

# The Sandur Manganese & Iron Ores Limited

Registered Office: 'SATYALAYA', Door No. 266 (Old No. 80), Ward No. 1  
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## CORPORATE OFFICE:

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## MINES OFFICE:

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## REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE SANDUR MANGANESE & IRON ORES LIMITED (SMIORE) RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF STAR METALLICS AND POWER PRIVATE LIMITED (SMPPPL) WITH THE COMPANY

### Background

The Scheme has been placed before the Audit Committee by the Management for being recommended to the Board of Directors for its approval in accordance with the requirement of SEBI Circular No CFD / DIL 3/ CIR / 2017/21 dated March 10, 2017.

Members of the Audit Committee have discussed and recommended the Board of Directors for according its approval for the draft Scheme vide a resolution passed at its meeting held on 14 February 2018 and have made this report, after perusing the following documents:

- Draft Scheme of Amalgamation of SMPPPL with SMIORE;
- Valuation Report dated 14 February 2018 by P. Chandrasekar LLP, Chartered Accountants; and
- Fairness Opinion report dated 14 February 2018 issued by Karvy Investor Services Limited;
- Certificate of R. Subramanian & Co., Statutory Auditors, dated 14 February 2018, confirming that the accounting treatment contained in the Scheme is in compliance with all the applicable accounting standards.

The salient features of the draft Scheme are, inter-alia as under:

- The draft Scheme provides for the amalgamation of Star Metallics and Power Private Limited (Transferor Company) with its holding company, The Sandur Manganese & Iron Ores Limited (Transferee Company).;
- The Appointed Date for the amalgamation shall be 1 April 2018 or such other date as may be approved by the Hon'ble Tribunal or any other appropriate authority
- The draft scheme provides for transfer of all Undertakings of the Transferor Company to the Transferor Company such that these Undertakings would vest in the Transferee Company so as to become on and from the Appointed Date the undertaking of the Transferee Company.

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- (d) In consideration for the transfer of and vesting of Undertakings of the Transferor Company, the Transferee Company shall, without any further act or deed, issue and allot to the shareholders of the Transferor Company, 1 (One) fully paid up equity share of ₹10 each for every 72 (Seventy-Two) fully paid-up equity share of ₹10 each held by the shareholders in the Transferor Company;
- (e) The new equity shares of the Company, issued pursuant to this Scheme shall be listed and / or admitted to trading on all stock exchange(s) where the equity shares of the Company are listed and/or admitted to trading;
- (f) Upon the Scheme coming into effect, the Transferor Company will be dissolved without being wound up.

**Recommendations of the Audit Committee**

The Audit Committee has considered and noted the aforementioned documents and recommends the draft Scheme of Amalgamation to the Board of Directors for their approval.

Place and Date:  
Bengaluru, 14 February 2018

for and on behalf of the Audit Committee

*B. Ananda Kumar*

**B. Ananda Kumar, Chairman of Audit Committee  
The Sandur Manganese & Iron Ores Limited**

