGM as per the pre-registration. Please note as per the requirements, the transcript of the AGM will be available on the website of the Company. I now request Shri T R Raghunandan – Chairman of The Sandur Manganese & Iron Ores Limited to take charge of the proceedings and conduct the meeting.

**T R Raghunandan :** Good morning and a warm welcome to our Company's 67th Annual General Meeting, I am T R Raghunandan, Chairman of The Sandur Manganese & Iron Ores Limited. I hope all of you and your loved ones are safe and keeping well during these tough times. I also hope that all of you are vaccinated or on your way to getting there, so that we can emerge out of this pandemic stronger and return back to our normal lives soon.

I got to know from Bijan Kumar Dash, Company Secretary that we have the requisite quorum present to conduct the proceedings of the meeting through video conference. Participation of members through video conference is being recorded for the purpose of quorum, as per the provisions of Section 103 of the Companies Act, 2013 and the circulars issued by Ministry of Corporate Affairs. The quorum being present, I call this meeting to order.

Before we start the main proceedings of the meeting, I request my colleagues on Board of our company to introduce themselves with their name and place of joining.

**S. Y. Ghorpade:** Good Morning, I am S Y Ghorpade – Chairman Emeritus, I am joining from my residence at Hosapete. Thank you

**G. P. Kundargi:** Good Morning. I am G P Kundargi, Independent Director, I am the Chairman of Audit Committee. I am joining from my residence in Nagpur. Thank you



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**Latha Pillai:** Good Morning. I am Latha Pillai, Independent Director, I am the Chairperson of Nomination and Remuneration Committee. I am joining from my residence in Bengaluru. Thank you

**S. S. Rao:** Good Morning. I am S S Rao, Independent Director, I am the Chairman of Risk Management Committee. I am joining from my residence in London. Thank you

**Jagadish Rao Kote:** Good Morning. I am Jagdish Rao Kote, Independent Director and Chairman of Stakeholders Relationship Committee. I am joining from my residence in Bengaluru. Thank you

**Bijan Kumar Dash** Sir, H L Shah is unable to connect due to technical glitches, We can proceed with the proceedings. Thank you

**Bahirji A. Ghorpade:** Good morning. I am Bahirji Ghorpade, Managing Director. Joining from the registered office at Sandur. Thank you

**Md. Abdul Saleem:** Good morning. I am Md. Abdul Saleem, Director (Mines). Joining from the Mines office at Deogiri.

**T R Raghunandan** New Chief Financial Officer, Uttam Kumar Bhageria, joined on 15 September 2021 and Bijan Kuamr Dash, Company Secretary are also present at this meeting.

In addition, Shri R. Subramanian, Shri. Gokul Dixit and Shri. Arvind Bharadwaj – Representatives of the Statutory Auditors and Shri. N. D. Satish – Secretarial Auditor have also joined us today.

I request Bijan – Company Secretary to take you through the arrangements made for the members at the 67th Annual General Meeting. Bijan, over to you.

**Bijan Kumar Dash:** Thank you, Sir. Good morning ladies and gentlemen, Myself Bijan Kumar Dash, Company Secretary. Welcome to the 67th Annual General Meeting of The Sandur Manganese & Iron Ores Limited. In view of the pandemic situation, we are unable to arrange for physical meeting of the shareholders and accordingly this meeting is being held through video conferencing in accordance with the circulars issued by the Ministry of Corporate Affairs, applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The Company has enabled the members to participate at the 67th Annual General Meeting through the video conferencing facility provided by National Securities Depository Limited (NSDL), The proceedings of this meeting are being web-casted live for all the shareholders as per the details provided in the Notice to the Annual General Meeting.

The proceedings of this meeting are being recorded for compliance purposes. In accordance with the provisions of the Companies Act and the SEBI Listing



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Regulations, the members have been provided with the facility to exercise their right to vote by electronic means both through remote e-voting facility and e-voting at the Annual General Meeting. Remote e-voting facility was made available to all Members holding shares as on the cut-off date 15 September 2021, during the period commencing from 9 AM IST on Sunday, 19 September 2021, till 5 PM IST on Tuesday, 21 September 2021. Remote e-voting has been blocked on 21 September 2021 at 5 PM.

Members joining the meeting through video conferencing facility who have not yet cast their vote by means of the remote e-voting, may vote through the insta-poll e-voting facility provided at this Annual General Meeting. The members who have cast their vote by remote e-voting prior to the meeting shall not be casting their vote once again.

The Board of Directors has appointed Mr. Sathya Prasad Yadav, Practicing Advocate as the Scrutinizer for this meeting. Based on the report of the Scrutinizer, the combined results of remote e-voting and the e-voting done at the meeting today will be announced within 48 hours and displayed on the website of the Company, and will also be submitted to the stock exchange as per the requirements under the SEBI Listing Regulations

The statutory registers required to be kept open at the meeting and all the other documents referred to in the notice have been placed on the website of the Company for inspection.

All the members who have joined this meeting are by default placed on mute by the host to avoid any disturbance arising from the background noise and to ensure smooth and seamless conduct of the meeting.

The members who wished to express their views at the meeting or have questions were requested to register themselves as a speaker by sending an e-mail to the Company on or before 5.00 pm on Tuesday, 21 September 2021. We have received requests from shareholders to register themselves as speakers. Only those shareholders who have registered themselves as a speaker will be allowed to express their views/ask questions during the meeting.

Once the name of the speaker shareholder is called out, the speaker shareholder is requested to un-mute their microphone before speaking, and also enable their web-cam, if they wish to appear on the video. Speaker shareholders are requested to mention their name, folio number and location and restrict their views/questions to three minutes.

I now request Shri. T R Raghunandan – Chairman, to continue with the proceedings of the meeting.



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**T R Raghunandan:** Thank you Bijan I am satisfied that all efforts feasible under the circumstances have been made by the Company, to enable members to participate and vote on the items being considered at this meeting.

Ladies and Gentleman, Notice dated 12 August 2021 convening this 67<sup>th</sup> Annual General Meeting and a copy of the Annual Report for the financial year ended 31 March 2021 has already been circulated to members of the Company electronically. The shareholders who have requested for physical copy of Annual report might have received a copy of the same.

With your permission, I shall take them as read.

The Auditors' Report on the standalone financial statements and the Secretarial Audit Report of the Company for the financial year ended 31 March 2021 do not contain any qualifications, reservations, adverse remarks or disclaimer. Accordingly, the Reports are not required to be read out as provided in the Companies Act, 2013.

Now with your permission, I will begin my formal address to the shareholders.

It's a pleasure and a privilege to speak to all of you as the Chairperson of the Board of Directors of SMIORE. I am grateful to be associated with you, our large family of stakeholders and carry forward SMIOREs legacy. This year, we have expanded the scope of our annual report to reflect and take inspiration from our past and focus our ambitions for the future. I believe that we have a firm foundation of several decades of experience on which we can build and consolidate an impressive future.

Since early 2020, the world and India have witnessed the unprecedented specter of COVID-19. Apart from our personal losses and tragedies, I sympathize with all of you for them. The economic fallout of the pandemic has been grim. While we witnessed pain and trauma. We also saw courage and the fire. The medical community from doctors to frontline workers, civil society, corporate India, volunteers, and government authorities, beginning from the local governments to the state governments and the Union Government have all worked relentlessly to control and mitigate the terrifying effects of the pandemic.

Yet, like all crisis, this crisis has also brought about changes in how we live our lives, conduct ourselves and interact as a society. We have adapted and began to communicate with the world virtually as we are doing today. Yet, we must remember that we are not isolated. No man or no woman is an island. This is also an opportune time to realize how our actions could have far reaching consequences on society at large, and the environment. We speak about this all the time when we consider our corporate social responsibilities, we must also realize that our lives are interconnected in much more detailed ways than we can ever imagine. Thus, this is a time for us to remember and celebrate that humanity is one. If one of us suffers, all of us suffer with that



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unfortunate individual. With vaccination continuing steadily across the country. One hopes that he may return to normalcy after this long and dreadful course of the pandemic.

Let me speak about performance during the fiscal year 2021. At SMIORE, we exhibited resilience during the pandemic and we have set new records in our financial and operational performance. In fiscal year 2021 our company generated the highest ever revenue of Rs.747 crore as against Rs.592 crore in fiscal year 19-20. This resulted in an EBITDA of Rs.272 crore as against Rs.195 crore in fiscal year 19-20. Our performance in 2021 was due to an increase in our realizations for both manganese and iron ore. Furthermore, the commissioning of our coke and waste heat recovery boilers, which happened in the heat of the pandemic, we led to an operational turnaround of our ferroalloys segment. The early results of that have been observed in the quarter four fiscal year 21 performance. The addition of coke to our portfolio of products in the fourth quarter also boosted our revenues for the year. We expect to reap the full downstream benefits of the coke have an expansion exercise from fiscal year 22-23 onwards.

I must congratulate the staff and all frontline workers of SMIORE for this huge achievements in the face of the unprecedented pandemic. Our progress in fiscal year 2021 was not all smooth sailing. The total lockdown brought our activities to a near complete halt. However, the second half of the year witnessed a better than expected recovery. As the lockdown eased across the nation, steel and iron ore consumption began to pick up, resulting in improvement in the prices of our minerals. As governments across the world ramp up their development work and infrastructure development, we expect this demand to sustain an increase. We are thus optimistic about our prospects in 22-23.

Needless to say, a healthy external environment bodes well for the company's ongoing and upcoming expansion plans. SMIORE is well positioned to capture future opportunities in the industry. And we believe that its continuing transformation will further enable it to become an integrated player in this crucial industry. We have an ambitious journey ahead of us, SMIORE is focused on its ambition to set up a one MTPA fully integrated steel plant in the near future. But we still have a long journey ahead of us. We are certain that our hard work, perseverance and skilled execution will see us through and help us realize our ports. This strategic move is on account of the company preparing and mitigating itself against long term risks. We are confident that our shift from a merchant miner to an integrated player in the steel sector will serve us well in the years to come. We therefore believe that in spite of all that we have gone through in the past few months, that our best days are still ahead of us. With a new leadership at the helm, in the form of our young and dynamic Managing Director, Mr. Bahirji Ghorpade, we bring in renewed energy and ideas and we promise to scale greater heights going forward. With an execution



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focused approach SMIORE has bold plans in making the company self-sufficient and future ready.

I wish you all our shareholders family, good health and safety as the pandemic wanes. I am grateful for your continued support and faith in us. And I resolved on behalf of my Board of Directors and the staff of Sandur to remain focused on the mission of creating maximum value for all our stakeholders. Jai Hind.

We will now invite questions from the shareholders who have registered themselves as speakers for asking their queries at the AGM. I request our management team led by our Managing Director to address these queries and brief us all on the business prospects. I now request Mr. Bijan Kumar Dash to moderate the proceedings and invite the shareholders who have registered themselves as speakers to speak one-by-one.

**Bijan Kumar Dash:** Thank you, sir. Will now invite speaker shareholders who have registered themselves as speakers to speak and for asking their queries. We have already allotted the numbers and intimated you individually. And you are requested to kindly limit your speech to maximum of three minutes. And speaker shareholders are requested to mention their name, folio number, and location and restrict their views and question to three minutes. So, I will now invite first speaker, Mr. Ayush Agarwal to unmute yourself and speak.

**Ayush Agarwal:** Good morning, Chairman sir, respected Board members and fellow shareholders. I am Ayush Agarwal, I'm attending this AGM from Kolkata, I am a long term shareholder and on the onset, I would like to congratulate the entire Sandur team for such a stellar performance despite a challenging year. The way we have scaled up our operations since this tremendous, we have already seen the benefits and we trust the management's decision on setting up this facility. I have already sent in my list of questions, but I'll just go through them quickly for everyone's convenience. Sir, first, I would like to understand what is our update on the iron ore EC, what are the key bottlenecks and challenges that you're facing and how do we plan to resolve this. Second is, by when we plan to expand the manganese ore operations to 400,000 metric tonne, we have been talking about this, but we don't see any updates. So some color on this would be really helpful.

My next question, sir is that, we are seeing a steep fall in the global iron ore prices. So what are the management's thoughts on the sustainability of our operations and how does this impact our future CAPEX plans since we have a very ambitious plan going ahead. And also, if you can throw some light keeping in mind the domestic environment of the mining auctions that took place in Odessa and other parts of the country, how has that changed the iron ore dynamics in India itself.

My next question sir is that, we wish to expand our ferroalloy operations. But we have in the past seen that power was the major issue that you could not turn



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around this ferroalloy operations. And in the last concall the management mentioned that we will need additional power for this new ferroalloy operation because our existing capacity only serves the current operations. So where does the management plan to get the additional power, and how do they plan to make it viable if we go for the expansion.

My next question is that sir, given the high coke prices were we able to revise our contract with our job work customer. My next question is on the iron ore beneficiation what are the management's thoughts and plans on this, are we thinking of some other ways of upselling, our iron ore in the form of pallet or any other thing that would be really helpful.

Sir, just a couple of bookkeeping questions from my end. In the balance sheet, I see that we have capitalized around 297, 300 crores of coking coal, in FY21. I could not find the contract entry to this. So if the CFO can guide us to where it is reflected in the balance sheet apart from the capitalization that we do, so the entire 500, 600 CAPEX that we did, does it mean that you 300 crores went in cooking coal and if not, then if the CFO can guide me to where I can see the contra entry.

And the second bookkeeping question sir is that, we have seen that silico manganese sales include around 19,000 metric tonne of trial production. So also how was this accounted for in the P&L statement, because in the annual report it was clearly mentioned that the top line accounted only for the remainder of the production and not this 19,000. These are the questions from my end sir and I wish the entire team good luck and best health for the future. And I'm looking forward to hearing your answers sir.

**Bahirji A Ghorpade:** Good morning Ayush. First of all, thank you for the best wishes conveyed by you to the company. And also thank you for the detailed list of questions that you have shared with us. I would like to answer your queries one-by-one.

First question you have asked is regarding the fall in the iron ore prices. And what are the management's thoughts on sustainable operations? See, during the start of the last financial year, the prices were at its lowest. And then slowly the prices picked up and then they went to almost all time high levels. And in the recent one, one and a half month we have seen a drop of about 15% to 20% in the iron ore prices. But looking at the long term sustainability of the operations, we are fairly confident that the high prices should sustain, though there may be a fluctuation of maybe about 20%, 25%. But then, in the larger picture in the long term, maybe we are confident that our mining operations will be fairly sustainable and that will help us in our expansion plans.

The second question that you asked was regarding the ferroalloy operations. And as we have been mentioning that we wish to expand the capacity of ferroalloys and you have asked the question saying that how do we meet the additional power. Currently, we have been exploring various options and it



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looks more likely that the renewable power is a very interesting option. And we are exploring how do we get that for our operations. And we are in the advanced stages of planning that and definitely in the next few months, we will be bringing a lot more clarity to that and how do we address so that, you know there is a super cycle and up cycle going on and we also plan to catch the up cycle and produce at the optimum capacity to ensure that there is optimum utilization of our manufacturing capabilities.

And as you rightly pointed out that previously we have incurred losses or we have faced tough times with regard to the power costs. So we are very cautiously moving. And we may consider putting up a thermal power plant as the last option though we don't rule that out, but then we are looking at other alternatives that will also help us from the sustainability angle. And we are giving extreme importance to the corporate sustainability part of it.

Update regarding EC of DC enhancement of iron ore, is that there is a latest update where our current EC for the 1.6 million tonnes of iron ore that has been regularized, as you will be aware. In the past one and a half years, there were questions raised with regard to validity of the EC, and do we come under the category of violation. But now, it is very clear that the mining lease of our company and the environment clearance is not coming under violation. And our EC has been regularized. So now I can confidently say that it is in the advance stages and we expect to get our EC enhancement within the next quarter say by end of December. I would request Saleem to add if he wishes to add to this.

**Md. Abdul Saleem:** Good morning everybody. With reference to this EC, instead of considering this as a bottleneck, we should look at it to say that this is a churning process that is taking place in the country. As we may see from various judgments of the Supreme Court. Honorable. Supreme Court has held that there have been large scale illegal mining activities going on. So naturally the mining industry will be under stricter scrutiny. So once the scrutiny is taking place, so if we are able to come out of that we should be definitely thankful and hopeful that we will be able to move ahead. As you might have already noticed, because of this scrutiny itself, in the whole country, SMIORE is the only company which has got a remark to say that a company with no illegalities, a company having promoters no parallel to them in the state. So, all these things we will be able to get it only when the churning process and the investigations take place. Similarly, MoF also has been very careful considering the various decisions of the Supreme Court in processing the requirements. As MD has mentioned, recently, we have got the EC regularization confirmation, because the doubt was that rate was with regard to validity and the confirmation has come that the EC is valid. So, we hope that we will be able to get the AEC clearance by end of December. Thank you.

**Bahirji A Ghorpade:** The next question is regarding expanding our manganese ore operations. So, this also, we would like to process the enhancement of the maximum



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permissible annual production along with the enhancement for the iron ore. So, once we get the easy enhancement for the iron ore production from 1.6 MTPA to 3.85 MTPA we will be processing our request to enhance the maximum permissible annual production. For manganese ore production we already have the ECA requirement, we need to go for the MPAP enhancement. And because of both the minerals coexisting in the same mining lease, we will be taking it up together after the enhancement for iron ore is received. So, I can say that we look to commence the operations at the enhanced level by the start of the next financial year from April 2022.

The next question is regarding high coke prices and were we able to revise our contract with our job work customer. Yes, we have been able to revise our contract, the price of the contract with our job work customer from May 2021 which is after four months of starting the job work contract and that is when the prices of coke also started increasing. And the revision has been to the extent of almost 55%, 60% of the price that was being paid to us for the job work previously.

The next question is regarding our plans for iron ore beneficiation. Yes, we are looking at it very seriously as you may be aware, that our enhancement of iron ore environment clearance includes the 2 million tonne per annum beneficiation plant and 1.8 million tonne per annum crushing and screening plant. So, that is a part of our EC enhancement. And also for the future expansion plan we are considering and working out options for different types of beneficiation which will help us benefit our ore and bring out the best value from the material that we mined from our mines.

The next question is regarding, why don't we go for iron ore pellet production. This is also an option that we are definitely considering and giving serious thought to because it definitely adds value and pellet is a very valuable product and it will also help us in our future expansion plans and it also has a very good domestic and export market.

The questions regarding balance sheet. You have mentioned that we have capitalized 297 crores of coking coal in FY21. What is the contra entry, where is it reflected in the balance sheet, does our entire CAPEX involve 297 crore of coal, what is the real CAPEX amount? See the total capitalization for the coke oven is about 395 crore and the gain of about 10 crore on sale of coke during the trial production was included in the CAPEX and therefore, the net capitalization for coke oven plant was 385 crore.

And with regard to silico Manganese sales of around 19,000 metric tonnes of trial production, how was this accounted for in the P&L statement? See again, the net gain is about 28 crores on the sale of silico Manganese during the trial production which was included in the balance sheet by way of reduction in capitalization. The overall capitalization in this regard is about 84 crore. Ayush, please let me know if you have any other clarifications.



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**Ayush Agarwal:** No, sir these were helpful and thank you for answering my question so patiently and in detail. I wish you all the best and the entire Sandur team. Thank you.

**Bijan Kumar Dash:** Thank you Mr. Agarwal. I will now invite our second speaker, Mr. Bharat Shah to unmute yourself and speak. Mr. Bharat Shah please.

**Bharat Shah:** Chairman Emirates sir, young and dynamic Managing Director, Mr. Abdul Saleem, Director Mines. Sir, last year I had attended this AGM and I welcome our dynamic new MD Bahirji Ghorpade sir, in one year he has taken this company to a great level and today just now he explained what is the future plans and we hope that under this young and dynamic leadership this company is in very big place. What is the ongoing capital expenditure now as you're going for various expansion. One of our agenda is to go for forward integration of the steel plant. I attended the AGM before three years at our factory then you said we are going for forward integration. So is steel plant is around pipeline. And, again record dividend, record profit we hope this record will break every year and this Company – Sandur Manganese under your dynamic leadership, this company reach the new scale of height in coming year. Thank you.

**Bahirji A Ghorpade:** Thank you, Mr. Bharat Shah, thank you for your best wishes. And yes, we have been breaking records and we have also been concentrating on breaking the record month-on-month, day-on-day and trying to optimize, trying to do our best and get the best value. You have asked a question, which is very important at this juncture, what are our expansion plans. See, currently I can say that we are in the advance stages of planning. Until now, we were on the raw material side of it, be it iron ore mining, manganese ore mining, silico manganese, coke. Now, the forward integration part of it is a lot more challenging, where we have to look at which product to enter and what will be the right scale that will help us suitably scale up. So, we are working out that and not only for the forward integration, but also the current operations, we are trying to optimize as you are aware that we are also expecting the enhancement of environment clearance for the iron ore production. So, we are also working out the best strategy is how do we use or utilize the limits that we get with regard to the production and also ensure that the best product is generated through mining then maybe beneficiation and also we are considering pellet opportunity and then that will integrate into the value added facilities at the plant.

So, we are working out this, these options and in due course very soon I can say we will come out with that plan and appraise the stakeholders and investors.

**Bijan Kumar Dash:** Thank you, Mr. Shah. I will now request our third speaker Manoj Dua for the meeting. Mr. Manoj Dua to unmute yourself and speak. Mr. Manoj Dua, please.



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**Manoj Dua:** Thank you for taking my question. Good morning, gentlemen. So in last concall we discussed about listing of our stock on NSE and maybe giving some bonus to increase liquidity or float. So what is the progress regarding our listing in NSC. Second, can you give me some more color on this pellet starting project, we are thinking about. What pros and cons do you think about it. And in which case like we are doing multiple things waiting for expansion also, we are looking for beneficiation also. So, at what stage do you think this pellet product expansion will come into, first we will go for beneficiation or expansion. So, in which order it is placed, it is more important or it is a little bit of less important.

**Bahirji A Ghorpade:** Thank you, Mr. Manoj for your question. And see, I can say various things are happening parallely because as you are aware, we are in a up-cycle and we need to capture the opportunity as soon as possible. See we expect the EC enhancement in the next three months or so, but at the same time we are also working and conducting different tests at the mines and trying to come out and exploring options, which type of beneficiation will help us and what is the size of it all that we are working out. So, that's how I said in the next few months, we will be in a position to clearly come and tell that this is the size of the plant that we are considering and this is how we would like to expand, but then these are something in the advanced stages I can say, it is not just a very initial stage, we are working out things like Ben scale tests we are doing with different labs, so that we get to know the nature of the ore and which type of processing will help us, so all that is going on.

And the second question you asked was with regard to the listing on NSE. This is something as we mentioned, we are seriously considering at the same time, we are working out what is our CAPEX plan and we would like to plan in such a way that soon in due course, we would like to consider as we mentioned on the concall also, that these suggestions which the shareholders are giving and we are well aligned with that thought and with regard to ensuring more liquidity in the market for our shares. We are also considering various options, so we should implement that in due course and we are working towards it.

**Manoj Dua:** Thank you Bahirji. Every decision we take have some advantages and disadvantage, but as far as listing in NSE is concerned, it is all the positive advantage, it is just the initiative which the company has to take, that should be taken consider fast and that will be taken as a good part of the corporate governance that these kinds of things have not lingered, because there is no disadvantage in listing in NSE. Other parts we are confident in management, how they will allocate the resources, but I will request this listing should be expedited more faster.

**Bahirji A Ghorpade:** Definitely we are working towards that.

**Bijan Kumar Dash:** Thank you Mr. Dua. I will now invite fourth speaker, but fourth speaker Mr. Hardhik Jain he could not join because of technical issue. Now, I will invite



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our fifth speaker for the meeting Mr. Ayush Mittal to unmute and speak. Mr. Mittal please.

**Ayush Mittal:**

Good morning, Directors and various members of Sandur. First of all, I'd like to congratulate the management After such a long period, such a large expansion one was done this year, and it was great to see that it has been successfully executed. And in fact, the IRRs and the return ratios that are coming out of this CAPEX is fantastic. So kudos to the team for a good execution on this expansion.

I have sent my questions, but many of them have been answered. So, I'll shorten some and skip some of them. So first question, sir it's really heartening to know that finally, the question mark which was pending around the legality of our mind has been addressed, and the mind has been regulated. So that's an important step and now I see on the EC website that on 29 days EC hearing for our case. So is it fair to assume that they should go through and it shouldn't take further time because these government things get delayed. Can you share as to what are the key steps and how this approval happens. Also apart from this EC mine do we need any forest clearance because in the annual report, when I was reading about the mine expansion, somewhere it was mentioned that some forest approval is pending. So, please share on how the process happens once this EC meeting happens.

Second, sir on the coke side, the way we have done the execution and the recent quarter the margins have been very high maybe these are due to be up cycle that we have seen, can you share what kind of sustainable numbers do you see on the coke segment going forward. Also Is there any scope for debottlenecking in this coke facility that we have currently. The cash flows that we are generating are very strong and we are kind of debt free today, but when I look at the balance sheet, I see that we are carrying both debt and cash on balance sheet. The debt has seems to be at a high cost of 10% to 11%, while when I look at the competitive companies in India, I see that many of them are getting debt at 8%. By now the cash that we are part of almost 300 crore the return ratios would be very low. So why are we keeping this both loan and cash so it is in a way hurting the company by almost 3% per annum. Why don't we look to repay this debt and also get our shares released which have been pledged by promoter and which is a very bad signal to outside world that if the company is debt free, then why are the shares pledged or why are we carrying debt. So what is the reason for this both debt and cash and balance sheet?

Bahirji, I would appreciate like one year, few being the MD has just completed, it will be great if you can also share what have been the key strengths and challenges that you have seen in the organization and what are your long term plans to draw the long term growth part for the company because we all are aware that Sandur has very rich resource and huge value, which has not been unlocked for a very long time. So now that you have spent some time in the



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company, what are your thoughts on the strengths of the company and how do you plan to unleash them.

And lastly, like Manoj sir said earlier, it's very important for the company to consider a stock split in bonus and go for NSE listing. Also, given the strong cash flows that we have, I do believe that there is a potential for a buyback that the company can do at these points and unlock the value for all the stakeholders. Thank you.

**Bijan Kumar Dash:** I request MD to please.

**Md. Abdul Saleem:** Ayush questions were quite audible. It appears MD has got disconnected till the time he reconnects, I'll answer to the question with regard to the EC and FC. The process is, once we apply for the EC, they will be issued at tar, which has been issued to us. After the issue of the tar, when we have sought for exemption from public hearing because the public hearing for the same project, for the same location, same quantities has already been held, we should be exempted from the public hearing, then a query was raised to say that earlier occasion the doubt was raised with regard to the validity unless that is regularized, to our modification further steps cannot be taken. Then, as you may be aware the ministry has itself has issued an office memorandum clarifying the position with regard to not just SMIORE, but however many other mining leases over in similarly placed position. So, all those things have been regularized and the regularization letter has been issued and you might have seen in today's website position shows as approved. So, based on that, now matter is listed before the next meeting, which is scheduled by the end of this month 29th. So, at that meeting, we expect the issue with reference to the exemption from public hearing to be addressed, because we have already made a presentation we have to reiterate the same and then the EAC has to consider with regard to exemption from public hearing. Once we get that approval, then we will be in a position to upload all the compliances that have been prescribed or stipulated within the tar. And the EAC will once again review that matter and then only the EC will be granted. So, that is how we are looking at the timeline till December. So that in this September EAC if they give us exemption from public hearing. More likely because there are similar cases where there have been stand taken to say that if EC has been, and public hearing has been conducted for the same purpose exemption will be granted. So, we are quite hopeful for that and then we hope to get the EC clearance by the end of this calendar year. And with regard to FC, as I mentioned in the previous question also, the mining industry is going through various stricter compliances verification scrutiny. So FC also like it used to be always coterminous. Unfortunately, we did not get the FC as coterminous because our mining lease period, renewal time and the FC were not coinciding. That is how as of today we have our FC valid till 2026 and subsequently government has already taken steps to say that it should be made coterminous and according our FC will get extended to 2033. So we don't foresee any difficulties in that



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particular thing because all the processes or the scrutiny that has to take place have already been taken place. Now MD has joined he will continue with this.

**Bahirji A Ghorpade:** Technical issue so I got disconnected. The first question with regard to environment clearance has been answered. Second question was with regard to coke.

**Ayush Mittal:** Yes, basically what kind of normalized margins do you see, there was an up cycle last year or in recent quarters and we had a very good performance, what kind of normalized margins do we see in this segment going forward and also is there scope for debottlenecking and increase in capacity in this?

**Bahirji A Ghorpade:** There is some scope to go up by about 25% and we are working on it. But as you may have observed the international coking coal market is very volatile, so if you see during December January, the average coking coal prices were trading around \$120, \$125. But then slowly it started increasing and during March, April, they were in the range of about US \$160 to US \$180, but if you see the current prices are closing \$400 which is extremely different situation that the coke industry is facing. But at the same time, the coke prices also have gone up but not at the same rate, the coke prices maybe around \$570, \$580. But, there are various factors that influence this and different mines and different countries get influenced because of that. And most of the coking coal comes from either Australia or it is US or Canada. And also you would have seen in the news or read in some articles, the influence of China and the imports that China is doing and it is doing at very high prices, the coking coal, they're buying at almost +\$500 from U.S. and that is also with regard to the reduced supplies from Mongolia that is also impacted. See Mongolia being close to China, the coking coal is transported through trucks, but because of COVID that is not happening in the normal way. And there is very less movement from Mongolia. So, these are some situations that are happening, but we can expect things to improve maybe in the fourth quarter with increased supplies. Also there have been some mines in Australia which have stopped production like you may have again heard Gregory is a very important coal and Gregory mine has stopped because there was an incident happened in the Gregory mine in Australia. So, there are different factors which get them influenced but then we can say there is still good margin. And because we have been planning our coking coal requirement in advance and procuring our requirement almost four, five months in advance, we still have a decent Delta for the third quarter, I can say first two quarters our performance will be at its best because of the up cycle and also the import prices which were at the lowest, but now the affect of the increase in prices will start coming in and will be seen in the third and fourth quarter.

**Ayush Mittal:** But on a normalized basis, what kind of margins do we expect in this segment?



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**Bahirji A Ghorpade:** Normalized basis I can say about 20% to 25%. But yes, we have seen a much more than that because of the situation that was there. But, we can say it should be somewhere around 20% to 25%.

**Ayush Mittal:** Okay. Sir, my next question was that on balance sheet we are carrying more debt and cash on balance sheet due to strong cash generation and debt is coming at a very high cost of 10% to 11% while in market similar companies are getting interest cost of only 8%. So, we are actually losing quite a bit of spread because of carrying both cash and debt on balance sheet. Also our shares of promoters are pledged which can be released if we plan this well?

**Bahirji A Ghorpade:** Yes, we are working on this and as you are aware, we have got an enhancement in credit rating, which is a very important step that we were expecting and we have already intimated the banks that we need a reduction in the interest rate. And we are quickly working on this and we can expect soon for the interest rates to be reduced. And also with regard to pledge of shares now that the project has been implemented in the best way possible and it is performing well and the type of cash flows that are being generated, we have also requested the banks and they have indicated very positively that the pledge of shares should be released soon.

And the second thing you mentioned with regard to the debt that we are carrying yes, we are carrying about 350 crores of debt in the balance sheet and also we are carrying very good cash reserves. But as I mentioned earlier also we are working on our expansion plans and due to which we are just deferring and making a strategy how to deal with this and in the next few months based on our expansion plans, because we will require significant amount of equity in the mix for the next expansion. So, we are just holding it for some time to take further decision once the decision is taken with regard to that then we will take it forward.

**Ayush Mittal:** Okay. And sir one more question was that now that you have completed one year as an MD, and you have seen the company more closer, you are involved with all the functions, can you share with us what have been the key positives or negatives that you see and what is your vision and what do you think can be done to unlock the real value of Sandur given the huge reserves and cost advantage and those positives that we have, what are your thoughts on the scaling up and unlocking the value of the company?

**Bahirji A Ghorpade:** Yes, I have seen very closely almost all the operations and it was a challenging time last year, when the first wave was on and at the same time the commissioning of our project was half done. And since then, we've come I can say a long way, we have seen a lot of ups and downs in the market and with regard to ensuring supplies to the market execution of the project, but I can say overall, there is a lot of scope and we can definitely in the next four to five years plan our expansions and also consolidate our operations in such a way that for the next few decades at least, we will have very good sustainability.



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And we have also been working on optimizing of various operations that we do and ensuring that there is no wastage and there is complete recovery ensuring we produce at the most optimized levels. And that we have been able to achieve and the next is we are working towards sustainability and ensuring that we unlock the full potential that is there and we have also as you are well aware that initiated some of the good corporate governance measures by interacting more with the stakeholders, investors and getting good feedbacks, which is also helping us. And from now on we look to take it forward in a more quick way because that is the need of the hour now and compete with the current market which is in the current market in the best way possible. And ensure that we are the best player in mining and going forward in the steel and metallurgy sector.

**Ayush Mittal:** Great to hear that. Sir last was my suggestion. A couple of session like Mr. Banoj had also mentioned, there's a need for the company to consider a stock split and bonus and get shares listed on NSE. Apart from that, I also believe that given the super cash flows and very good return ratios that we have, there's a scope for a buyback by the company and that will be very beneficial for all the stakeholders. That's it from my side. Thank you.

**Bijan Kumar Dash:** Thank you Mr. Mittal. Our sixth speaker is not visible. So, I will invite seventh speaker for the meeting Mr. P D Gupta. Mr. P D Gupta you can unmute and you can speak. Mr. Gupta.

**P D Gupta:** First of all, good morning to everybody and wishing a good health for themselves and the family members in this circumstances. Sir, at the outset actually, I congratulate each and everybody in Sandur Manganese and Iron Ore for the excellent results. We are a group of shareholders at Delhi, now since long when it was a physical share, since years decades rather you can say. So we are watching and following all the workings of the company. And now it has come to that stage that we can expect a very good future of the company. And to be very frank, I will congratulate Mr. S Y Ghorpade, in the morning I was not feeling well to that extent, but by seeing the health of Mr. Ghorpade at this age also, I am enthused, really I'm enthused so smart and so active very good. I got energy from that, I am 74 years of age, I got energy Mr. Ghorpade. Sir, most of my questions and queries have already been replied. My one question that presently the production under iron ore our fines portion or this fine grid is much more than the lumps. So, definitely in that case our realization is less, can we expect this ratio whether after the expansion also number one, number two which is remaining our Manganese though it is a very less quantity that is sellable at Rs.25,000 per tonne, manganese to some loss of 105 tonne that is saleable at Rs.25, even at some time Rs.30,000 also Rs.25,000. So, whether this type of quality and this breed of manganese will be available in more quantity in future or like that this is very good. And regarding a listing of NSE already you replied, you have explained very well and answered also to



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those questions so, particularly specifically my these two questions. Thank you.

**Bahirji A Ghorpade:** Mr. Gupta, thank you for your queries and thank you for wishing our Chairman –**1:01:35**. First of all question regarding lumps, grade of fines being more than lumps, it's the production of fines is much more than lumps currently, and the average grade currently we are producing around 59% FE. That's how the realization also will be similar to the benchmarks and with regard to manganese ore you mentioned that there have been some lots sold at Rs.25,000 per tonne, see that is the manganese ore dioxide and that is something which is handpicked and kept aside. So, we get that in very limited quantities and that is 44,+45 MN ore grade. So, that is something which is a recent initiative which we have been doing and thanks to our Director, Mr. G. P. Kundargi, who helped us initiate that and that is bringing us good realization but in a very limited way.

**Bijan Kumar Dash:** Thank you, Mr. Gupta. I will now invite our eighth speaker and the last speaker for the meeting. Mr. Shikhar Mundra. Mr. Shikhar Mundra you can just unmute and speak.

**Shikhar Mundra:** Congratulate to the Board of Directors for the excellent results. And coming back to your EC clearance, you are having your board meeting or the EC meeting on 29th and you expect to get it through in this meeting. Now suppose you get through in this December, when do propose to start extra mining, will you be able to do it in this current financial year or not. And how much you intend to spend money as a capital equipment for enhancing your capacity, number one.

Number two, why do you need to take such a long time to issue bonus shares and get the shares listed in NSE, this is just a book entry. If things become much simpler to just create a book entry and transfer the shares, just capitalize the reserves and issue the shares and get the shares listed in NSE. What is there so thinking involved. Why do Board need to think so much on these simple issues. When the shareholders are demanding that by getting NSE listed we'll have a lot more interest, like from mutual funds or FIS or from local institutions, none of in our shareholding pattern. None of a single shareholder is owned by any of the mutual funds. Don't you think that the Board should concentrate and realize why they are not able to market the shares among the institutions. Kindly answer this then I'll ask my next question.

**Bahirji A Ghorpade:** With regard to starting of product at enhanced level we expect to start it at the beginning of the next financial year, because after we get the EC clearance, we will have to get the maximum permissible annual production enhancement. So we expect to start both iron ore and manganese production at the enhanced level from 1st April, 2022.



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And with regard to the NSE listing, there are a lot a compliance to be ensured and we are working on it and that should happen in some time.

**Shikhar Mundra:** Would I have the time limit, could we have the time limit when you propose to list it?

**Bahirji A Ghorpade:** See we are working on it, we'll come up with a time limit. I can't give you a time limit right now.

**Shikhar Mundra:** We have been discussing on this issue for last six to nine months now. Do you think that we need so much of time to get the shares to compliance the simple bonus shares capitalization? Or do you have anything else in mind which you should want, the shareholders should know that you are still not very clear whether to issue the bonus shares or not. Because, I don't find any reason as an investor. I've been investing since 1983, I don't find any reason because of the NSE they have a capital of more than 10 crore, it's a simple thing.

**Md. Abdul Saleem:** Mr. Mundra as you have rightly said, you have been a very, very long standing shareholder. And you should appreciate that this is the company which has gone through the ups and downs, we were a BFRC company for a long time, then we have come out of the sickness, after coming out of the sickness by the time we could stabilize the operations because of the allegations in the region to say that there is illegal mining, our operations were suspended for almost 18 months, then again we had to come out of the particular thing, but even today, the industry in which we are working is under scrutiny. So that is the reason we have to go very careful in all these things. And it is not that the Board has not taken a decision with regard to the listing on the NSE, in principle decision of the Board has come and then the steps are being taken over there. And the Bombay Stock Exchange and the NSE, have got various formalities to be completed taking into account various factors through which the company has gone through. So we may not be able to explain in detail all the facts. But however, we are moving towards that and we hope that will be addressed soon.

**Shikhar Mundra:** And how much you intend to invest money for enhancing, doubling your capacity of mining?

**Md. Abdul Saleem:** For enhancing the mining capacity, we don't require much investment because the missionary can be hired. And you may be aware that in the whole of the country, it is only the Karnataka state which needs an additional approval for enhancing the capacity because after the EAC and statutory approvals, because of the Supreme Court appointed monitoring committee in place to regulate the production and the sales. MP, AP has been prescribed over there, there is maximum permissible annual production which is calculated on the basis of three parameters to set by the Supreme Court that is the reserves, evacuation capacity and also the space for dumps. In addition to that, there is a overall cap prescribed by the Supreme Court for Ballari district at 28 million tonnes of iron ore. So taking all this into account multiple agencies are involved. So, it may



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take as Bahirji has mentioned next financial year, we will start that and we don't require any much capital investment of the made for the missionary we can hire it and start. So the moment we get the MP AP we will be in a position to start.

**Bahirji A Ghorpade:** Ramping up the production will not take much time. Maybe within a month or so.

**Shikhar Mundra:** You intend to invest money in the verification and palletizing, when do you think that we will be ready with that plan ready in the implementation stage like in the execution stage will come and have we hired a team from the expert people who have already worked on palletizing, deployed those technical guys or have you selected the supplier, the technology from whom we have to achieve, in what stage we are, like in advance stage could we be more specific?

**Bahirji A Ghorpade:** See, we are working with different experts and as I mentioned there are different types of tests going on to identify the best process that we should introduce. At the same time there will be some statutory clearances required like the environment clearance again for the palletization if we go for it, so all that we will have to work out and during the next financial year we should be in a position to commence somewhere maybe, six months after the beginning of the next financial year.

**Shikhar Mundra:** So, we will start the production by September next year?

**Bahirji A Ghorpade:** Implementation of the unit.

**Shikhar Mundra:** Implementation will start by September and you intend to complete it in how many months, Or how many like in what?

**Bahirji A Ghorpade:** That's where that depends on the process that we finalize and the equipment required for that.

**Shikhar Mundra:** What is our zero debt to start the production, like let us be very plus, minus three months or four months because you have already decided to get into this business. So when do we think that we have.

**Bahirji A Ghorpade:** We have decided but we are yet to finalize the capacities, the type of equipment and that will take some time in the next two to three months we will be clear on the zero debt.

**Shikhar Mundra:** Okay, during the closing of this financial year we would be very clear that what will be our capital investments in the next year?

**Bahirji A Ghorpade:** Yes.



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**Md. Abdul Saleem:** Mr. Mundra, I would like to add that before we get the EC we are not supposed to take any steps with regard to the beneficiation plant activities because the beneficiation is part of the EC process. Once we get the EC, then we have to apply for the CFE and then we have to get the CFO, with the time between the CFE and the CFO is what is required for us to go for implementation.

**Shikhar Mundra:** Just to reconfirm, that this 29th meeting is a very crucial meeting is that correct, because our old mine has been regularized, already we have received intimation for that. Now, we are only concerned about, they have differed in the last meeting about our public hearing meeting. In fact, they cleared it, but all of a sudden we got a surprise that they have deferred in that meeting, which you are also a little surprised. Why did they comment on that because you were not regularized, but don't you think that, do you think there is any chance that public hearing matter will be resolved or you think there is any chance that it can again, further delayed, what is your feeling like with the kind of?

**Md. Abdul Saleem:** Mr. Mundra, while we are very hopeful that things will go smooth. However, we cannot rule out the possibilities of anything going wrong.

**Bijan Kumar Dash:** Thank you. Mr. Mundra.

**Manoj Dua:** Sir, I have a request. I'm Manoj Dua. If Bahirji allows me I have two more questions.

**Bahirji A Ghorpade:** Yes, please.

**Banoj Dua:** Bahirji, my first question is, is forest clearance is different than environment clearance or we need both EC and forest clearance?

**Bahirji A Ghorpade:** Both are different clearances, we will require both EC and forest clearance.

**Manoj Dua:** And what is the development regarding forest clearance, is like first it is a process first we go EC, then forest or it is a separate?

**Bahirji A Ghorpade:** Forest clearance is something which we already have for our mining. See, you'd have observed somewhere the forest clearance is pending that is for the downhill conveyor system. See there in the forest clearance there are two stages we have got the stage one approval for that, but the stage two approval of the forest clearance for the downhill conveyor system is pending. But for our operations, we have a valid forest clearance.

**Manoj Dua:** For expansion also that is valid?

**Bahirji A Ghorpade:** Yes.

**Banoj Dua:** Okay. Secondly, there is one more suggestion that, we may conduct on call after every six months would be very good for the investors. Thank you.



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**Bahirji A Ghorpade:** Yes, we are conducting.

**Bijan Kumar Dash:** Thank you Mr. Dua. So there being no other speakers. I will request Raghunandan sir, our Chairman to take charge of the proceedings please.

**T R Raghunandan:** Thank you, Bijan. Members may note that e-voting on the NSDL platform will continue to be available for the next 30 minutes. Therefore, I request members who have not cast their vote as yet to do so within the next 30 minutes. Furthermore, I hereby authorize Bijan Kumar Dash the Company Secretary to declare the results of the voting and place the results on the website of the company are the earliest. The resolutions are set forth in the notice shall be deemed to be passed today, subject to the receipt of the requisite number of votes. We have had 40 members participating in today's 67th Annual General Meeting. Thank you all for attending the meeting.

I hereby declare the proceedings of the 67th Annual General Meeting of the The Sandur Manganese and Iron Ores Limited closed. On behalf of the Board of Directors, I thank each one of you. We will see you at the next AGM and in intermediate meetings, stay safe, healthy and happy. Jai Hind.

**Bijan Kumar Dash:** We will be available for another 30 minutes, so you can continue for e-voting. Now we have to close this meeting. Thank you.