

59TH

2012-13

ANNUAL REPORT



The Sandur Manganese & Iron Ores Limited



The Sandur Manganese & Iron Ores Limited

ANNUAL REPORT 2012 - 13

DIRECTORS

S. Y. Ghorpade, Chairman & Managing Director
Nazim Sheikh, Joint Managing Director
S. H. Mohan, Technical Director
Syed Abdul Aleem, Director
M. S. Rama Rao, Director
S. R. Sridhar, Director (Mines)
N. Viswanathan, Director (upto 30 June 2013)
R. Subramanian, Director
V. Balasubramanian, Director
P. Vishwanatha Shetty, Director
U. R. Acharya, Director (Commercial)
K. Raman, Director (Finance)
B. Ananda Kumar, Additional Director
(with effect from 15 July 2013)

COMPANY SECRETARY & COMPLIANCE OFFICER

Md. Abdul Saleem

CHIEF FINANCE OFFICER

K. Raman, Director (Finance)

AUDITORS

M/s. Deloitte Haskins & Sells
Bangalore

SHARE TRANSFER AGENT

Venture Capital & Corporate
Investments Private Limited
Hyderabad

AUDIT COMMITTEE

R. Subramanian, Chairman
Syed Abdul Aleem, Member
M. S. Rama Rao, Member
N. Viswanathan, Member

REMUNERATION COMMITTEE

P. Vishwanatha Shetty, Chairman
Syed Abdul Aleem, Member
M. S. Rama Rao, Member
N. Viswanathan, Member
R. Subramanian, Member
V. Balasubramanian, Member

INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE

Syed Abdul Aleem, Chairman
S. Y. Ghorpade, Member
Nazim Sheikh, Member
M. S. Rama Rao, Member

RECLAMATION & REHABILITATION PLANS IMPLEMENTATION REVIEW COMMITTEE

S. Y. Ghorpade, Chairman
Nazim Sheikh, Member
S. R. Sridhar, Member
V. Balasubramanian, Member

BANKER

State Bank of Mysore

REGISTERED OFFICE:
LAKSHMIPUR, SANDUR - 583 119
BELLARY DIST., KARNATAKA



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The Sandur Manganese & Iron Ores Limited

Regd. Office: Lakshmipur, Sandur - 583 119, Bellary District, Karnataka

NOTICE

Notice is hereby given that the Fifty-Ninth Annual General Meeting of the Members of the Company will be held on Saturday the 31st day of August 2013 at 11.00 A.M. at Anuradha Hall, Shivapur, Sandur - 583 119, to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS

1. To consider, approve and adopt Audited Balance Sheet of the Company as at 31 March 2013 and Statement of Profit & Loss for the year ended on that date, together with the reports of the Auditors and the Directors' thereon.
2. To appoint a director in place of S. R. Sridhar, who retires by rotation as director, and being eligible, offers himself for re-election.
3. To re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Bangalore (ICAI Registration No.008072S), as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following resolution, which will be proposed as a **SPECIAL RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, the Company do take up the business of acquiring and maintaining hotels as provided in clauses (7), (20) and (26) of the objects clause in the Memorandum of Association of the Company."
5. To consider and, if thought fit, to pass the following resolution, which will be proposed as a **SPECIAL RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Section 314 (1) and other applicable provisions, if any, of the Companies Act, 1956 read with Rule 10C of the Companies (Central Government's General Rules and Forms) 1956, Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions, if any, consent of the Company be and is hereby accorded to Mubeen Ahmed Sheriff, a relative of one of the Directors of the Company holding an office of profit under the Company to be appointed as Deputy General Manager (Commercial) on a basic salary of ₹21,000/- per month in the grade of ₹12000-800-20000-1000-30000-1200-42000 with benefit of dearness allowance, leased residential accommodation / house rent allowance, food subsidy, housing loan interest subsidy, provident fund, superannuation fund, gratuity and other allowances and perquisites and privileges as applicable to the executives in similar grades of the Company."

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. 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.
2. In pursuance of clause 49[IV(G)(i)] of the Listing Agreements with the Stock Exchanges brief particulars of directors who are proposed to be re-appointed are provided herein.
3. Pursuant to the provisions of Section 154 of the Companies Act, 1956 and Clause 16 of the Listing Agreements with Stock Exchanges, the Register of Members and Share Transfer Books of the Company will be closed from **Saturday, 24 August 2013 to Saturday, 31 August 2013 (both days inclusive)**.
4. Members holding shares in physical form and desirous of availing Electronic Clearance Service (ECS) for direct credit of dividend to their bank accounts are requested to provide their bank details in the Electronic Clearing Service Mandate attached to this Annual Report. In respect of shareholders holding shares in dematerialized form, the bank details as furnished by their Depository Participants shall be used for distribution of dividend through ECS.



5. 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.
6. In line with the Ministry of Corporate Affairs' 'Green Initiative in the Corporate Governance', the Company is sending the Annual Report electronically on email addresses registered with the Depository Participants/ the Company's Share Transfer Agent. For others, the Company will continue to send the printed Annual Report 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.
7. The unclaimed dividends as detailed below, if remaining unclaimed for 7 years from the date of declaration, are required to be transferred by the Company to Investor Education and Protection Fund (IEPF) and the relevant due dates for transfer of such amounts are as under:

Financial Year	Unclaimed Dividend as on 30 April 2013 (in ₹)	Date of declaration	Due date for transfer to IEPF
2008-09 (Interim dividend)	1,33,480.50	29 January 2009	28 February 2016
2008-09 (Final dividend)	1,41,130.50	25 September 2009	24 October 2016
2009-10	1,50,030.00	29 September 2010	28 October 2017
2010-11	2,92,700.00	10 September 2011	09 October 2018

8. 51,413 16% 'B' series Redeemable Preference Shares of ₹100/- each were redeemed at par with accrued dividend on 28 April 2008. As on 27 May 2013, the balance in the No Lien Account opened for the purpose of the said redemption was ₹1,75,198.63/-. The unclaimed amount, if any, is due to be transferred to IEPF on 27 May 2015.

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

Place : Bangalore
Date : 30 May 2013

Md. Abdul Saleem
Company Secretary

EXPLANATORY STATEMENT

In terms of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying Notice. Further, in pursuance of clause 49[IV(G)(i)] of the Listing Agreements with the Stock Exchanges particulars of the director seeking re-appointment is also provided hereunder:

ITEM No. 4

Having resumed mining operations, the Company is required to implement Supplementary Environment Management Plan (SEMP) prescribed for the Company by the Hon'ble Supreme Court. Further, implementation of projects approved by the Government i.e., setting up Iron Ore Beneficiation Plant, Mini Integrated Special Alloy Steel Plant, Powder Metallurgical Plant, Rope Way and another Power Plant is on the anvil. For the purpose of implementing SEMP and the aforesaid projects, there will be a need for senior executives of the Company and the Consultants, Engineers, Technology suppliers and others visiting Sandur quite often.

In order to accommodate these visiting guests in Sandur, it is proposed to take the Shivavilas Palace in Sandur, on lease, from the Shivavilas Trust, which will in a way, amount to paying homage to the erstwhile ruler of Sandur and the founder Chairman of the Company by maintaining his Palace and at the same time the Company would be able to provide better accommodation to the visiting dignitaries and guests without being required to incur additional expenses on hotels. Further, the Shivavilas Palace is since presently used as a Hotel under the franchisee agreement with WelcomHeritage Group, the Company can also accommodate other tourists and guests which can partly take care of certain maintenance and other expenses of the Palace.

Pursuant to the provisions of Section 149(2A) of the Companies Act, 1956, the Company requires approval of the shareholders to commence any new business which is not germane to its business.



The Company seeks the approval of the shareholders for commencement of the business of acquiring and maintaining hotels as provided in clauses (7), (20) and (26) of the objects clause in the Memorandum of Association of the Company. Accordingly, this Special Resolution at Item 4 is commended for members' approval.

Interest of Directors

S. Y. Ghorpade, Nazim Sheikh, S. H. Mohan and S. R. Sridhar being Trustees of Shivavilas Trust are considered to be interested in this resolution.

ITEM No. 5

Mubeen Ahmed Sheriff is a qualified mechanical engineer with over 6 years' experience in the mining industry, including international experience in procurement functions, exports and imports with large Dubai based business house. He has been working in Star Metallics and Power Private Limited (SMPPL), a subsidiary of the Company, for more than three years and is presently the Deputy General Manager (Commercial).

In view of administrative convenience, it is proposed to transfer his services from SMPPL to the Company with effect from 1 June 2013 on the same terms and conditions of employment as in SMPPL.

Mubeen Ahmed Sheriff is related to Nazim Sheikh, Joint Managing Director of the Company. Accordingly, in line with the provisions of Section 314 read with Rule 10C of the Companies (Central Government's General Rules and Forms) 1956 as amended on 7 July 2011 and Directors' Relatives (Office or Place of Profit) Rules, 2003, the Company is required to obtain the approval of its shareholders.

The Board recommends the resolution at Item No. 5 for approval of the Members.

Interest of Directors

Nazim Sheikh being related to Mubeen Ahmed Sheriff is considered to be interested in this resolution.

PARTICULARS OF DIRECTORS PROPOSED TO BE RE-APPOINTED

(In pursuance of clause 49[IV(G)(i)] of the Listing Agreements with the Stock Exchanges)

ITEM No. 2

S. R. Sridhar, born on 21 June 1949, retires by rotation as director at the ensuing Annual General Meeting and, being eligible, offers himself for re-election. S. R. Sridhar, a mining engineer from IIT Kharagpur, joined the Company more than 40 years ago as a management trainee. Having been attached to the Company's mines throughout, he has made significant contribution to the Company's mining operations. His service to the Company in holding together the huge manpower as well as economizing on production costs and ensuring survival during the very difficult years of the Company is commendable. His efforts in coordinating the conduct of survey by the Joint Team appointed by the Hon'ble Supreme Court are appreciable and the resultant report confirming that the Company was not found to be involved in any illegalities confirms his dedicated surveillance in conducting mining operations in compliance with the applicable statutes, rules and regulations.

He has been holding directorships on the Board of Sandur Micro Circuits Limited since 2 February 2001 and Sunshine Real Estates and Constructions Private Limited since 1 April 2008.

He is holding 1,200 equity shares of the Company.

The Company will undoubtedly continue to benefit from the rich and varied experience of S. R. Sridhar as Director (Mines). Further, the larger & the additional requirement of implementing the Supplementary Environment Management Plan prescribed by the Hon'ble Supreme Court could be shouldered under his responsibility. Accordingly, the Board recommends the resolution at Item No. 2 for approval of the Members.

Interest of Directors

S. R. Sridhar is interested in this resolution relating to him.

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

Place : Bangalore
Date : 30 May 2013

Md. Abdul Saleem
Company Secretary



Addendum to Notice dated 30 May 2013 convening 59th Annual General Meeting of the Company to be held on Saturday the 31st day of August 2013 at 11.00 A.M. at Anuradha Hall, Shivapur, Sandur - 583 119

Attention of the members is invited to the Notice of 59th Annual General Meeting of the members of the Company dated 30 May 2013 sent to all the shareholders. Notice is further given that the following item shall be included in the aforesaid notice as Item No.6, which shall be read in tandem with the notice dated 30 May 2013:

Item No.6

To consider and, if thought fit, to pass the following resolution, which will be proposed as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to Articles 122(a) and 146(1) of the Company's Articles of Association and in conformity with the provisions of Sections 256 and 257 of the Companies Act, 1956, B. Ananda Kumar, (who was appointed as an Additional Director of the Company on 15 July 2013 by the Board of Directors and who holds office under Article 128 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 only up to the date of this Annual General Meeting, and in respect of whom, the Company has received a notice in writing along with the deposit of ₹500/- under Section 257 of the said Act from a member proposing the candidature of B. Ananda Kumar for the office of Director) be and is hereby elected and appointed as Director of the Company, liable to retire by rotation.

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

Place : Bangalore
Date : 15 July 2013

Md. Abdul Saleem
Company Secretary

EXPLANATORY STATEMENT

In terms of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying **Addendum to Notice**. Further, information required under clause 49[IV(G)(i)] of the Listing Agreements with the Stock Exchanges is also provided hereunder:

ITEM No. 6

B. Ananda Kumar, born on 21 August 1947, is a metallurgical engineer (B.Tech) from Indian Institute of Technology (IIT) Madras. He joined SMIORE on 1 November 1969 as an Executive Trainee and rose up to the position of General Manager (Commercial) before opting for Voluntary Retirement and getting relieved on 30 September 1999 considering the financial difficulties experienced by the Company then. He is presently a director on the Boards of Sandur Micro Circuits Limited, Euro Industrial Enterprises Private Limited, Lohasmania International Pte. Limited (Singapore) and OM Sandur (S) Pte. Limited (Singapore). It may be noted that his former employment with the Company or the aforesaid directorships, does not disqualify him or affect his being an independent director on the Board of the Company.

He is holding 2378 equity shares of the Company.

The Company is in receipt of a notice under Section 257 of the Companies Act, 1956 from a shareholder proposing the appointment of B. Ananda Kumar as a Director on the Board of the Company, liable to retire by rotation, in accordance with the provisions of Sections 255 and 256 of the Companies Act, 1956.

The Ordinary Resolution at Item No. 6 for his appointment as Director is proposed and accordingly commended for approval.

Interest of Directors

None of the Directors are interested in this resolution.

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

Place : Bangalore
Date : 15 July 2013

Md. Abdul Saleem
Company Secretary



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

The Directors are pleased to present their Report and Audited Statement of Accounts for the year ended 31 March 2013:

FINANCIAL RESULTS

Sl.	Particulars	Current Year ₹ lakh	Previous Year ₹ lakh
a)	Net Sales / Income	16,118.92	18,064.37
b)	Other Income	2,263.92	1,278.25
	Total	18,382.84	19,342.62
c)	Expenditure		
	(i) Variable	8,365.04	9,247.79
	(ii) Fixed	5,022.69	6,327.36
	(iii) Depreciation / Amortization	1,125.69	1,105.01
	(iv) Interest	235.97	0.53
	Total	14,749.38	16,680.69
d)	Profit before taxes	3,633.46	2,661.93
e)	Less:		
	(i) Current Tax	730.00	1,400.00
	(ii) MAT Credit	(60.00)	-
	(iii) Deferred Tax	(288.00)	(572.00)
	(iv) Earlier years	-	985.00
f)	Net Profit	3,251.46	848.93
g)	Add: Balance brought forward from the previous year	25,552.38	24,703.45
h)	Profit carried to Balance Sheet	28,803.84	25,552.38

The Company earned profit before tax of ₹3,633.46 lakh after charging ₹1,125.69 lakh towards depreciation on fixed assets and amortization of mining lease rights and ₹235.97 lakh towards interest.

After taking into account charging off income tax of ₹730.00 lakh for current year, MAT credit of ₹(60.00) lakh, deferred tax credit of ₹(288.00) lakh, the profit for the current year of ₹3,251.46 lakh along with brought forward profits of ₹25,552.38 lakh aggregating to ₹28,803.84 lakh is carried to the Balance Sheet.

OPERATIONS

	Current Year (Tonnes)	Previous Year (Tonnes)
Manganese Ore:		
Production	25,534	81,594
Salvaged from dumps	-	6,920
Sales	69,919	65,320
Iron Ore:		
Production	1,58,467	2,99,203
Sales	2,33,813	5,14,791



Subsequent to the Hon'ble Supreme Court's (SC) order dated 3 September 2012, lifting its earlier ban imposed on mining operations of all the mining leases in the districts of Bellary, Tumkur and Chitradurga, in respect of the 18 'Category-A' mines, the Company resumed its operations with effect from 25 January 2013 only after having complied with all the conditions as laid down by the Hon'ble SC in its orders dated 20 April 2012 and 3 September 2012.

Thus, production of both iron ore and manganese ore was restricted to 1,58,467 and 25,534 tonnes respectively as against the 2,99,203 and 81,594 tonnes produced during the previous year. During the year under review, 2,33,813 tonnes of iron ore and 69,919 tonnes of manganese ore was sold.

RESUMPTION OF MINING OPERATIONS

As reported in the last Annual Report, the Hon'ble Supreme Court of India had, while dealing with the Public Interest Litigation filed by Samaj Parivartana Samudaya in the form of a Writ Petition (WP) Civil (C) No.562/2009 with regard to alleged rampant illegal mining being carried in the States of Andhra Pradesh and Karnataka, invoked the provisions of Article 21 of the Constitution of India and vide its order dated 29 July 2011 suspended all mining operations in the Bellary district of Karnataka State, including the operations of the Company. This order of the Hon'ble Supreme Court was later extended to the districts of Chitradurga and Tumkur on 26 August 2011.

The Joint Team constituted by the Hon'ble Supreme Court conducted survey of all the mining leases in the districts of Bellary, Tumkur and Chitradurga of Karnataka State. The Joint Team had reported that the Company was not involved into any illegalities and accordingly, the Central Empowered Committee (CEC), constituted by the Hon'ble Supreme Court, classified both the mining leases of the Company under Category 'A'. The Hon'ble Supreme Court, vide order dated 3 September 2012, permitted resumption of 18 Category 'A' Mining leases, which included both the mining leases of the Company, subject to compliance with certain conditions.

The Company, having complied with the conditions stipulated by the Hon'ble Supreme Court, could resume its operations with effect from 25 January 2013.

In the interest of protection of environment and intergenerational equity, the Hon'ble Supreme Court has prescribed implementation of Supplementary Environment Management Plan (SEMP) which is estimated by the Company to cost about ₹76 crore.

Further, to safeguard the environment from further degradation and in the interest of intergenerational equity, the Hon'ble Supreme Court has directed the Government of Karnataka to scale down the iron ore production from the present 82.97 Million Tonnes Per Annum (MTPA) to 30 MTPA in the aforesaid three districts of Karnataka. Accordingly, the Company's Annual Permissible Production limits have been prescribed at 0.74 MTPA of iron ore and 0.1874 MTPA of manganese ore as against the statutory clearances for production of 1.6 MTPA and 0.6 MTPA respectively.

DIVIDEND

In accordance with the policy to pay sustainable dividend linked with long term performance, the Company had paid dividend for three continuous financial years 2008-09, 2009-10 and 2010-11. However, owing to suspension of mining operations of the Company as per the general order passed by the Hon'ble Supreme Court suspending all mining operations and transportation in the Bellary District of Karnataka, the Company could not declare any dividend for the financial year 2011-12.

Having been permitted to resume its operations from 24 January 2013, the Company has operated for mere 2 months in the financial year 2012-13. Considering the circumstances and in light of the financials, the Board is unable to recommend any dividend for the financial year ended 31 March 2013.

INVESTMENTS

No investments were made during the financial year under review.



SUBSIDIARY

SMPPL's 32 MW captive thermal power plant situated at Vyasanakere, near Hospet in Bellary District, which commenced its commercial operations on 9 January 2011 is producing power which is being captively used for its ferroalloy operations and the surplus power is being sold in the market.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, the audited Consolidated Financial Statements are provided in the Annual Report.

DIRECTORS

Syed Abdul Aleem, M. S. Rama Rao and S. R. Sridhar are liable to retire by rotation.

In keeping up with good corporate governance practices, the Board has fixed the retirement age at 70 years for executive directors (other than promoter directors) and 75 years for non-executive directors. Syed Abdul Aleem and M. S. Rama Rao, having completed 76 years and 79 years of age respectively, have crossed the stipulated age of retirement for the non-executive directors and accordingly have not offered for their re-appointment.

S. R. Sridhar being eligible, offers himself for re-election. He is not disqualified from being appointed as director as specified under Section 274 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your directors state that:

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently.
- Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of 31 March 2013 and of the profit for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- The annual accounts of the Company have been prepared on a going concern basis.

AUDITORS

M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of this Annual General Meeting and, being eligible, offer themselves for re-appointment.

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 under Clause 49 of the Listing Agreements with the Stock Exchanges is also annexed.

Further, Ministry of Corporate Affairs has introduced Corporate Governance Voluntary Guidelines, 2009 for voluntary adoption by the corporate sector. It has been observed by the Board that various practices of the Company are similar to the procedures / provisions prescribed in the said Guidelines.

AUDITORS' REPORT

Auditors' Report on the financial statements of the Company is forming part of this Annual Report and there are no qualifications in the said report.



CORPORATE SOCIAL RESPONSIBILITY

The Company has been, for close to six decades, consciously contributing towards Corporate, Social and Environmental improvement. In the past five years (2006-07 to 2010-11) the Company had spent about ₹38.67 crore in the form of contributions to community health centres, tree plantation, compensation to farmers, de-silting of tanks, construction of houses for flood affected victims, construction of roads, construction of community centres, temples, masjids and churches, mid-day meal schemes for school children, contributions to Government of Karnataka's 'Bellary Agenda Task Force' for development of roads in Bellary district, etc.

In view of the Voluntary Guidelines on Corporate Social Responsibility issued by the Ministry of Corporate Affairs in December 2009 for voluntary adoption by the corporate sector to be 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 be socially responsible in the years to come and apart from proposing to contribute about ₹37.50 crore for construction of 17 roads, has committed to adopt the Sandur Town and take up all internal roads, drains and public toilets (with water) facilities, and complete the same over the next three years.

Various initiatives taken by the Company towards CSR 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. These 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, the 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 Bangalore, 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 constructed 762 houses at a total cost of ₹12.53 crore for the victims in flood affected regions of the State. Further, the Company has undertaken construction / development of roads in Sandur region by spending about ₹20 crore.
- The Company has already planted millions of trees and continues to do so.

SECRETARIAL AUDIT

The Company has not undergone secretarial audit per se but while obtaining certification from a Practicing Company Secretary for filing Annual Return with the Ministry of Corporate Affairs in compliance with the provisions of Section 159 of the Companies Act, 1956, Parameswar G. Hegde has undertaken a review of all the requisite secretarial compliances. Further, in accordance with Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 and Securities and Exchange Board of India (SEBI) Circular No. D&CC/FITTC/CIR-16/2002, SEBI/MRD/Policy/Cir-13/2004 and CIR/ MRD/ DP/ 30/ 2010 dated 31 December 2002, 3 March 2004 and 6 September 2010 respectively, the Company has subjected itself to Reconciliation of Share Capital Audit for all the quarters during the financial year under review and certificates issued by a Company Secretary in practice in this regard were submitted to Stock Exchanges in compliance with the requirements of the said circulars and copies placed before the Board of Directors at the subsequent meetings.



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

Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is not applicable since the Company does not have any manufacturing activities. However the particulars relating to conservation of energy and technology absorption at the Metal and Ferroalloys plant which forms part of the subsidiary's Directors' Report have been included in the Annual Report.

The particulars regarding expenditure and earnings in foreign exchange appear as items No.29 and 31 respectively in the Notes forming part of the Financial Statements.

EMPLOYEES

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended vide Notification No.GSR 289(E) dated 31 March 2011, the names and other particulars are set out in the Annexure to the Directors' Report.

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 untiring efforts put in by its employees in seeing that the Company resumed its operations at the earliest. And ultimately, we wish to thank the promoters, business associates, banks and investors and look forward to their continued support and contribution.

for and on behalf of the Board

Place : Bangalore
Date : 30 May 2013

S. Y. Ghorpade
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31 March 2013

Sl. No.	Name	Age (years)	Designation	Gross remuneration (₹ Lakh)	Qualification	Experience (years)	Date of joining	Previous Employment
1	S.Y. Ghorpade	72	Chairman & Managing Director	84.93	Professional degree of Metallurgical Engineering from Colorado School of Mines, USA	47	1 Aug 1966	Tata Engineering and Locomotive Company (TELCO)
2	Nazim Sheikh	59	Joint Managing Director	78.85	B.E. (Metallurgy)	37	2 Aug 1976	NIL
3	S. H. Mohan	65	Technical Director	76.54	M. Tech (Mechanical)	43	7 Sept 1970 / 15 Nov 1989	Ispat Profiles India Limited, Pune (1986 - 1989)



REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE FOR THE YEAR 2012-13

1. Company's philosophy on code of governance

The Company believes that corporate governance is directing and controlling the business with the overriding objective of optimizing return for the shareholders. 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 values such as fairness, kindness, efficiency, transparency, accountability and integrity in Corporate Governance.

2. Board of Directors

● **Composition and category of Directors**

As on 31 March 2013, the Board comprises of twelve members, of whom six are whole-time directors, viz., Chairman & Managing Director, Joint Managing Director, Technical Director, Director (Mines), Director (Commercial) and Director (Finance) and the remaining six are independent non-executive directors. Chairman & Managing Director is one of the promoters of the Company. All the directors are highly qualified, professional and have vast experience in 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 Directors	Category / Designation	Attendance	
		Board meetings	Last AGM
S. Y. Ghorpade	Chairman & Managing Director	4	Yes
Nazim Sheikh	Joint Managing Director	4	Yes
S. H. Mohan	Technical Director	3	Yes
Syed Abdul Aleem	Non-Executive & Independent	4	Yes
M. S. Rama Rao	Non-Executive & Independent	4	Yes
S. R. Sridhar	Director (Mines)	4	Yes
N. Viswanathan	Non-Executive & Independent	4	Yes
R. Subramanian	Non-Executive & Independent	4	Yes
V. Balasubramanian	Non-Executive & Independent	4	Yes
P. Vishwanatha Shetty	Non-Executive & Independent	4	No
U. R. Acharya	Director (Commercial)	4	Yes
K. Raman	Director (Finance)	4	Yes



- **Number of directorships and committee memberships held by the directors in domestic public companies as at 31 March 2013 are as indicated below:**

Name of Directors	Directorships (Excluding this Company)	Committee Memberships (Excluding this Company)	
		As Chairman	As Member
S. Y. Ghorpade	-	-	-
Nazim Sheikh	-	-	-
S. H. Mohan	-	-	-
Syed Abdul Aleem	-	-	-
M. S. Rama Rao	-	-	-
S. R. Sridhar	1	-	-
N. Viswanathan	1	-	1
R. Subramanian	2	2	-
V. Balasubramanian	4	-	3
P. Vishwanatha Shetty	-	-	-
U. R. Acharya	1	-	1
K. Raman	2	1	1

- **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 Company has an Executive Chairman and half of the Board comprise of independent 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.

The information as required under Annexure 1A to Clause 49 of the Listing Agreements 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 four times during the financial year on 26 May 2012, 10 August 2012, 10 November 2012 and 2 February 2013. The interval between any two successive meetings did not exceed four months.



3. Audit Committee

- ***Powers of the Audit Committee:***

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

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

- a) 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.
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - any changes in accounting policies and practices
 - major accounting entries based on exercise of judgment by management
 - qualifications in draft audit report
 - significant adjustments arising out of audit
 - going concern assumption
 - compliance with accounting standards
 - compliance with stock exchange and legal requirements concerning financial statements
 - any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large
- d) Reviewing with the management matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
- e) Reviewing with the management and external and internal auditors, the adequacy of internal control systems.
- f) Reviewing the adequacy of internal audit function, 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.
- g) Discussion with internal auditors of any significant findings and follow up there on.
- h) 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.
- i) Discussion with external auditors before the audit commences of the nature and scope of audit as well as having post-audit discussion to ascertain any area of concern.
- j) Reviewing the Company's financial and risk management policies.
- k) 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.
- l) Reviewing Management Discussion and Analysis of financial condition and results of operations.
- m) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.



- **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	Chairman	Non-Executive & Independent	4
Syed Abdul Aleem	Member	Non-Executive & Independent	4
M. S. Rama Rao	Member	Non-Executive & Independent	4
N. Viswanathan	Member	Non-Executive & Independent	4

The Company Secretary acts as Secretary to the Committee.

The meetings are scheduled well in advance and the whole-time directors and senior management personnel of the Company, 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. Pursuant to the provisions of clause 49(II)(A)(iv) of the Listing Agreements, the Chairman of the Audit Committee was present at the Annual General Meeting to answer the queries of the shareholders.

- **Meetings held during the year 2012-13:**

The Audit Committee met four times during the financial year on 26 May 2012, 10 August 2012, 10 November 2012 and 2 February 2013. The interval between any two successive meetings did not exceed four months. The quorum as required under clause 49(II)(B) was maintained at all the meetings.

4. **Remuneration Committee**

- **Brief description of terms of reference:**

Remuneration Committee was constituted in April 2002 to consider and recommend to the Board, appointment, re-appointment and remuneration payable to whole-time directors.

- **Composition, names of members and Chairman and their attendance:**

Remuneration Committee was constituted in April 2002. The Committee was reconstituted at the Board Meeting held on 12 February 2011. As on 31 March 2013, the Committee consists of six independent non-executive directors.

P. Vishwanatha Shetty is the Chairman of the Committee. Syed Abdul Aleem, M. S. Rama Rao, N. Viswanathan, R. Subramanian and V. Balasubramanian are its Members.

The Company Secretary acts as Secretary to the Committee.

No Remuneration Committee meetings were held during the financial year 2012-13.

- **Remuneration policy:**

The remuneration policy is to pay salary / compensation and benefits adequately so as to attract, motivate and retain talent.

The remuneration payable to the whole-time directors was approved by the members at the 57th Annual General Meeting of the Company held on 10 September 2011.



Details of remuneration paid to the whole-time directors for the year 2012-13:

₹ lakh

Name of Director	Salary	Perquisites	Contributions*	Term
S.Y. Ghorpade Chairman & Managing Director	25.80	52.16	6.97	3 years from 1 April 2011
Nazim Sheikh Joint Managing Director	23.40	49.13	6.32	3 years from 9 April 2011
S. H. Mohan Technical Director	23.40	46.82	6.32	3 years from 1 April 2011
S. R. Sridhar Director (Mines)	15.00	30.77	4.05	3 years from 1 April 2011
U.R. Acharya Director (Commercial)	13.50	28.05	3.65	3 years from 9 April 2011
K. Raman Director (Finance)	13.50	27.32	3.65	3 years from 9 April 2011

*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 during the financial year 2012-13:

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.

Details of sitting fee paid to non-executive directors during the financial year 2012-13:

Name of director	Sitting Fee* ₹
Syed Abdul Aleem	1,00,000
M. S. Rama Rao	1,00,000
N. Viswanathan	80,000
R. Subramanian	80,000
V. Balasubramanian	45,000
P. Vishwanatha Shetty	40,000

*excluding service tax

None of the independent directors hold any shares in the Company except R. Subramanian who holds 100 equity shares in the Company.

5. Investors' Grievance & Share Transfer 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. The Committee consists of four directors and is headed by Syed Abdul Aleem who is an independent non-executive director. S. Y. Ghorpade, Nazim Sheikh and M. S. Rama Rao are its members. 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, Joint Managing Director and the Company Secretary, who regularly attend 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 (VCCIPL), 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 & Managing Director or Joint 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 Investors' Grievance & Share Transfer Committee for approval and are also placed before the Board of Directors for ratification at their next meeting.

The Investors' Grievance & Share Transfer Committee met four times during the financial year on 26 May 2012, 10 August 2012, 10 November 2012 and 2 February 2013. The interval between any two successive meetings did not exceed four months.

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

Md. Abdul Saleem, Company Secretary

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

Name	Designation	Category	No. of meetings attended
Syed Abdul Aleem	Chairman	Non-Executive & Independent	4
S. Y. Ghorpade	Member	Executive Director	4
Nazim Sheikh	Member	Executive Director	4
M. S. Rama Rao	Member	Non-Executive & Independent	4

● **Number of shareholder complaints received, number solved to the satisfaction of the shareholders and number of pending transfers:**

The Company had no complaints pending on 1 April 2012, received three complaints during the year and redressed all the three to the satisfaction of the shareholders. No complaints were pending as on 31 March 2013.

There were no pending share transfer requests as on 31 March 2013.

6. Reclamation & Rehabilitation Plans Implementation Review 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.2580 and 2581, prescribed by the Hon'ble Supreme Court along with all other mining leases in the districts of Bellary, Tumkur and Chitradurga in the State of Karnataka.

The Committee consists of four directors with S. Y. Ghorpade, Nazim Sheikh, S. R. Sridhar and V. Balasubramanian as its members. The Company Secretary acts as Secretary to the Committee.

The Committee has met once during the financial year on 4 January 2013.



7. General Body Meetings

- Location and time of the last three AGMs:

The Annual General Meetings for the last three years were held on 8 September 2012 at 11.00 a.m., 10 September 2011 at 11.00 a.m. and 29 September 2010 at 11.00 a.m. The meetings were held in Anuradha Hall, Shivapur, Sandur - 583 119. Thirteen special resolutions were passed at the past three Annual General Meetings.

- No special resolution has been passed through postal ballot last year.
- The Company has not proposed to pass any special resolution through postal ballot

8. Subsidiary Company

Star Metallics and Power Private Limited (SMPPL) is a subsidiary of the Company with 81.24% of its paid up equity share capital held by the Company as on 31 March 2013.

SMIORE, being a major shareholder, has nominated four of its directors as directors on the Board of SMPPL. S. Y. Ghorpade, Chairman & Managing Director of SMIORE is the non-executive chairman of SMPPL, S. H. Mohan, Technical Director of SMIORE is a whole-time director of SMPPL, Nazim Sheikh - Joint Managing Director and M. S. Rama Rao - Independent Director of SMIORE are the non-executive directors of SMPPL.

The operations of SMPPL are being controlled and monitored by SMIORE, 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.

9. 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 related party transactions by the Company with its promoters, directors or the management or their relatives and associates. These transactions do not have any potential conflict with the interest of the Company at large. The material related party transactions, if any, are placed before the Audit Committee periodically. Further there are no material individual transactions that are not in normal course of business and not on an arm's length basis.
- **Disclosure of Accounting Treatment:** The Company follows Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.
- **Disclosure by Senior Management:** Senior management has made disclosures to the Board confirming that they have not entered into material financial and commercial transactions with the Company wherein they have personal interest that could result in a 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.



- **Risk Management:** The Company is committed to strengthen its risk management capability in order to protect and enhance shareholder value. Accordingly, the Company has laid down procedures to prevent the risk from occurring and if it cannot be prevented, to minimize the adverse impact of such risk. The Board responds to the Executive Management's need for enhanced risk information and improved governance and has an effective internal control and management reporting system. The Audit Committee of the Board reviews Internal Audit findings, if any, and provides strategic guidance on internal controls. The Company follows the framework to attain a balanced approach that considers risk and return.

10. **Means of Communication**

- Quarterly financial results are being regularly sent to Bangalore Stock Exchange Limited and 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.
- No presentation has been made to institutional investors or to the analysts.
- Management Discussion and Analysis is forming part of this Annual Report.

11. **General Shareholder Information**

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

31 August 2013 at 11.00 a.m. at Anuradha Hall, Shivapur, Sandur - 583 119.

ii) Financial Year: 1 April 2012 to 31 March 2013

iii) Financial Calendar: (tentative and subject to change)

Financial Reporting for the quarter ending 30 June 2013	Before 14 August 2013
Financial Reporting for the quarter ending 30 September 2013	Before 14 November 2013
Financial Reporting for the quarter ending 31 December 2013	Before 14 February 2014
Financial Reporting for the quarter ending 31 March 2014	By end of April/May 2014

iv) Dates of Book Closure: 24 August 2013 to 31 August 2013 (Both days inclusive)

v) Dividend Payment Date: Not Applicable

vi) Listing on Stock Exchanges: The Company's shares are listed on:

- | | |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| 1) Bombay Stock Exchange Limited
P. J. Towers, Dalal Street
MUMBAI - 400 001 | 2) Bangalore Stock Exchange Limited
No.51, 1st Cross, J. C. Road
BANGALORE - 560 027 |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

Listing Fee: The Company has paid annual listing fee for the year 2013-14 to both the Stock Exchanges where the securities of the Company are listed.

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

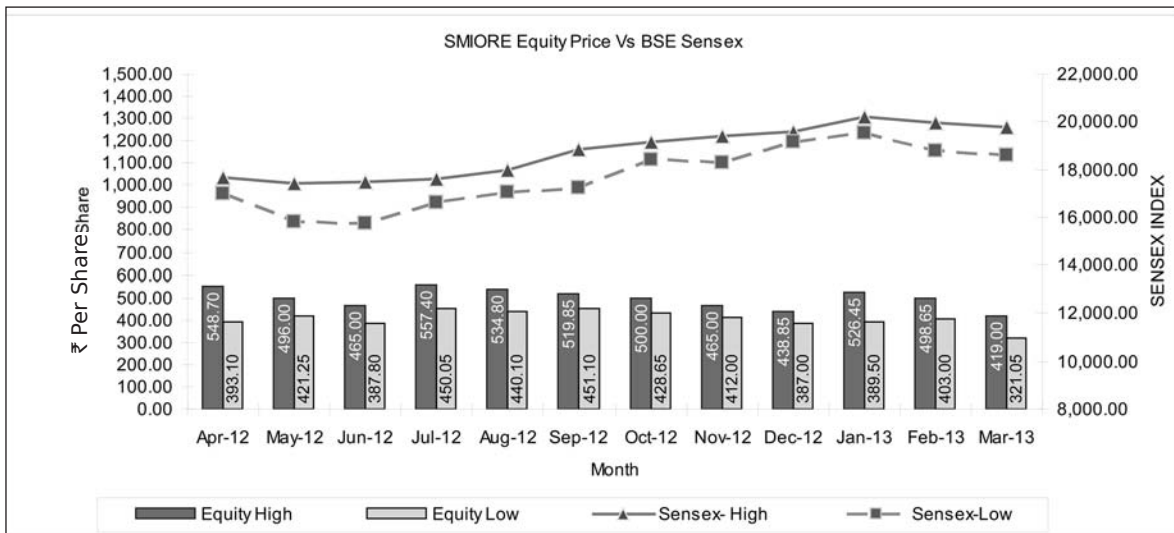
Bangalore Stock Exchange Limited (BgSE) - SM



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

Month	Open ₹	High ₹	Low ₹	Close ₹	No. of Shares	No. of Trades	BSE Sensex (Average)
Apr 2012	418.85	548.70	393.10	476.20	2,99,376	11,632	17,337
May 2012	486.00	496.00	421.25	429.65	44,227	1,346	16,621
Jun 2012	427.15	465.00	387.80	452.60	46,498	1,602	16,599
Jul 2012	450.05	557.40	450.05	488.45	2,98,245	10,866	17,115
Aug 2012	500.00	534.80	440.10	457.75	1,14,873	4,215	17,500
Sep 2012	476.95	519.85	451.10	478.10	1,97,343	7,076	18,060
Oct 2012	490.00	500.00	428.65	431.65	1,12,238	3,914	18,765
Nov 2012	430.00	465.00	412.00	425.40	83,841	2,565	18,814
Dec 2012	438.85	438.85	387.00	390.20	1,08,521	3,205	19,381
Jan 2013	400.00	526.45	389.50	469.95	4,38,340	15,009	19,856
Feb 2013	477.15	498.65	403.00	408.35	88,046	1,409	19,380
Mar 2013	409.00	419.00	321.05	333.90	74,275	1,750	19,162

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



x) Distribution of Equity Shareholding as on 31 March 2013:

Shareholding of Nominal value of ₹		No. of shareholders	No. of Shares	% to total Capital
Upto	5000	7213	12,45,028	14.23
5001	10000	33	2,39,123	2.73
10001	20000	10	1,45,400	1.66
20001	30000	7	1,78,765	2.04
30001	40000	1	37,550	0.43
40001	50000	6	2,84,029	3.25
50001	100000	3	2,41,397	2.76
100001	Above	11	63,78,708	72.90
Total		7284	87,50,000	100.00



xi) Shareholding pattern as on 31 March 2013:

Categories	No. of Shares	% to Total
Promoters, Directors and their relatives and associates	64,99,600	74.28
Banks and Financial Institutions	51,800	0.59
Mutual Funds	1,250	0.01
Insurance Companies	1,00,000	1.14
Foreign Institutional Investors	350	0.01
Other bodies corporate	4,68,689	5.36
Public	16,28,311	18.61
TOTAL	87,50,000	100.00

xii) Registrar and Share Transfer Agent: 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 & Managing Director or Joint 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 Investors' Grievance & Share Transfer 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 2013, 27,54,945 equity shares have been dematerialized.

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

xvi) Directors seeking appointment/re-appointment: As required under Clause 49(IV)(G), particulars of Director seeking re-appointment are given in the Explanatory Statement of the Notice of the Annual General Meeting to be held on 31 August 2013.

xvii) There is no stock option scheme.

xviii) Plant location: Mines at Deogiri and Metal & Ferroalloys plant at Vyasankere.

xix) Address for correspondence:

Registered Office: Lakshmipur, Sandur, Bellary District, Karnataka - 583 119

Corporate Office: 'Sandur House', No.9 (Old No.217), Bellary Road, Sadashivanagar, Bangalore - 560 080

12. CEO / CFO Certification

The Chairman & Managing Director, being the Chief Executive Officer (CEO) and the Director (Finance), being the Chief Finance Officer (CFO) have certified to the Board in accordance with clause 49 (v) of the Listing Agreement pertaining to CEO/CFO certification for the financial year 2012-13, which is annexed thereto.



13. Affirmation of compliance with Code of Conduct

The Chairman & Managing Director 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 2012-13 and the same were placed before the Board at its meeting held on 30 May 2013. A copy of the said certificate is annexed hereto.

14. Status of compliance with the non-mandatory requirements of clause 49 of the Listing Agreement is given below:

- (i) **Non-Executive Chairman's Office:** The Chairman of the Company is an Executive Chairman and hence this provision is not applicable.
- (ii) **Tenure of Independent Directors:** The Board has not specifically determined the maximum tenure for independent directors. They are liable to retire by rotation as per the applicable provisions and, if eligible, may be re-appointed at the Annual General Meeting of the Company. However, the Board has fixed 75 years of age for retirement of non-executive directors.
- (iii) **Remuneration Committee:** Details are given under the heading 'Remuneration Committee'.
- (iv) **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 Listing Agreements. A copy of complete Annual Report is sent to each and every shareholder of the Company.
- (v) **Audit qualifications:** During the year under review, there was no audit qualification in the Company's financial statements.
- (vi) **Training of Board Members:** At the meetings of the Board and the Committees thereon, directors are extensively briefed on all business related matters, risk assessment and minimization procedures, developments and trends in the market, new initiatives and statutory amendments, etc.
- (vii) **Mechanism for evaluating non-executive Board Members:** The role of the Board of Directors is to provide direction and exercise control to ensure that the Company is managed in a manner that fulfills shareholders' aspirations and the societal expectations. The performance of the non-executive directors is discussed during their re-appointment. Other than the above the Company does not have a mechanism for evaluating non-executive Board members.
- (viii) **Whistle Blower Policy:** The Company does not have any specific whistle blower policy as such but encourages an open door policy where employees have access to the heads of the departments and also to the whole-time directors, including the Chairman, during their visit to the respective departments, wherein they have been provided with the liberty to report matters pertaining to unethical behavior, actual or suspected fraud. The management and the promoters provide absolute and adequate safeguards against victimization of employees who avail of opportunity to report the same.

15. Auditor's certificate on compliance with clause 49 of the Listing Agreement:

Auditor's Certificate is being annexed.

for and on behalf of the Board

Place : Bangalore
Date : 30 May 2013

S. Y. Ghorpade
Chairman & Managing Director



CERTIFICATE

We, S. Y. Ghorpade, Chairman & Managing Director (being the CEO) and K. Raman, Director (Finance), being nominated as CFO and responsible for the finance function, certify that in respect of the financial year ended on 31 March 2013:

- 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) (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 : Bangalore
Date : 27 May 2013

S. Y. Ghorpade
Chairman & Managing Director

K. Raman
Director (Finance)

CERTIFICATE

I, S. Y. Ghorpade, Chairman & 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 2012-13 and the same are being placed before the Board at its meeting held on 30 May 2013.

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

Place : Bangalore
Date : 27 May 2013

S. Y. Ghorpade
Chairman & Managing Director

CERTIFICATE

TO THE MEMBERS OF THE SANDUR MANGANESE & IRON ORES LIMITED

We have examined the compliance of conditions of Corporate Governance by **The Sandur Manganese & Iron Ores Limited** ("the Company"), for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No.008072S)

S. Sundaresan
Partner
(Membership No.25776)

Place : Bangalore
Date : 30 May 2013



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. BACKGROUND

The Management Discussion and Analysis Report sets out the developments in the business, the Company's performance since last report and the 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, etc., may constitute 'forward looking statements' within the meaning of applicable laws and regulations and may differ from actuals. 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: Resumption of mining operations of 46 Category 'A' and 61 Category 'B' mining leases in the three districts of Karnataka i.e., Bellary, Tumkur and Chitradurga have been permitted by the Hon'ble Supreme Court of India. However, iron ore production in these districts has been scaled down from the present 82.97 Million Tonnes Per Annum (MTPA) to 30 MTPA. While situation is expected to improve in the coming months, it will take time to even achieve the reduced level of production since mining leases in Category 'B' can resume their mining operations only after effectively implementing the Reclamation & Rehabilitation (R&R) Plans prescribed by the Hon'ble Supreme Court. In view of this, production of steel and sponge iron in the neighbouring areas is likely to suffer. Demand for iron ore fines is firm and prices are stable, however demand for iron ore lumps from sponge iron and pig iron industry is low due to lower sponge iron prices and higher price differential between lumps and fines for same iron content. As sponge iron prices are falling, higher prices for lumpy iron ore is making their operations unviable. Many sponge iron plants have shut down and this has reduced the demand for iron ore lumps. Lower international prices for steel scrap is likely to have a dampening effect on sponge iron prices in the near future and demand for iron ore lumps will reduce. Prices for lumpy ore will decline in short term. World markets for iron ore appears to be declining due to lower growth in Chinese steel production. Prices in the international market are declining. In India, prices for fines have remained stable, while that for lumpy ore are declining.

Manganese Ore: Production of Manganese (Mn) Ore in Karnataka, though resumed, is at a lower level due to the requirement for implementation of Supplementary Environment Management Plan (SEMP) by Category 'A' mining leases and R&R Plans by Category 'B' mining leases. The permissible production limits have also been drastically reduced. Total production of Mn ore in India is also at a lower level due to closure of several mines in Orissa. However demand for Mn alloys continues to be stable and production continues to be at the same level as previous year. Due to reduced supply of domestic Mn ore, and stable demand from Mn alloy producers, imports have increased substantially. However prices have remained stable. As imported Mn ore has lower Iron (Fe) ferroalloy producers are able to accept higher levels of Fe in locally purchased Mn ore. This has resulted in demand for SMIORE's ferruginous Mn ore. Both iron ore & Mn ore produced by the Company is being sold through e-auction by the Monitoring Committee constituted by the Hon'ble Supreme Court.

Manganese Alloys: Indian manganese ferroalloy production has remained stable during 2012-13. While demand for ferroalloys within India has risen marginally, exports demand has decreased mainly due to lower competitiveness of Indian Manganese alloy producers. Steep rise in electricity tariff by various State electricity boards, has led to rise in cost of production of ferroalloys. Domestic Silicomanganese prices, though increased during last quarter of 2012-13, are showing signs of stabilization / reduction. Stable international prices of manganese alloys coupled with higher cost of production has made Indian ferroalloy producers less competitive. This is likely to affect growth in production of manganese alloys. Growth rate of Indian manganese alloy production largely depends on export competitiveness, as domestic requirement of Manganese alloys is fully met by domestic production.



3. SEGMENT-WISE PERFORMANCE

a) Mining

During the year ended 31 March 2013, the Mines produced 25,534 tonnes of manganese ore. The Company exported 5,956 tonnes and made domestic sales of 63,963 tonnes making the aggregate manganese ore sales of 69,919 tonnes.

The Mines also produced 1,58,467 tonnes of iron ore and made domestic sales of 2,33,813 tonnes.

b) Conversion of iron ore to steel

During the year under review no TMT bars were manufactured but 1 tonne of TMT bars out of the existing stock was sold resulting in a negative contribution of ₹1.86 lakh.

c) Conversion of manganese ore to Silico Manganese

During the year under review 10,244 tonnes of Silico Manganese was manufactured and 9,420 tonnes were sold resulting in a positive contribution of ₹445.12 lakh.

4. OUTLOOK, RISKS AND CONCERNS

Though the mining operations of the Company have resumed from 25 January 2013, annual permissible production limits have been prescribed at 0.74 Million Tonnes Per Annum (MTPA) of iron ore and 0.1874 MTPA of manganese ore as against the statutory clearances for production of 1.6 MTPA and 0.6 MTPA respectively. The continuance of mining operations of the Company is subject to implementation of SEMP to the satisfaction of the Monitoring Committee constituted by the Hon'ble Supreme Court. In addition, the Company had to provide an undertaking to comply with any liabilities, financial or otherwise, that may arise against it under the Comprehensive Environment Plan for Mining Impact Zone (CEPMIZ) to be formulated by the Government of Karnataka in accordance with the directions of the Hon'ble Supreme Court for the socio-economic development of the area / local population, infrastructure development, conservation and protection of forest, developing common facilities for transportation of iron ore (such as maintenance and widening of existing road, construction of alternate road, conveyor belt, railway siding and improving communication system) etc.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has well-developed internal control systems and clearly defined delegation of powers to 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 strictly 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.

6. FINANCIAL PERFORMANCE

Information provided in the Directors' Report.

7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

As on 1 April 2012, the Company had employee strength of 1,920. During the year, 10 employees were recruited and 92 employees were separated. Excluding the 667 temporary employees and 25 employees on consolidated remuneration, employee strength at the end of the financial year 2012-13 was 1,838.

The Company has a record of cordial relations with its employees ever since its inception.

for and on behalf of the Board

Place : Bangalore
Date : 30 May 2013

S. Y. Ghorpade
Chairman & Managing Director



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE SANDUR MANGANESE & IRON ORES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **The Sandur Manganese & Iron Ores Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, 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 Financial Statements

The Company's Management is responsible for the preparation of these 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 Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1) (g) of the Act.

for **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No.008072S)

S. Sundaresan
Partner
(Membership No.25776)

Bangalore, 30th May, 2013



ANNEXURE TO THE AUDITORS' REPORT

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

Having regard to the nature of the Company's business / activities / result during the year, clauses (v), (vi), (xiii), (xiv), (xvi), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Most of the fixed assets were physically verified during the year by the Management in accordance with a regular programme 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. In case of stocks lying with a third party, certificate confirming stocks has been received.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been 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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.



- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 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 involved (₹ lakh)
The Income Tax Act, 1961	Income tax including interest	The Commissioner of Income tax (Appeals)	2010-11 and 2011-12	557.52
The Customs Act, 1962	Customs duty including interest	High Court of Andhra Pradesh	1986-2013	304.48
		Customs, Excise & Service Tax Appellate Tribunal, Mumbai	1990-2013	1,159.01
The Central Excise Act, 1944	Service tax	Supreme Court	2004-2010	316.64

- (viii) The Company neither has accumulated losses at the end of the financial year nor has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not taken any loans from banks or financial institutions or has not issued any debentures.
- (x) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xiii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by and on the Company has been noticed or reported during the year.

for **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No.008072S)

S. Sundaresan
Partner
(Membership No.25776)

Bangalore, 30th May, 2013



THE SANDUR MANGANESE & IRON ORES LIMITED
BALANCE SHEET AS AT 31 MARCH 2013

	Note No.	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	875.00	875.00
(b) Reserves and surplus	3	33,276.10	30,024.64
		<u>34,151.10</u>	<u>30,899.64</u>
2 Non-current liabilities			
Long-term provisions	4	969.17	1,921.58
3 Current liabilities			
(a) Trade payables		1,339.81	1,429.91
(b) Other current liabilities	5	9,227.37	11,091.50
(c) Short-term provisions	6	398.22	499.70
		<u>10,965.40</u>	<u>13,021.11</u>
	TOTAL	<u>46,085.67</u>	<u>45,842.33</u>
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7(a)	6,769.58	6,458.67
(ii) Intangible assets	7(b)	702.76	1,639.78
(iii) Capital work-in-progress		1,848.02	507.96
		<u>9,320.36</u>	<u>8,606.41</u>
(b) Non-current investments	8	15,048.06	15,048.06
(c) Deferred tax assets (net)	37	2,740.00	2,452.00
(d) Long-term loans and advances	9	5,102.68	4,584.76
(e) Other non-current assets	10	381.97	334.96
		<u>32,593.07</u>	<u>31,026.19</u>
2 Current assets			
(a) Current investments	11	4,014.98	1,850.00
(b) Inventories	12	3,399.43	4,862.15
(c) Trade receivables	13	2,734.01	4,933.51
(d) Cash and bank balances	14	805.34	587.20
(e) Short-term loans and advances	15	2,368.84	2,414.14
(f) Other current assets	16	170.00	169.14
		<u>13,492.60</u>	<u>14,816.14</u>
	TOTAL	<u>46,085.67</u>	<u>45,842.33</u>

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

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 30 May 2013



THE SANDUR MANGANESE & IRON ORES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

	Note No.	2012-13 ₹ lakh	2011-12 ₹ lakh
I. Revenue from operations (gross)	17	16,477.35	18,255.67
Less: Excise duty		358.43	191.30
Revenue from operations (net)		16,118.92	18,064.37
II. Other income	18	2,263.92	1,278.25
III. Total revenue (I+II)		18,382.84	19,342.62
IV. Expenses:			
(a) Cost of materials consumed	19	1,003.98	1,320.63
(b) Changes in inventories of finished goods and work-in-progress	20	1,486.90	(329.75)
(c) Employee benefits expense	21	2,706.82	3,876.93
(d) Finance costs	22	235.97	0.53
(e) Depreciation and amortisation expense	7(c)	1,125.69	1,105.01
(f) Other expenses	23	8,190.02	10,707.34
Total expenses		14,749.38	16,680.69
V. Profit before tax (III-IV)		3,633.46	2,661.93
VI. Tax expense/ (benefit) :			
(a) Current tax expense		730.00	1,400.00
(b) Minimum Alternate Tax (MAT) credit entitlement		(60.00)	-
(c) Short provision for tax relating to prior years		-	985.00
(d) Deferred tax	37	(288.00)	(572.00)
		382.00	1,813.00
VII. Profit for the year (V-VI)		3,251.46	848.93
VIII. Earnings per equity share of ₹ 10 each :			
Basic and diluted (₹)	36	37.16	9.70

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

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 30 May 2013



THE SANDUR MANGANESE & IRON ORES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	2012-13 ₹ lakh	2011-12 ₹ lakh
A. Cash flow from operating activities		
Profit before tax	3,633.46	2,661.93
Adjustments for :		
- Depreciation and amortisation expense	1,125.69	1,105.01
- Assets discarded	-	1.01
- Bad trade receivables written off	-	29.17
- Profit on sale of fixed assets (net)	(1.26)	(0.43)
- Finance costs	235.97	0.53
- Interest income	(34.51)	(450.86)
- Gain on sale of current investments (net)	(0.90)	(321.58)
- Dividend income	(81.29)	(116.98)
- Provisions/ liabilities no longer required written back	(2,140.31)	(332.20)
Operating profit before working capital changes	<u>2,736.85</u>	<u>2,575.60</u>
Adjustments for (increase)/ decrease in operating assets:		
- Inventories	1,462.72	(500.14)
- Trade receivables	2,199.50	(1,960.72)
- Short-term loans and advances	45.30	(528.84)
- Long-term loans and advances	(208.09)	7,213.66
Adjustments for increase/(decrease) in operating liabilities:		
- Trade payables	(90.10)	(179.36)
- Other current liabilities	314.30	(918.68)
- Short-term provisions	24.06	38.34
- Long-term provisions	(952.41)	149.21
Cash generated from operations	<u>5,532.13</u>	<u>5,889.07</u>
- Income tax paid	(1,460.37)	(4,120.34)
Net cash flow operating activities (A)	<u>4,071.76</u>	<u>1,768.73</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets (including capital work-in-progress and advances on capital account)	(1757.80)	(452.11)
Proceeds from sale of fixed assets	1.30	0.75
Bank balances not considered as cash and cash equivalents	(40.09)	-
(Purchase) / sale of current investments (net)	(2,164.08)	6,815.67
Investment in shares of subsidiary	-	(8,548.00)
Interest received	26.73	69.71
Dividend received from current investments	81.29	116.98
Net cash flow used in investing activities (B)	<u>(3,852.65)</u>	<u>(1,997.00)</u>



THE SANDUR MANGANESE & IRON ORES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	2012-13 ₹ lakh	2011-12 ₹ lakh
C. Cash flow from financing activities		
Dividends paid	-	(437.50)
Tax on dividend	-	(70.97)
Finance costs	(0.97)	(0.53)
Net cash flow used in financing activities (C)	(0.97)	(509.00)
Net cash flow during the year (A+B+C)	218.14	(737.27)
Cash and cash equivalents (opening balance)	587.20	1,324.47
Cash and cash equivalents (closing balance)	805.34	587.20
Increase/ (decrease) in cash and cash equivalents	218.14	(737.27)

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

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 30 May 2013



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

Note 1 - Significant accounting policies

1.1. Basis of accounting and preparation of financial statements

The Company adopts the historical cost concept (except revaluation of fixed assets) and accrual basis, in accordance with generally accepted accounting principles (GAAP) of India, for the preparation of its financial statements. The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 (Act) and the relevant provisions of the Act.

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 31st March, 1985 and the resultant surplus has been added to the cost of the assets.

1.4. Depreciation/Amortisation

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 at the rates and in manner prescribed in Schedule XIV to the Act.

Mining lease rights are amortised over the useful life of the mine or lease period, whichever is shorter.

Individual assets costing less than ₹ 5,000/- are depreciated in full in the year of its purchase.

1.5. Impairment of fixed assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an impairment loss is recognised when the carrying amount exceeds greater of net selling price and value in use.

1.6. Foreign currency transaction

Foreign exchange transactions are recorded at the exchange rates prevailing on the date of transaction. Foreign exchange rate fluctuations relating to monetary assets and liabilities are restated at the year-end rates. The net loss or gain arising on restatement/settlement, if any, is adjusted to the statement of profit and loss.

In respect of forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss of the reporting period in which the exchange rates change.

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 at lower of cost and fair value.



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

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: On monthly weighted average rates;
- (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 despatch 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.

1.10. 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.

1.11. Employee benefits:

Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

Post employment benefits are recognised as an expense in the statement of profit and loss of the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, at the discounting rate.

Other long-term employee benefits are recognised as an expense in the statement of profit and loss of the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the present value, using the market yields on government bonds, as on the date of the balance sheet, at the discounting rate.

Actuarial gains and losses in respect of past employment and other long term benefits are charged to the statement of profit and loss on accrual basis.

1.12. 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, Services, Ferroalloys & Power and Steel.

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

1.13. 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.



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

1.14. Taxation

Current tax

Current tax expense is determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax

Deferred tax assets and liabilities are measured using the tax rates which have been enacted or substantively enacted at the balance sheet date. Deferred tax expense or benefit is recognised, subject to consideration of prudence, on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods.

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 Company will pay normal income tax in the future years. Accordingly, MAT is recognised as an asset in the balance sheet where it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

1.15. 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.

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

1.16. 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 revised Schedule VI to the Companies Act, 1956. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.

Note 2 - Share capital	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
i) Authorised		
14,000,000 (As at 31.03.2012: 14,000,000) equity shares of ₹10 each with voting rights	1,400.00	1,400.00
100,000 (As at 31.03.2012: 100,000) 'B' 16 % (subject to tax) redeemable preference shares of ₹100 each	100.00	100.00
ii) Issued, subscribed and fully paid up		
Equity shares of ₹10 each with voting rights	875.00	875.00
	<hr/>	<hr/>
	875.00	875.00



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

Notes :

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

Particulars	Opening balance	Fresh issue / Bonus / ESOP / Conversion / Buy back / Other changes	Closing balance
Equity shares with voting rights (Issued, subscribed and fully paid up)			
Year ended 31.03.2013			
- Number of shares	8,750,000	-	8,750,000
- Amount (₹ lakh)	875.00	-	875.00
Year ended 31.03.2012			
- 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 shareholders. 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) Shareholders holding more than 5% shares in the Company

Name of shareholders Equity share with voting rights	As at 31.03.2013	As at 31.03.2012
	No. of shares held	No. of shares held
Skand Private Limited	2,047,719	2,047,719
Sattari Engineering Enterprises Private Limited	1,683,121	1,683,121
Sunshine Real Estates & Constructions Private Limited	998,100	998,100

	As at 31.03.2013	As at 31.03.2012
	₹ lakh	₹ lakh
Note 3 - Reserves and surplus		
Capital redemption reserve	100.65	100.65
Securities premium account	967.23	967.23
General reserve	3,404.38	3,404.38
Surplus in statement of profit and loss		
Opening balance	25,552.38	24,703.45
Add: Profit for the year	3,251.46	848.93
Closing balance	28,803.84	25,552.38
Total	33,276.10	30,024.64

Note 4 - Long-term provisions

Provision for employee benefits:

Provision for pension (Refer note 32 (c))	807.36	1,750.33
Provision for compensated absences (Refer note 32 (c))	161.81	171.25
Total	969.17	1,921.58



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

Note 5 - Other current liabilities	As at 31.03.2013	As at 31.03.2012
	₹ lakh	₹ lakh
Payables on purchases of fixed assets	2.64	40.76
Statutory remittances	7,698.76	9,367.30
Provision for gratuity (net) (Refer note 32 (b))	56.05	110.92
Advances from customers	1,096.08	1,200.22
Other creditors	373.84	372.30
Total	<u>9,227.37</u>	<u>11,091.50</u>

Note 6 - Short-term provisions

Provision for employee benefits:		
Provision for pension (Refer note 32 (c))	162.88	176.53
Provision for compensated absences (Refer note 32 (c))	159.45	121.74
	<u>322.33</u>	<u>298.27</u>
Provision for taxation (net of payments)	75.89	201.43
	<u>75.89</u>	<u>201.43</u>
Total	<u>398.22</u>	<u>499.70</u>

Note 7 - Fixed assets

₹ lakh

Description	Gross block			Accumulated depreciation/ Amortisation				Net block		
	Balance as at 01.04.2012	Additions	Disposals	Balance as at 31.03.2013	Balance as at 01.04.2012	Depreciation/ Amortisation expense for the year	On disposals	Balance as at 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012
(a) Tangible assets										
Freehold land	4,764.24	175.12	717.10	4,222.26	-	-	-	-	4,222.26	4,764.24
	(4,764.24)	(-)	(-)	(4,764.24)	(-)	(-)	(-)	(-)	(4,764.24)	(4,764.24)
Buildings	855.46	929.06	-	1,784.52	234.06	38.31	-	272.37	1,512.15	621.40
	(840.31)	(15.15)	(-)	(855.46)	(203.02)	(31.04)	(-)	(234.06)	(621.40)	(637.29)
Railway sidings	14.28	-	-	14.28	12.99	0.18	-	13.17	1.11	1.29
	(14.28)	(-)	(-)	(14.28)	(12.78)	(0.21)	(-)	(12.99)	(1.29)	(1.50)
Plant and equipment	1,754.09	82.49	-	1,836.58	987.73	68.77	-	1,056.50	780.08	766.36
	(1,202.67)	(551.42)	(-)	(1,754.09)	(943.95)	(43.78)	(-)	(987.73)	(766.36)	(258.72)
Furniture and fixtures	58.68	10.09	-	68.77	36.74	5.75	-	42.49	26.28	21.94
	(57.79)	(1.79)	(0.90)	(58.68)	(33.29)	(4.35)	(0.90)	(36.74)	(21.94)	(24.50)
Vehicles	433.21	8.72	0.63	441.30	229.89	56.27	0.62	285.54	155.76	203.32
	(382.84)	(51.87)	(1.50)	(433.21)	(165.87)	(65.52)	(1.50)	(229.89)	(203.32)	(216.97)
Office equipment	188.95	11.24	0.11	200.08	108.83	19.39	0.08	128.14	71.94	80.12
	(171.24)	(34.06)	(16.35)	(188.95)	(100.76)	(23.09)	(15.02)	(108.83)	(80.12)	(70.48)
	8,068.91	1,216.72	717.84	8,567.79	1,610.24	188.67	0.70	1,798.21	6,769.58	6,458.67
	(7,433.37)	(654.29)	(18.75)	(8,068.91)	(1,459.67)	(167.99)	(17.42)	(1,610.24)	(6,458.67)	(5,973.70)
(b) Intangible assets										
Mining rights	10,718.31	-	-	10,718.31	9,078.53	937.02	-	10,015.55	702.76	1,639.78
	(10,718.31)	(-)	(-)	(10,718.31)	(8,141.51)	(937.02)	(-)	(9,078.53)	(1,639.78)	(2,576.80)
	10,718.31	-	-	10,718.31	9,078.53	937.02	-	10,015.55	702.76	1,639.78
	(10,718.31)	(-)	(-)	(10,718.31)	(8,141.51)	(937.02)	(-)	(9,078.53)	(1,639.78)	(2,576.80)

(Previous year figures are in brackets)

₹ lakh

(c) Depreciation and amortisation expenses	For the year ended March 31, 2013	For the year ended March 31, 2012
Depreciation as per note 7(a)	188.67	167.99
Amortisation as per note 7(b)	937.02	937.02
	<u>1,125.69</u>	<u>1,105.01</u>



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

	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
Note 8 - Non-current investments		
A. Trade investments (At cost)		
Investments in equity instruments in subsidiary company (unquoted)		
75,240,000 (As at 31.03.2012 : 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
	<u>15,048.00</u>	<u>15,048.00</u>
B. Other investments (At cost)		
Investments in equity instruments in others		
Sandur Microcircuits Limited (unquoted) 900,000 (As at 31.03.2012: 900,000) equity shares of ₹10 each fully paid up	90.00	90.00
Sandur Laminates Limited (quoted) 4,725,191 (As at 31.03.2012 : 4,725,191) equity shares of ₹10 each fully paid up (Market value not ascertained as there was no trading)	879.67	879.67
HDFC Bank Limited (quoted) 2,500 (As at 31.03.2012 : 2,500) equity shares of ₹ 2 each fully paid up (Market value ₹15.40 lakh (As at 31.03.2012 : ₹12.78 lakh)	0.05	0.05
Investments in Government or Trust securities (unquoted)	0.01	0.01
	<u>969.73</u>	<u>969.73</u>
Total (A+B)	16,017.73	16,017.73
Less : Provision for diminution in the value of Investments	969.67	969.67
Total	15,048.06	15,048.06
Aggregate amount of quoted investments	0.05	0.05
Aggregate market value of listed and quoted investments	15.40	12.78
Aggregate amount of unquoted investments	15,048.01	15,048.01
Note 9 - Long-term loans and advances		
Capital advances (Unsecured and considered good)	146.28	266.28
Loans and advances to subsidiary company (Secured and considered good)	1,218.07	1,218.07
Security deposits (Unsecured and considered good)	70.55	71.86
Tax payments, net of provisions (Unsecured and considered good)	1,025.71	655.88
MAT credit entitlement (Unsecured and considered good)	60.00	-
Advances for strategic alliance		
- Secured and considered good	600.00	600.00
- Unsecured and considered good	1,982.07	1,772.67
	<u>2,582.07</u>	<u>2,372.67</u>
Total	5,102.68	4,584.76



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

	As at 31.03.2013	As at 31.03.2012
	₹ lakh	₹ lakh
Note 10 - Other non-current assets		
Deposits against guarantees with maturity of more than 12 months from the balance sheet date (Refer note 14)	356.92	316.83
Interest accrued on deposits	25.05	18.13
Total	381.97	334.96
Note 11 - Current investment		
Investments in Mutual Funds (unquoted) (at lower of cost and fair value)		
Franklin Templeton Fixed Tenure Fund -Series XIV-3Yrs-Plan B Growth 1,750,000 units (As at 31.03.2012 : 1,750,000) of ₹10 each	175.00	175.00
TATA Fixed Tenure Fund Series 1-Growth 4,000,000 units (As at 31.03.2012 : 4,000,000) of ₹10 each	400.00	400.00
Reliance Dual Advantage Fixed Tenure Fund-Plan B-Growth Plan 1,250,000 units (As at 31.03.2012 : 1,250,000) of ₹10 each	125.00	125.00
Birla Sun Life Capital Protection Oriented Fund Series 3 - Growth 1,500,000 units (As at 31.03.2012 : 1,500,000) of ₹10 each	150.00	150.00
Religare Capital Protection Oriented Fund Series I - Growth Plan 2,000,000 units (As at 31.03.2012 : 2,000,000) of ₹10 each	200.00	200.00
Sundaram Capital Protection Oriented Fund Series 3-3 Growth 1,000,000 units (As at 31.03.2012 : 1,000,000) of ₹10 each	100.00	100.00
ICICI Prudential Multiple Yield Fund Plan A Cumulative 1,000,000 units (As at 31.03.2012 : 1,000,000) of ₹10 each	100.00	100.00
Sundaram Capital Protection Oriented Fund 2 years SR1 Growth 5,000,000 units (As at 31.03.2012 : 5,000,000) of ₹10 each	500.00	500.00
Sundaram Capital Protection Oriented Fund 3 years SR4 Growth 1,000,000 units (As at 31.03.2012 : 1,000,000) of ₹10 each	100.00	100.00
Tata Capital Protection Oriented Fund - Series I - Growth 1,500,000 units (As at 31.03.2012 : Nil) of ₹10 each	150.00	-
Reliance Floating Rate Fund - Short Term Plan-Weekly Dividend Plan 5,108,245 units (As at 31.03.2012 : Nil) of ₹10.08 each	514.98	-
DSP BlackRock Income Opportunities Fund - Regular Plan - Growth 2,708,060 units (As at 31.03.2012 : Nil) of ₹18.46 each	500.00	-
Pramerica Credit Opportunities Fund Growth Option 61,181 units (As at 31.03.2012 : Nil) of ₹1,144.15 each	700.00	-
DSP BlackRock Dual Advantage Fund -S11-36 Month Regular Plan - Growth 3,000,000 units (As at 31.03.2012 : Nil) of ₹10 each	300.00	-
Total	4,014.98	1,850.00
Aggregate amount of unquoted investments	4,014.98	1,850.00



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

	As at 31.03.2013	As at 31.03.2012
	₹ lakh	₹ lakh
Note 12 - Inventories		
(At lower of cost and net realisable value)		
Raw materials and components	373.80	374.67
Work-in-progress (Refer note below)	15.11	41.03
Finished goods	2,898.35	4,359.33
Stores and spares	112.17	87.12
Total	3,399.43	4,862.15
Note : Details of inventory of work-in-progress		
Silico Manganese	4.91	30.83
TMT Bars	10.20	10.20
	15.11	41.03
Note 13 - Trade receivables		
(Unsecured and considered good)*		
Trade receivables outstanding for a period exceeding six months from the due date	2,109.54	1,152.90
Other trade receivable	624.47	3,780.61
* includes ₹ 1043.93 lakh (As at 31.03.2012 ₹ 1050.90 lakh) due from subsidiary company		
Total	2,734.01	4,933.51
Note 14 - Cash and bank balances		
Cash and cash equivalents		
Cash on hand	2.48	2.27
Balances with banks in current accounts	802.86	584.93
	805.34	587.20
Other bank balances		
Deposits against guarantees with maturity of more than 12 months from the balance sheet date	356.92	316.83
Less: Amount disclosed under non-current assets (Note 10)	(356.92)	(316.83)
	-	-
Total	805.34	587.20
Note 15 - Short-term loans and advances		
(Unsecured and considered good)		
Loans and advances to subsidiary company	166.52	373.85
Security deposits	14.69	15.39
Loans and advances to employees	26.35	30.92
(includes ₹ Nil (previous year ₹ Nil) due from director of the Company; maximum amount due at any time during the year ₹ 2.66 lakh (previous year ₹ 9.47 lakh))		
Balances with government authorities	106.84	223.92
Advance to vendors	2,054.44	1,770.06
Total	2,368.84	2,414.14
Note 16 - Other current assets		
Receivables on sale of fixed assets from subsidiary company	164.00	164.00
Interest accrued on deposits	6.00	5.14
Total	170.00	169.14



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

	As at 31.03.2013	As at 31.03.2012
	₹ lakh	₹ lakh
Note 17 - Revenue from operations		
Sale of products (Refer note (i) below)	16,378.41	18,178.46
Other operating revenues (Refer note (ii) below)	98.94	77.21
Revenue from operations (gross)	16,477.35	18,255.67
Less : Excise duty	358.43	191.30
Revenue from operations (net)	16,118.92	18,064.37
	Total	
Notes :		
(i) Sale of products comprises:		
(a) Manganese ore	3,932.36	3,268.82
(b) Iron ore	7,690.90	11,757.58
(c) Silicomanganese	4,754.62	2,683.32
(d) TMT steel	0.53	468.74
	16,378.41	18,178.46
(ii) Other operating revenues comprises:		
(a) Sale of scrap/ waste	1.40	11.78
(b) Other miscellaneous receipts	97.54	65.43
	98.94	77.21
	2012-13	2011-12
	₹ lakh	₹ lakh
Note 18 - Other income		
Interest income		
- On fixed deposits with banks	31.50	28.90
- On long-term investments	1.13	416.31
- On deposits	1.88	5.65
	34.51	450.86
Dividend income		
- On current investments	81.18	116.98
- On long-term investments	0.11	-
	81.29	116.98
Gain on sale of current investments (net)	0.90	321.58
Foreign currency fluctuations (net)	-	17.47
Profit on sale of fixed asset (net)	1.26	0.43
Other non operating income		
- Provisions/ liabilities no longer required written back	2,140.31	332.20
- Sale of petroleum products (Net of consumption of ₹ 1624.17 lakh previous year : ₹ 1385.93 lakh)	5.65	38.73
	2,145.96	370.93
	2,263.92	1,278.25
	Total	
Note 19 - Cost of materials consumed		
Material consumed comprises:		
Manganese ore	72.62	246.28
Coke	706.76	661.40
Charcoal	154.07	-
Scrap billets	-	334.48
Other materials	70.53	78.47
	1,003.98	1,320.63
	Total	



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

	2012-13	2011-12
	₹ lakh	₹ lakh
Note 20 - Changes in inventories of finished goods and work-in-progress		
Inventories at the beginning of the year		
Finished goods	4,359.33	4,065.00
Work-in-progress	41.03	5.61
	<u>4,400.36</u>	<u>4,070.61</u>
Inventories at the end of the year		
Finished goods	2,898.35	4,359.33
Work-in-progress	15.11	41.03
	<u>2,913.46</u>	<u>4,400.36</u>
Net (increase)/ decrease	<u>1,486.90</u>	<u>(329.75)</u>
Note 21 - Employee benefits expense		
Salaries, wages and bonus	1,083.70	2,300.19
Contribution to provident and other funds	201.28	269.50
Employee welfare expenses	1,005.45	924.90
Subsidy on food grains	416.39	382.34
Total	<u>2,706.82</u>	<u>3,876.93</u>
Note 22 - Finance costs		
Interest expense on delayed payment of income tax/ tax deducted at source	235.97	0.53
Total	<u>235.97</u>	<u>0.53</u>
Note 23 - Other expenses		
Stores and spares consumed	3.35	164.81
Subcontracting	2,682.52	1,636.65
Power and fuel	4.17	15.63
Rent (Refer note 35)	16.71	14.40
Repairs and maintenance to:		
Plant and machinery	54.75	89.94
Buildings	95.25	262.00
Others	197.18	142.41
	<u>347.18</u>	<u>494.35</u>
Mine running expenses	1,407.54	2,741.49
Insurance	19.54	12.70
Rates and taxes	1,697.10	2,722.12
Travelling and conveyance	449.83	473.18
Freight loading and siding charges	187.27	1,103.30
Donations and contributions	3.80	10.00
Legal and professional (Refer note 38)	539.07	355.28
Assets discarded	-	1.01
Bad trade receivables written off	-	29.17
Foreign exchange fluctuation (net)	0.27	-
Security charges	230.84	233.68
Corporate social responsibility	491.92	376.09
Miscellaneous expenses	108.91	323.48
Total	<u>8,190.02</u>	<u>10,707.34</u>



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

Note 24 - Contingent Liabilities and commitments (to the extent not provided for)

(i) Contingent Liabilities

a) Claims against the Company not acknowledged as debts:

Particulars	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
Stamp duty on net present value includes maximum penalty of ₹ 4,545.00 lakh (relating to applicability of duty)	5,454.00	5,454.00
Income tax (relating to disallowance of deduction)	924.10	2,553.74
Service tax (relating to applicability of tax)	316.64	316.64
Others (relating to applicability of forest lease rental and other matters)	2,144.60	14.80

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:

Particulars	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
i) Employees in respect of housing loans	-	0.03

The Company had got an undertaking from the employees to repay on their behalf directly to the bank/financial institution.

ii) Corporate guarantee issued to Customs authorities on behalf of subsidiary company	1,050.00	1,050.00
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The Company has given the said guarantee in respect of fulfillment 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:

Estimated amount of contracts remaining to be executed on capital account and not provided for	448.85	199.41
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(iii) Other commitments:

Other commitments - Road development	-	1,122.95
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Note 25 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

There are no micro and small enterprises to whom the Company owes dues which are outstanding as at the balance sheet date. The information regarding Micro Enterprises and Small Enterprises have 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.

Note 26. Disclosures as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of Loans given to subsidiary :

Particulars	Relationship	Amount Outstanding as at 31.03.2013 ₹ lakh	Maximum amount outstanding during the year 2012-13 ₹ lakh
Star Metallics and Power Private Limited	Subsidiary	1,218.07	1,218.07
		(1,218.07)	(9,766.07)

Note: Figures in brackets relate to previous year.



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

Note 27 - As per the draft rehabilitation scheme of Sandur Laminates Limited and Sandur Micro Circuits Limited, the Company has given an undertaking not to dispose of its share holdings in Sandur Laminates Limited and Sandur Micro Circuits Limited without prior approval of Board for Industrial and Financial reconstruction (BIFR).

Note 28 - Trade payables do not include any amount to be credited to the Investor Education and Protection Fund.

Note 29 - Expenditure in foreign currency:

Expenditure	2012-13 ₹ lakh	2011-12 ₹ lakh
Travel	3.47	12.59
Others	6.05	4.08
Total	9.52	16.67

Note 30 - Details of consumption of imported and indigenous items:

Raw Materials	2012-13		2011-12	
	₹ lakh	%	₹ lakh	%
Imported	-	-	-	-
Indigenous	1,003.98	100%	1,320.63	100%
Total	1,003.98	100%	1,320.63	100%

Note 31 - Earnings in foreign exchange:

Particulars	2012-13 ₹ lakh	2011-12 ₹ lakh
Export of goods calculated on F.O.B. basis	-	72.99

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 ₹ 116.09 lakhs (Year ended March 31, 2012 - ₹ 133.18 lakhs) for provident fund contributions, ₹ 29.06 lakhs (Year ended March 31, 2012 ₹ 25.21 lakhs) for superannuation fund contributions and ₹ 0.67 lakhs (Year ended March 31, 2012 ₹ 0.64 lakhs) for employee state insurance scheme contributions in the statement of profit and loss. 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 trust and the notified interest rate and recognise such shortfall as an expense. Based on the actuarial valuation, 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. 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 SANDUR MANGANESE & IRON ORES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The following table sets out the funded status and amount recognised in the Company's financial statements for Gratuity.

₹ lakh

Sl.No	Particulars	2012-13	2011-12
I	Net asset/(liability) recognised in the balance sheet		
1	Present value of funded obligations - A	1,369.17	1,260.59
2	Fair value of plan Asset - B	1,313.12	1,149.67
3	(Deficit)/ surplus (B-A)	(56.05)	(110.92)
4	Net (asset)/ liability		
	- Asset	-	-
	- Liability	56.05	110.92
II	Expenses recognised to the statement of profit and loss under Employee benefits expense under note 21		
1	Current service cost	44.22	41.51
2	Interest on defined benefit obligation	91.80	76.71
3	Expected return on plan assets	(75.39)	(57.13)
4	Net actuarial losses / (gains) recognised during the year	(4.50)	50.02
5	Past service cost	-	-
6	Losses / (gains) on curtailments & settlements	-	-
	Total	56.13	111.11
III	Actual return on plan assets	123.91	103.34
IV	Change in defined benefit obligation (DBO) during the year		
1	Present value of DBO at the beginning of the year	1,260.59	1,130.22
2	Service cost	44.22	41.51
3	Interest cost	91.80	76.71
4	Actuarial losses/ (gains)	44.02	96.23
5	Actuarial losses/ (gains) due to curtailment	-	-
6	Benefits paid	(71.46)	(84.08)
7	Present value of DBO at the end of the year	1,369.17	1,260.59
V	Change in fair value of plan assets		
1	Opening fair value of plan assets	1,149.67	830.41
2	Expected return	75.39	57.13
3	Actuarial gains/ (losses)	48.52	46.21
4	Assets distributed on settlements	-	-
5	Contributions by employer	111.00	300.00
6	Benefits paid	(71.46)	(84.08)
7	Closing fair value of plan assets	1,313.12	1,149.67
VI	The major categories of plan assets as a percentage of total plan assets:		
1	Government of India Securities	29.74%	12.14%
2	Corporate bonds	44.32%	63.21%
3	Others	25.94%	24.65%
VII	Principal actuarial assumptions:		
1	Discount rate	7.95% pa	8.60% pa
2	Expected rate of return on plan assets	8.00% pa	8.00% pa
3	Salary escalation	6.00% pa	6.00% pa
4	Attrition rate	2.00% pa	2.00% pa
VIII	Estimate of amount of contribution in the immediate next year	56.05	120.00
IX	The employees are assumed to retire normally at the age of 60 years.		
X	The mortality rates considered are as per the published rates under the Indian Assured Life Mortality (2006-08) utility tables.		



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

XI	Particulars	Summary of defined benefit obligation / plan assets and experience adjustments (₹ lakh)				
		31.03.13	31.03.12	31.03.11	31.03.10	31.03.09
1	Defined benefit obligation	1,369.17	1,260.59	1,130.22	763.95	774.92
2	Plan assets	1,313.12	1,149.67	830.41	741.93	715.84
3	Surplus / (deficit)	(56.05)	(110.92)	(299.81)	(22.02)	(59.08)
4	Experience adjustments on plan liabilities	2.82	35.89	334.39	(2.67)	200.83
5	Experience adjustments on plan assets	48.52	46.21	(5.39)	27.49	61.53

Expected rate of return on plan assets is based on average yield on investments.

c) Other long term benefits - Unfunded

The other long term benefits which are provided for but not funded are as under:

₹ lakh

	Liability as at 31.03.2013	Liability as at 31.03.2012
Compensated absences		
-Current	159.45	121.74
-Non-current	161.81	171.25
Total	321.26	292.99
Pension		
-Current	162.88	176.53
-Non-current	807.36	1,750.33
Total	970.24	1,926.86

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.

Note 33 - Related party disclosures

Name of related parties and description of relationship

1	Holding Company	None
2	Subsidiary	Star Metalics and Power Private Limited
3	Key Management Personnel (KMP)	i) S. Y. Ghorpade, Chairman & Managing Director ii) Nazim Sheikh, Joint Managing Director (with effect from 9 April 2011) and Executive Director (up to 8 April 2011) iii) S.H. Mohan, Technical Director iv) S.R.Sridhar, Director (Mines) v) U. R. Acharya, Director (Commercial) (with effect from 9 April 2011) vi) K. Raman, Director (Finance) (with effect from 9 April 2011)
4	Relative of KMP	i) Aditya Shivrao Ghorpade ii) Dhananjaya Shivarao Ghorpade (with effect from 1 April 2011) iii) Puneet Acharya (with effect from 1 April 2011 up to 31 October 2011)



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

a) Subsidiary

₹ lakh

Particulars	2012-13	2011-12
Transactions during the year		
- Sale of Silicomanganese	56.16	-
- Interest income	-	416.31
- Subcontracting	2,682.52	1,509.35
- Purchase of raw material	62.26	133.79
- Loans and advances given	-	250.00
- Allotment of equity shares	-	8,548.00
Closing balance at the year end		
Amounts receivable	2,592.52	2,806.82
Guarantee given on behalf of subsidiary company	1,050.00	1,050.00

b) Key Management Personnel

₹ lakh

SI No.	Name of KMP	Salary		Commission*		Total Remuneration	
		31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
1	S. Y. Ghorpade	84.93	76.75	-	11.50	84.93	88.25
2	Nazim Sheikh	78.85	70.11	-	11.50	78.85	81.61
3	S. H. Mohan	76.54	69.51	-	11.50	76.54	81.01
4	S. R. Sridhar	49.82	45.29	-	11.50	49.82	56.79
5	U.R. Acharya	45.20	41.79	-	11.50	45.20	53.29
6	K. Raman	44.47	41.36	-	11.50	44.47	52.86
	Total	379.81	344.81	-	69.00	379.81	413.81

*Represents commission paid for the year 2010-11 based on approval in Annual General Meeting.

c) Key Management Personnel

₹ lakh

SI No.	Name of KMP	Amounts payable at the year end	
		31.03.13	31.03.12
1	S. Y. Ghorpade	4.48	12.98
2	Nazim Sheikh	5.65	11.63
3	S. H. Mohan	4.09	11.32
4	S. R. Sridhar	2.96	11.31
5	U.R. Acharya	3.15	11.06
6	K. Raman	3.44	10.70
	Total	23.77	69.00

d) Relative of KMP

₹ lakh

SI No.	Name of KMP	Remuneration		Amounts payable at the year end	
		31.03.13	31.03.12	31.03.13	31.03.12
1	Aditya Shivrao Ghorpade	9.15	8.00	0.63	1.40
2	Dhananjaya Shivarao Ghorpade	7.64	6.63	0.43	0.85
3	Puneet Acharya	-	3.57	-	0.27



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

Note 34 - Segment reporting

a) Primary segments (business segments)

₹ lakh

Particulars	Mining		Ferroalloy & Power		Steel		Unallocable		Elimination		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
REVENUE												
External sales	11,706.55	15,095.27	4,410.51	2,535.77	1.86	433.33	-	-	-	-	16,118.92	18,064.37
Inter Segment Revenue	601.34	166.87	-	8.63	-	-	-	-	(601.34)	(175.50)	-	-
Total revenue	12,307.89	15,262.14	4,410.51	2,544.40	1.86	433.33	-	-	(601.34)	(175.50)	16,118.92	18,064.37
RESULT												
Segment	3,841.14	2,478.74	364.34	109.02	(1.86)	(151.73)	-	-	-	-	4,203.62	2,436.03
Unallocable (expense) / income (net)	-	-	-	-	-	-	(334.19)	226.43	-	-	(334.19)	226.43
Operating profit/ (loss)	3,841.14	2,478.74	364.34	109.02	(1.86)	(151.73)	(334.19)	226.43	-	-	3,869.43	2,662.46
Finance costs	-	-	-	-	-	-	(235.97)	(0.53)	-	-	(235.97)	(0.53)
Profit/ (loss) before taxes	3,841.14	2,478.74	364.34	109.02	(1.86)	(151.73)	(570.16)	225.90	-	-	3,633.46	2,661.93
Tax expense	-	-	-	-	-	-	(382.00)	(1,813.00)	-	-	(382.00)	(1,813.00)
Profit/ (loss) for the year	3,841.14	2,478.74	364.34	109.02	(1.86)	(151.73)	(952.16)	(1,587.10)	-	-	3,251.46	848.93
OTHER INFORMATION												
Segment assets	11,466.17	14,450.53	18,368.69	18,130.63	2,641.53	2,437.38	13,609.28	10,823.79	-	-	46,085.67	45,842.33
Segment liabilities	9,529.64	12,309.22	2,210.18	2,191.78	0.73	0.68	194.02	441.01	-	-	11,934.57	14,942.69
Capital expenditure including capital work-in-progress	1,817.80	218.10	-	-	-	-	738.98	115.12	-	-	2,556.78	333.22
Depreciation and amortisation expenses	1,037.84	1,032.95	26.28	6.33	-	-	61.57	65.73	-	-	1,125.69	1,105.01
Non-cash expense other than depreciation and amortisation	-	29.94	-	-	-	-	-	0.24	-	-	-	30.18

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) Secondary Segments (Geographical Segments)

(i) Disclosure of segment revenue, based on geographical location of customers

₹ lakh

Geographical Segments	2012-13	2011-12
India	15,826.02	17,620.68
Rest of world	292.90	443.69
Total	16,118.92	18,064.37

(ii) Total carrying amount of assets, by geographical location

₹ lakh

Location of Assets	2012-13	2011-12
India	46,085.67	45,842.33
Rest of world	-	-
Total	46,085.67	45,842.33

Note: Most of the assets are not identifiable separately to any reportable segment as these are used interchangeably between segments

(iii) Capital expenditure during the year (including capital work in progress)

₹ lakh

Location of Assets	2012-13	2011-12
India	2,556.78	333.22
Rest of world	-	-
Total	2,556.78	333.22

Note: The above costs of assets are not identifiable separately to any reportable segment as these are used interchangeably between segments.

The Company essentially operates within India and there are exports mainly through Export Trading House in respect of the mines.



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

Note 35 - Operating lease disclosure :

The Company has entered into operating leases in respect of 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 ₹16.71 lakh (2011-12 ₹14.40 lakh).

Note 36 - Earnings per share

Particulars	2012-13	2011-12
Net profit after tax - ₹lakh	3,251.46	848.93
Weighted average number of equity shares	87,50,000	87,50,000
Nominal value of share - ₹	10.00	10.00
Basic and diluted earnings per share - ₹	37.16	9.70

Note 37 - Accounting for Taxes on Income

a) During the year, the Company has provided for Minimum Alternative Tax (MAT) under section 115JB of the Income-tax Act, 1961 since the tax liability as per regular provisions of the Income-tax Act, 1961 is lower. Correspondingly, the Company has also claimed credit of ₹ 60 lakh (2011-12 ₹ Nil lakh) under section 115JAA of the said Act, which is disclosed as 'MAT credit entitlement' in the statement of profit and loss.

b) Details of deferred tax assets/ (liabilities) are as below:

₹ lakh

	Opening Balance	Tax effect for the year	As at 31.03.2013
Deferred tax (liability)			
Fixed assets	(597.17)	(337.65)	(259.52)
Sub total	(597.17)	(337.65)	(259.52)
Deferred tax asset			
Provision for employee benefit	701.01	262.03	438.98
Others	2,348.16	(212.38)	2,560.54
Sub total	3,049.17	49.65	2,999.52
Net deferred tax asset / (liability)	2,452.00	(288.00)	2,740.00

Note 38 - Payment to Auditors : (included under legal and professional charges note 23)

₹ lakh

Auditor's remuneration	2012-13	2011-12
Statutory audit	17.00	15.00
Tax audit	4.00	4.00
Audit of consolidated accounts	3.50	3.50
Fees for other services	18.50	14.50
Reimbursement of ₹		
- out of pocket expenses	0.02	0.04
- levies	5.27	3.79
	48.29	40.83



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

Note 39 - Production / purchase, sales, opening and closing stock of finished goods

Quantity tonnes

	Opening stock	Production/ purchase	Internal Consumption	Sales	Closing stock	[Excess] / Shortage
Manganese Ore	122,481	25,534	16,032	69,919	60,777	1,287
	(1,08,095)	(88,514)	(6,540)	(65,320)	(1,22,481)	(2,268)
Iron Ore	259,308	158,467	-	233,813	200,091	[16,129]
	(4,70,550)	(2,99,203)	(-)	(5,14,791)	(2,59,308)	([4,346])
Silico-Manganese*	577	10,244	-	9,420	1,396	5
	(644)	(5,787)	(17)	(5,842)	(577)	([5])
TMT Steel Bars*	1	-	-	1	-	-
	(12)	(1,212)	(-)	(1,210)	(1)	(13)

NOTES:

*Processed by third parties.

a) Manganese ore production includes Nil tonnes (previous year: 6,920 tonnes) salvaged from waste dumps.

b) Silico Manganese production includes 52 tonnes (previous year Nil) salvaged from bunker.

c) Previous year figures are in brackets.

Note 40 - Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to Notes 1 to 40
for and on behalf of the Board of Directors

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 30 May 2013



**STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212(1)(e)
OF THE COMPANIES ACT, 1956**

1	Name of Subsidiary	Star Metalics and Power Private Limited
2	Financial Year of the subsidiary ended on:	31 March 2013
3	Share of the subsidiary held on the above date: a) Number of shares and face value b) Extent of Holding	75,240,000 equity shares of ₹10/- each (fully paid up) 81.24%
4	Net aggregate amount of profit of the Subsidiary so far as they concern the members of The Sandur Manganese & Iron Ores Limited a) Dealt with in the accounts of The Sandur Manganese & Iron Ores Limited for the year ended 31 March 2013 b) Not dealt with in the accounts of The Sandur Manganese & Iron Ores Limited for the year ended 31 March 2013	Nil Loss of ₹798.83 lakh
5	Net aggregate amount of profit for previous financial years of the Subsidiary since it became a subsidiary so far as they concern the members of The Sandur Manganese & Iron Ores Limited a) Dealt with in the accounts of The Sandur Manganese & Iron Ores Limited for the year ended 31 March 2012 b) Not dealt with in the accounts of The Sandur Manganese & Iron Ores Limited for the year ended 31 March 2012	Nil Loss of ₹1592.17 lakh

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place: Bangalore
Date: 30 May 2013



INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS 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** ("the Company") and its subsidiary (the Company, its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated 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 Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements 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. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgement, 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

S. Sundaresan
Partner
(Membership No.25776)

Bangalore, 30th May, 2013



THE SANDUR MANGANESE & IRON ORES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013

	Note No.	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	875.00	875.00
(b) Reserves and surplus	4	29,480.89	26,988.17
		<u>30,355.89</u>	<u>27,863.17</u>
2 Minority Interest			
		2,733.27	2,917.74
3 Non-current liabilities			
(a) Other long-term liabilities	5	168.78	168.78
(b) Long-term provisions	6	981.13	1,929.71
		<u>1,149.91</u>	<u>2,098.49</u>
4 Current liabilities			
(a) Trade payables		2,388.01	1,926.97
(b) Other current liabilities	7	9,696.45	11,667.24
(c) Short-term provisions	8	404.53	501.44
		<u>12,488.99</u>	<u>14,095.65</u>
	TOTAL	<u>46,728.06</u>	<u>46,975.05</u>
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9(a)	22,043.60	22,333.96
(ii) Intangible assets	9(b)	702.76	1,639.78
(iii) Capital work-in-progress		2,766.87	1,266.48
		<u>25,513.23</u>	<u>25,240.22</u>
(b) Goodwill on consolidation		149.99	149.99
(c) Non-current investments	10	0.06	0.06
(d) Deferred tax assets (net)	33	2,740.00	2,452.00
(e) Long-term loans and advances	11	4,265.26	3,758.51
(f) Other non-current assets	12	575.37	478.15
		<u>33,243.91</u>	<u>32,078.93</u>
2 Current assets			
(a) Current investments	13	4,014.98	1,850.00
(b) Inventories	14	3,985.08	5,321.88
(c) Trade receivables	15	1,840.76	4,590.20
(d) Cash and bank balances	16	1,185.61	698.39
(e) Short-term loans and advances	17	2,442.72	2,409.68
(f) Other current assets	18	15.00	25.97
		<u>13,484.15</u>	<u>14,896.12</u>
	TOTAL	<u>46,728.06</u>	<u>46,975.05</u>

See accompanying notes forming part of the consolidated financial statements

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

for and on behalf of the Board of Directors

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 30 May 2013



THE SANDUR MANGANESE & IRON ORES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

	Note No.	2012-2013 ₹ lakh	2011-2012 ₹ lakh
I. Revenue from operations (gross)	19	22,267.02	20,814.80
Less: Excise duty		<u>358.43</u>	<u>191.60</u>
Revenue from operations (net)		21,908.59	20,623.20
II. Other income	20	<u>2,293.98</u>	<u>886.33</u>
III. Total revenue (I + II)		<u>24,202.57</u>	<u>21,509.53</u>
IV. Expenses:			
(a) Cost of materials consumed	21	1,045.97	1,384.94
(b) Changes in inventories of finished goods and work-in-progress	22	1,486.93	(327.14)
(c) Employee benefits expense	23	2,933.56	4,088.63
(d) Finance costs	24	238.81	61.94
(e) Depreciation and amortisation expense	9(c)	1,936.87	1,911.69
(f) Other expenses	25	13,870.18	13,647.18
Total expenses		<u>21,512.32</u>	<u>20,767.24</u>
V. Profit before tax (III-IV)		2,690.25	742.29
VI. Tax expense:			
(a) Current tax		730.00	1,400.00
(b) Minimum Alternate Tax (MAT) credit entitlement		(60.00)	
(c) Short provision for tax relating to prior years		-	985.00
(d) Deferred tax	33	<u>(288.00)</u>	<u>(572.00)</u>
		382.00	1,813.00
VII. Profit/ (loss) for the year before minority interest (V-VI)		2,308.25	(1,070.71)
VIII. Minority Interest		<u>(184.47)</u>	<u>(297.39)</u>
IX. Profit/ (loss) for the year (VII-VIII)		<u>2,492.72</u>	<u>(773.32)</u>
X. Earnings per equity share of ₹ 10 each :			
Basic and diluted (₹)	32	28.49	(8.84)

See accompanying notes forming part of the consolidated financial statements

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

for and on behalf of the Board of Directors

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 30 May 2013



THE SANDUR MANGANESE & IRON ORES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	2012-13 ₹ lakh	2011-12 ₹ lakh
A. Cash flow from operating activities		
Profit before tax and share of loss of minority interest	2,690.25	742.29
Adjustments for :		
- Depreciation and amortisation expense	1,936.87	1,911.69
- Provision for doubtful trade receivables and advances	37.35	-
- Assets discarded	-	1.01
- Profit on sale of fixed assets (net)	(1.26)	(0.43)
- Bad trade receivables and advances written off	-	29.17
- Finance costs	235.97	61.94
- Interest income	(61.12)	(57.38)
- Gain on sale of current investments (net)	(0.90)	(321.58)
- Dividend income from investments	(81.29)	(116.98)
- Provisions/ liabilities no longer required written back	(2,140.31)	(332.20)
Operating profit before working capital changes	<u>2,615.56</u>	<u>1,917.53</u>
Adjustments for (increase)/ decrease in operating assets:		
- Inventories	1,336.80	(222.20)
- Trade receivables	2,712.13	(2,600.58)
- Short-term loans and advances	(33.08)	(281.62)
- Long-term loans and advances	(235.56)	(569.03)
Adjustments for increase/(decrease) in operating liabilities:		
- Trade payables	461.04	22.28
- Other current liabilities	343.75	(747.21)
- Short-term provisions	28.63	(149.59)
- Long-term provisions	(948.58)	152.38
Cash generated from operations	<u>6,280.69</u>	<u>(2,478.04)</u>
- Income tax paid	(1,497.93)	(4,144.60)
Net cash flow from/(used in) operating activities (A)	<u>4,782.38</u>	<u>(6,622.64)</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets (including capital work-in-progress and advances on capital account)	(2,187.55)	(995.23)
Proceeds from sale of fixed assets	1.30	0.75
Bank balances not considered as cash and cash equivalents	(190.30)	-
(Purchase) / sale of current investments (net)	(2,164.08)	6,815.67
Interest received	64.77	43.14
Dividend received from current investments	81.29	116.98
Net cash flow from/(used in) investing activities (B)	<u>(4,394.57)</u>	<u>5,981.31</u>



THE SANDUR MANGANESE & IRON ORES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	2012-13 ₹ lakh	2011-12 ₹ lakh
C. Cash flow from financing activities		
Repayment of borrowings	-	(1,225.00)
Proceeds from share issue by subsidiary	-	1,225.00
Dividend paid	-	(437.50)
Tax on dividend	-	(70.97)
Interest paid	(0.97)	(11.08)
Net cash flow used in financing activities (C)	<u>(0.97)</u>	<u>(519.55)</u>
Net cash flow during the year (A+B+C)	<u>387.22</u>	<u>(1,160.88)</u>
Cash and cash equivalents (opening balance)	698.39	1,859.27
Cash and cash equivalents (closing balance)	1,085.61	698.39
Increase/ (decrease) in cash and cash equivalents	387.22	(1,160.88)

See accompanying notes forming part of the consolidated financial statements

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

for and on behalf of the Board of Directors

S.SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 30 May 2013



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 named Star Metallics and Power Private Limited ("SMPPL"). The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006.

SMPPL is incorporated in India and the Company's ownership interest and voting power is 81.24% (As at 31.03.2012: 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, 2013 and are audited.

The difference between the costs of investment in SMPPL over the Company's portion of equity of SMPPL is recognised as Goodwill.

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 minorities 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 financial statements

The Company adopts the historical cost concept (except revaluation of fixed assets) and accrual basis, in accordance with generally accepted accounting principles (GAAP) of India, for the preparation of its financial statements. The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 (Act) and the relevant provisions of the Act.

2.2. 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.

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.

Incidental expenditure during construction period (net of related income arising during that period), which are specifically attributable to the project, incurred prior to commencement of commercial operations, or capitalized as per the requirements of Accounting Standard 10 - Accounting for fixed assets.

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.4. Depreciation/Amortisation

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 at the rates and in manner prescribed in Schedule XIV to the Act, except for roads and drains at plant which are depreciated at 10% instead of 1.63%.

Mining lease rights are amortised over the useful life of the mine or lease period, whichever is shorter.

Individual assets costing less than ₹ 5,000/- are depreciated in full in the year of its purchase.



THE SANDUR MANGANESE & IRON ORES LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.5. Impairment of fixed assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an impairment loss is recognised when the carrying amount exceeds greater of net selling price and value in use.

2.6. Foreign currency transaction

Foreign exchange transactions are recorded at the exchange rates prevailing on the date of transaction. Foreign exchange rate fluctuations relating to monetary assets and liabilities are restated at the year-end rates. The net loss or gain arising on restatement/settlement, if any, is adjusted to the statement of profit and loss.

In respect of forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss of the reporting period in which the exchange rates change.

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 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: On monthly weighted average rates;

(c) Work-in-progress and finished goods: Full absorption costing method based on annual cost of production and where applicable, excise duty.

2.9. Revenue recognition

Revenue from sale of goods is recognised on despatch 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 based on the power generated and supplied per applicable rates from time to time.

2.10. 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.

2.11. Employee benefits

Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

Post employment benefits are recognised as an expense in the statement of profit and loss of the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, at the discounting rate.



THE SANDUR MANGANESE & IRON ORES LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Other long-term employee benefits are recognised as an expense in the statement of profit and loss of the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the present value, using the market yields on government bonds, as on the date of the balance sheet, at the discounting rate.

Actuarial gains and losses in respect of past employment and other long term benefits are charged to the statement of profit and loss on an accrual basis.

2.12. 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, Services, Ferroalloys & Power and Steel.

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

2.13. 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.

2.14. Taxation

Current tax

Current tax expense is determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax

Deferred tax assets and liabilities are measured using the tax rates which have been enacted or substantively enacted at the balance sheet date. Deferred tax expense or benefit is recognised, subject to consideration of prudence, on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods.

Deferred tax assets are recognized for all deductible timing differences and are carried forward to the extent there is reasonable certainty that sufficient taxable profit will be available to realize these assets. Deferred tax assets to the extent they relate to brought forward losses and unabsorbed depreciation are recognized only to the extent there is virtual certainty of realization, that sufficient taxable income will be available to realize such asset.

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 Company will pay normal income tax in the future years. Accordingly, MAT is recognised as an asset in the balance sheet where it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

2.15. 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.

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

2.16. 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 revised schedule VI to the 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

Note 3 - Share capital	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
i) Authorised		
14,000,000 (As at 31.03.2012 : 14,000,000) equity shares of ₹ 10 each with voting rights	1,400.00	1,400.00
100,000 (As at 31.03.2012 : 100,000) 'B' 16 % (subject to tax) redeemable cumulative preference shares of ₹ 100 each	100.00	100.00
ii) Issued, subscribed and fully paid up		
Equity shares of ₹ 10 each with voting rights	875.00	875.00
	875.00	875.00

Notes:

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

Particulars	Opening balance	Fresh issue / Bonus / ESOP / Conversion / Buy back / Other changes	Closing balance
Equity share with voting rights (Issued, subscribed and fully paid up)			
Year ended 31.03.2013			
- Number of shares	8,750,000	-	8,750,000
- Amount (₹ lakh)	875.00	-	875.00
Year ended 31.03.2012			
- 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 shareholders. 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) Shareholders holding more than 5% shares in the Company

Name of shareholders Equity share with voting rights	As at 31.03.2013	As at 31.03.2012
	No. of shares held	No. of shares held
Skand Private Limited	2,047,719	2,047,719
Sattari Engineering Enterprises Private Limited	1,683,121	1,683,121
Sunshine Real Estate & Constructions Private Limited	998,100	998,100



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

	As at 31.03.2013	As at 31.03.2012
	₹ lakh	₹ lakh
Note 4 - Reserves and surplus		
Capital redemption reserve	100.65	100.65
Securities premium account	967.23	967.23
General reserves	3,404.38	3,404.38
Surplus in statement of profit and loss		
Opening balance	22,515.91	22,289.23
Add: Profit/ (loss) for the year	2,492.72	(773.32)
Closing balance	25,008.63	22,515.91
Total	29,480.89	26,988.17
Note 5 - Other long-term liabilities		
Interest accrued but not due on borrowings	168.78	168.78
Total	168.78	168.78
Note 6 - Long-term provisions		
Provision for employee benefits:		
Provision for pension (Refer note 28 (c))	807.36	1,750.33
Provision for compensated absences (Refer note 28 (c))	167.67	176.34
Provision for gratuity (Refer note 28 (b))	6.10	3.04
Total	981.13	1,929.71
Note 7 - Other current liabilities		
Payables on purchases of fixed assets	423.70	597.93
Statutory remittances	7,744.59	9,381.65
Provision for gratuity (net) (Refer note 28 (b))	56.05	110.92
Advances from customers	1,098.27	1,204.44
Other creditors	373.84	372.30
Total	9,696.45	11,667.24
Note 8 - Short-term provisions		
Provision for employee benefits:		
Provision for pension (Refer note 28 (c))	162.88	176.53
Provision for gratuity (net) (Refer note 28 (b))	2.22	0.04
Provision for compensated absences (Refer note 28 (c))	163.54	123.44
	328.64	300.01
Provision for taxation (net of payments)	75.89	201.43
Total	404.53	501.44



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

Note 9 - Fixed assets

₹ lakh

Description	Gross block				Accumulated depreciation / amortisation			Net block		
	Cost as at 01.04. 2012	Additions	Disposals	Cost as at 31.03.2013	Balance as at 01.04.2012	For the year	On disposal	Balance as at 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012
(a) Tangible Assets										
Freehold land*	6,119.59	175.12	717.10	5,577.61	-	-	-	-	5,577.61	6,119.59
	(6,119.59)	(-)	(-)	(6,119.59)	(-)	(-)	(-)	(-)	(6,119.59)	(6,119.59)
Buildings and roads	2,476.57	1,097.82	-	3,574.39	313.46	104.26	-	417.72	3,156.67	2,163.11
	(2,425.24)	(51.33)	(-)	(2,476.57)	(217.29)	(96.17)	(-)	(313.46)	(2,163.11)	(2,207.95)
Railway sidings	14.28	-	-	14.28	13.00	0.18	-	13.18	1.10	1.28
	(14.28)	(-)	(-)	(14.28)	(12.78)	(0.22)	(-)	(13.00)	(1.28)	(1.50)
Plant and equipment	15,740.29	113.12	-	15,853.41	2,070.40	806.60	-	2,877.00	12976.41	13,669.89
	(15,026.61)	(713.68)	(-)	(15,740.29)	(1,291.80)	(778.60)	(-)	(2,070.40)	(13,669.89)	(13,734.81)
Vehicles	453.82	8.72	0.63	461.91	235.18	58.23	0.62	292.79	169.12	218.64
	(403.45)	(51.87)	(1.50)	(453.82)	(169.17)	(67.48)	(1.47)	(235.18)	(218.64)	(234.28)
Furniture and fixtures	109.74	12.24	-	121.98	44.61	9.99	-	54.60	67.38	65.13
	(105.11)	(5.53)	(0.90)	(109.74)	(36.99)	(8.32)	(0.70)	(44.61)	(65.13)	(68.12)
Office equipment	207.09	19.61	0.11	226.59	110.77	20.59	0.08	131.28	95.31	96.32
	(185.37)	(38.07)	(16.35)	(207.09)	(102.08)	(23.88)	(15.19)	(110.77)	(96.32)	(83.29)
	25,121.38	1,426.63	717.84	25,830.17	2,787.42	999.85	0.70	3,786.57	22,043.60	22,333.96
	(24,279.65)	(860.48)	(18.75)	(25,121.38)	1,830.11	(974.67)	(17.36)	(2,787.42)	(22,333.96)	(22,449.54)
(b) Intangible assets										
Mining rights	10,718.31	-	-	10,718.31	9,078.53	937.02	-	10,015.55	702.76	1,639.78
	(10,718.31)	(-)	(-)	(10,718.31)	(8,141.51)	(937.02)	(-)	(9,078.53)	(1,639.78)	(2,576.80)
	10,718.31	-	-	10,718.31	9,078.53	937.02	-	10,015.55	702.76	1,639.78
	(10,718.31)	(-)	(-)	(10,718.31)	(8,141.51)	(937.02)	(-)	(9,078.53)	(1,639.78)	(2,576.80)

*Includes land given on operating lease amounting ₹22.86 lakh (As at 31.03.2012) (₹Nil)
(Previous year figures are in brackets)

₹ lakh

(c) Depreciation and amortisation expenses	For the year ended March 31, 2013	For the year ended March 31, 2012
Depreciation as per note 9(a)	999.85	974.67
Amortisation as per note 9(b)	937.02	937.02
	1,936.87	1,911.69

	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
Note 10 - Non-current investments		
Investments in equity instruments (At cost)		
Sandur Micro circuits Limited (unquoted) 900,000 (As at 31.03.2012 : 900,000) equity shares of ₹10 each fully paid up	90.00	90.00
Sandur Laminates Limited (quoted) 4,725,191 (As at 31.03.2012 : 4,725,191) equity shares of ₹10 each fully paid up (Market value not ascertained as there was no trading)	879.67	879.67
HDFC Bank Limited (quoted) 2,500 (As at 31.03.2012 : 2,500) equity shares of ₹ 2 each fully paid up (Market value of ₹ 15.40 lakhs (As at 31.03.2012 : ₹ 12.78 lakhs)	0.05	0.05
	969.72	969.72



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

	As at 31.03.2013	As at 31.03.2012
	₹ lakh	₹ lakh
Investments in Government or Trust securities (unquoted)	0.01	0.01
	969.73	969.73
Less : Provision for diminution in the value of Investments	969.67	969.67
Total	0.06	0.06
Aggregate amount of quoted investments	0.05	0.05
Aggregate market value of quoted investments	15.40	12.78
Aggregate amount of unquoted investments	0.01	0.01
Note 11 - Long-term loans and advances		
Capital advances (Unsecured and considered good)	146.28	342.88
Security deposits (Unsecured and considered good)	313.43	287.27
Tax payments, net of provisions (Unsecured and considered good)	1,163.48	755.69
MAT credit entitlement (Unsecured and considered good)	60.00	-
Advances for strategic alliance		
- Secured and considered good	600.00	600.00
- Unsecured and considered good	1,982.07	1,772.67
	2,582.07	2,372.67
Total	4,265.26	3,758.51
Note 12 - Other non-current assets		
Deposits against guarantee with maturity of more than 12 months from the balance sheet date (Refer note 16)	550.32	460.02
Interest accrued on deposits	25.05	18.13
Total	575.37	478.15
Note 13 - Current investments		
Investments in Mutual Funds (unquoted) (at lower of cost and fair value)		
Franklin Templeton Fixed Tenure Fund -Series XIV-3Yrs-Plan B Growth 1,750,000 units (As at 31.03.2012 : 1,750,000) of ₹10 each	175.00	175.00
TATA Fixed Tenure Fund Series 1-Growth 4,000,000 units (As at 31.03.2012 : 4,000,000) of ₹10 each	400.00	400.00
Reliance Dual Advantage Fixed Tenure Fund-Plan B-Growth Plan 1,250,000 units (As at 31.03.2012 : 1,250,000) of ₹10 each	125.00	125.00
Birla Sun Life Capital Protection Oriented Fund Series 3 - Growth 1,500,000 units (As at 31.03.2012 : 1,500,000) of ₹10 each	150.00	150.00
Religare Capital Protection Oriented Fund Series I - Growth Plan 2,000,000 units (As at 31.03.2012 : 2,000,000) of ₹10 each	200.00	200.00
Sundaram Capital Protection Oriented Fund Series 3-3 Growth 1,000,000 units (As at 31.03.2012 : 1,000,000) of ₹10 each	100.00	100.00
Carried forward	1,150.00	1,150.00



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

	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
Carried forward	1,150.00	1,150.00
ICICI Prudential Multiple Yield Fund Plan A Cumulative 1,000,000 units (As at 31.03.2012 : 1,000,000) of ₹10 each	100.00	100.00
Sundaram Capital Protection Oriented Fund 2 years SR1 Growth 5,000,000 units (As at 31.03.2012 : 5,000,000) of ₹10 each	500.00	500.00
Sundaram Capital Protection Oriented Fund 3 years SR4 Growth 1,000,000 units (As at 31.03.2012 : 1,000,000) of ₹10 each	100.00	100.00
Tata Cap Protection Oriented Fund - Series I - Growth 1,500,000 units (As at 31.03.2012 : Nil) of ₹10 each	150.00	-
Reliance Floating Rate Fund - Short Term Plan-Weekly Dividend Plan 5,108,245 units (As at 31.03.2012 : Nil) of ₹10.08 each	514.98	-
DSP BlackRock Income Opportunities Fund - Regular Plan - Growth 2,708,060 units (As at 31.03.2012 : Nil) of ₹18.46 each	500.00	-
Pramerica Credit Opportunities Fund Growth Option 61,181 units (As at 31.03.2012 : Nil) of ₹1,144.15 each	700.00	-
DSP BlackRock Dual Advantage Fund -Sr11-36 Month Growth 3,000,000 units (As at 31.03.2012 : Nil) of ₹10 each	300.00	-
Total	4,014.98	1,850.00
Aggregate amount of unquoted investments	4,014.98	1,850.00

Note 14 - Inventories

(at lower of cost and net realisable value)

Raw Materials and components (includes ₹ 168.14 lakhs (As at 31.03.2012 ₹ 28.66 lakhs) of material in transit)	867.49	768.91
Work-in-progress (Refer note below)	15.11	41.03
Finished goods	2,898.35	4,359.36
Stores and spares	204.13	152.58
Total	3,985.08	5,321.88
Note : Details of inventories of work-in-progress		
Silicomanganese	4.91	30.83
TMT Bars	10.20	10.20
	15.11	41.03

Note 15 - Trade receivables

(Unsecured, considered good unless otherwise stated)

Trade receivables outstanding for a period exceeding more than
six months from the due date

Considered good	1,065.94	150.18
Considered doubtful	37.31	-
	1,103.25	150.18
Less: Provision for doubtful trade receivables	37.31	-
	1,065.94	150.18
Other trade receivable (considered good)	774.82	4,440.02
	774.82	4,440.02
Total	1,840.76	4,590.20



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

	As at 31.03.2013	As at 31.03.2012
	₹ lakh	₹ lakh
Note 16 - Cash and bank balances		
Cash and Cash equivalents		
Cash on hand	2.98	2.68
Balances with banks		
- In current accounts	990.63	695.71
- In deposit accounts		
- original maturity of 3 months or less	92.00	-
	<u>1,085.61</u>	<u>698.39</u>
Other bank balances		
Deposits against guarantees with maturity of more than 3 months from the balance sheet date	650.32	460.02
Less: Amount disclosed under non-current assets (Refer note 12)	(550.32)	(460.02)
	<u>100.00</u>	<u>-</u>
Total	<u>1,185.61</u>	<u>698.39</u>
Note 17 - Short-term loans and advances		
Security deposits (Unsecured and considered good)	16.19	16.89
Loans and advances with employees (Unsecured and considered good)	27.97	30.92
Prepaid expenses (Unsecured and considered good)	14.19	13.69
Balance with government authorities (Unsecured and considered good)	183.63	517.31
Advance to suppliers (Unsecured)		
Considered good	2,200.74	1,830.87
Considered doubtful	0.04	-
	<u>2,200.78</u>	<u>1,830.87</u>
Less: Provision for doubtful advances	0.04	-
	<u>2,200.74</u>	<u>1,830.87</u>
Total	<u>2,442.72</u>	<u>2,409.68</u>
Note 18 - Other current assets		
Interest accrued on deposits	15.00	25.97
Total	<u>15.00</u>	<u>25.97</u>
	2012-13	2011-12
	₹ lakh	₹ lakh
Note 19 - Revenue from operations		
Sale of products (Refer note (i) below)	22,136.67	20,717.17
Other operating revenues (Refer note (ii) below)	130.35	97.63
Revenue from operations (gross)	<u>22,267.02</u>	<u>20,814.80</u>
Less : Excise duty	358.43	191.60
Revenue from operations (net)	<u>21,908.59</u>	<u>20,623.20</u>
Notes :		
(i) Sale of products comprises:		
(a) Manganese ore	3,932.36	3,268.82
(b) Iron ore	7,690.90	11,757.58
(c) Silicomanganese	4,755.75	2,686.51
(d) TMT steel	0.53	468.74
(e) Power	5,757.13	2,535.52
	<u>22,136.67</u>	<u>20,717.17</u>
(ii) Other operating revenues comprises:		
(a) Sale of scrap/ waste	35.79	11.77
(b) Other miscellaneous receipts	94.56	85.86
	<u>130.35</u>	<u>97.63</u>



THE SANDUR MANGANESE & IRON ORES LIMITED
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Note 20 - Other income	2012-2013	2011-2012
	₹ lakh	₹ lakh
Interest income		
- On fixed deposits with banks	55.46	46.61
- On income tax refunds	0.40	0.23
- On long-term investments	1.13	-
- On deposits	4.13	10.54
	<u>61.12</u>	<u>57.38</u>
Dividend income		
- On current investments	81.18	116.98
- On long-term investments	0.11	-
	<u>81.29</u>	<u>116.98</u>
Gain on sale of current investments (net)	0.90	321.58
Rental income from operating lease	0.60	-
Foreign currency fluctuations (net)	0.97	17.47
Profit on sale of fixed asset (net)	1.26	0.43
Other non operating income		
- Provisions/ liabilities no longer required written back	2,140.31	332.20
- Sale of petroleum products (Net of consumption of ₹ 1624.17 lakh previous year : ₹ 1385.93 lakh)	5.65	38.73
-Miscellaneous income	1.88	1.56
	<u>2,147.84</u>	<u>372.49</u>
Total	<u>2,293.98</u>	<u>886.33</u>
Note 21 - Cost of materials consumed		
Material consumed comprises:		
Manganese ore	54.20	255.82
Coke	706.76	661.40
Scrap billets	-	334.48
Charcoal	154.07	
Other materials	130.94	133.24
	<u>1,045.97</u>	<u>1,384.94</u>
Total	<u>1,045.97</u>	<u>1,384.94</u>
Note 22 - Changes in inventories of finished goods and work-in-progress		
Inventories at the beginning of the year		
Finished goods	4,359.36	4,067.64
Work-in-progress	41.03	5.61
	<u>4,400.39</u>	<u>4,073.25</u>
Inventories at the end of the year		
Finished goods	2,898.35	4,359.36
Work-in-progress	15.11	41.03
	<u>2,913.46</u>	<u>4,400.39</u>
Net (increase)/ decrease	<u>1,486.93</u>	<u>(327.14)</u>



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

	2012-2013	2011-2012
	₹ lakh	₹ lakh
Note 23 - Employee benefits expense		
Salaries, wages and bonus	1,289.89	2,499.09
Contribution to provident and other funds	207.75	275.41
Gratuity (unfunded) (Refer note 28(b))	5.24	1.25
Employee welfare expenses	1,014.29	930.54
Subsidy on food grains	416.39	382.34
Total	<u>2,933.56</u>	<u>4,088.63</u>
Note 24 - Finance costs		
Interest expense on delayed payment of income tax / tax deducted at source	235.97	0.53
Interest expense on taxes	1.67	-
Interest expense on trade payables	1.17	-
Interest expense on borrowings	-	61.41
Total	<u>238.81</u>	<u>61.94</u>
Note 25 - Other expenses		
Operation and maintenance charges	336.34	349.17
Coal consumed for power generation	6,833.22	3,199.73
Stores and spares consumed (including water and consumables)	201.47	319.56
Increase/ (decrease) of excise duty on inventory	-	(0.24)
Subcontracting	260.78	334.34
Power and fuel	72.65	69.33
Rent (Refer note 31)	51.43	35.75
Repairs and maintenance to:		
Plant and machinery	351.00	202.26
Building	114.22	269.62
Others	226.68	160.17
	<u>691.90</u>	<u>632.05</u>
Mine running expenses	1,407.54	2,741.49
Insurance	44.32	27.94
Rates and taxes	1,730.90	2,826.78
Travelling and conveyance	485.84	514.92
Freight loading and siding charges	187.27	1,103.30
Advertisement and selling expenses	45.25	51.03
Donations and contributions	3.80	10.00
Legal and professional (Refer note 34)	573.02	376.56
Assets discarded	-	1.01
Bad trade receivables and advances written off	-	31.95
Less: Provision made in earlier years reversed	-	2.78
	<u>-</u>	<u>29.17</u>
Foreign exchange fluctuation (net)	0.27	-
Security charges	273.38	267.21
Provision for doubtful trade receivables and loans and advances	37.35	-
Expenses on Corporate Social Responsibility	491.91	430.85
Miscellaneous expenses	141.54	327.23
Total	<u>13,870.18</u>	<u>13,647.18</u>



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

Note 26 - Contingent Liabilities and commitments (to the extent not provided for)

(i) Contingent Liabilities

(a) Claims against the company not acknowledged as debts	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
Stamp Duty on net present value includes maximum penalty of ₹ 4,545.00 Lakh (relating to applicability of duty)	5,454.00	5,454.00
Income Tax (relating to disallowance of deduction)	924.10	2,553.74
Service Tax (relating to applicability of tax)	316.64	316.64
Electricity tax (relating to applicability of tax)	169.98	-
Others (relating to applicability of forest lease rental and other matters)	2,144.60	14.80

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:

Particulars	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
i) Employees in respect of housing loans	-	0.03

The Company has got an undertaking from the employees to repay on their behalf directly to the bank/ financial institution.

Particulars	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
ii) 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) Capital commitments:

Particulars	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
Estimated amount of contracts remaining to be executed on capital account and not provided for	556.80	348.99

(iii) Other commitments:

Particulars	As at 31.03.2013 ₹ lakh	As at 31.03.2012 ₹ lakh
Other commitments - Road development	-	1,122.95

Note 27 -

As per the draft rehabilitation scheme of Sandur Laminates Limited and Sandur Micro Circuits Limited, the Company has given an undertaking not to dispose of its share holdings in Sandur Laminates Limited and Sandur Micro Circuits Limited without prior approval of Board for Industrial and Financial reconstruction (BIFR).



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

Note 28 - Employee Benefits :

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 ₹ 122.56 lakh (Year ended March 31, 2012 - ₹ 139.09 lakh) for provident fund contributions, ₹ 29.06 lakh (Year ended March 31, 2012 ₹ 25.21 lakh) for superannuation fund contributions and ₹ 0.67 lakh (Year ended March 31, 2012 ₹ 0.64 lakh) for employee state insurance scheme contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company 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 Company 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 the actuarial valuation, 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. 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 Company's financial statements for Gratuity.

₹ lakh

	Particulars	2012-13		2011-12	
		Funded	Unfunded	Funded	Unfunded
I	Net asset/ (liability) recognised in the balance sheet				
1	Present value of obligations - A	1,369.17	8.32	1,260.59	3.08
2	Fair value of plan Asset - B	1,313.12	-	1,149.67	-
3	(Deficit)/surplus (B-A)	(56.05)	(8.32)	(110.92)	(3.08)
4	Net asset/(liability)				
	- Asset	-	-	-	-
	- Liability				
	Current	56.05	2.22	110.92	(0.04)
	Non-current	-	6.10	-	(3.04)
	Total	56.05	8.32	110.92	(3.08)
II	Expenses recognised to the statement of profit and loss under Employee benefits expense under Note - 23				
1	Current service cost	44.22	1.21	41.51	1.02
2	Interest on defined benefit obligation	91.80	0.25	76.71	0.16
3	Expected return on plan assets	(75.39)	-	(57.13)	-
4	Net actuarial losses/(gains) recognised during the year	(4.50)	3.78	50.02	0.07
5	Past service cost	-	-	-	-
6	Losses/(gains) on "curtailments & settlements"	-	-	-	-
	Total	56.13	5.24	111.11	1.25
III	Actual return on plan assets	123.91	-	103.34	-



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

	Particulars	2012-13		2011-12	
		Funded	Unfunded	Funded	Unfunded
IV	Change in present value of obligation				
1	Opening defined benefit obligation	1,260.59	3.08	1,130.22	1.83
2	Service cost	44.22	1.21	41.51	1.02
3	Interest cost	91.80	0.25	76.71	0.16
4	Actuarial losses/ (gains)	44.02	3.78	96.23	0.07
5	Actuarial losses/ (gains) due to curtailment	-	-	-	-
6	Benefits paid	(71.46)	-	(84.08)	-
7	Closing defined benefit obligation	1,369.17	8.32	1,260.59	3.08
V	Change in fair value of plan assets				
1	Opening fair value of plan assets	1,149.67	-	830.41	-
2	Expected return	75.39	-	57.13	-
3	Actuarial gains /(losses)	48.52	-	46.21	-
4	Assets distributed on settlements	-	-	-	-
5	Contributions by employer	111.00	-	300.00	-
6	Benefits paid	(71.46)	-	(84.08)	-
7	Closing fair value of plan assets	1,313.12	-	1,149.67	-
VI	The major categories of plan assets as a percentage of total plan assets:				
1	Government of India Securities	29.74%	NA	12.14%	NA
2	Corporate Bonds	44.32%	NA	63.21%	NA
3	Others	25.94%	NA	24.65%	NA
VII	Principal actuarial assumptions:				
1	Discount rate	7.95%	8.00%	8.60%	8.60%
2	Expected rate of return on plan assets	8.00%	NA	8.00%	NA
3	Salary escalation	6.00%	5.00%	6.00%	5.00%
4	Attrition rate	2.00%	5.00%	2.00%	5.00%
VIII	Estimate of amount of contribution in the immediate next year	56.05	NA	120.00	NA
IX	The employees are assumed to retire normally at the age of 60 years				
X	The mortality rates considered are as per the published rates under the Indian Assured Life Mortality (2006-08) Utility tables.				

XI	Particulars	Summary of defined benefit obligation/plan assets and experience adjustments (₹ lakhs)				
		31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
1	Defined Benefit Obligation	1,377.49	1,263.67	1,132.05	765.01	776.24
2	Plan Assets	1,313.12	1,149.67	830.41	741.93	715.84
3	Surplus / (Deficit)	(64.37)	(114.00)	(301.64)	(23.08)	(60.40)
4	Experience adjustments on plan liabilities	(0.71)	35.69	334.69	(1.18)	202.15
5	Experience adjustments on plan assets	48.52	46.21	(5.39)	27.49	61.53

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 - Unfunded

The defined benefit obligations which are provided for but not funded are as under::

₹ lakh

	Liability as at 31.03.2013	Liability as at 31.03.2012
Compensated absences		
-Current	163.54	123.44
-Non Current	167.67	176.34
Total	331.21	299.78
Pension		
-Current	162.88	176.53
-Non Current	807.36	1,750.33
Total	970.24	1,926.86

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.

Note 29 - Related party disclosures:

Names of related parties and description relationship:

1	Holding Company	None
2	Key Management Personnel (KMP)	i) S. Y. Ghorpade, Chairman & Managing Director ii) Nazim Sheikh, Joint Managing Director (with effect from 9 th April 2011) and Executive Director (upto 8 th April 2011) iii) S.H. Mohan, Technical Director iv) S.R.Sridhar, Director (Mines) v) U. R. Acharya, Director (Commercial) (with effect from 9 th April 2011) vi) K. Raman, Director (Finance) (with effect from 9 th April, 2011)
3	Relative of KMP	i) Aditya Shivrao Ghorpade ii) Dhananjaya Shivarao Ghorpade (with effect from 1 st April 2011) iii) Puneet Acharya (with effect from 1 st April 2011 up to 31 st October 2011) iv) Mubeen Ahmed Sheriff

a) Key Management Personnel (KMP)

₹ lakh

SI No.	Name of KMP	Salary		Commission *		Total Remuneration	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012*	31.03.2013	31.03.2012
1	S. Y. Ghorpade	84.93	76.75	-	11.50	84.93	88.25
2	Nazim Sheikh	78.85	70.11	-	11.50	78.85	81.61
3	S. H. Mohan	76.54	69.51	-	11.50	76.54	81.01
4	S. R. Sridhar	49.82	45.29	-	11.50	49.82	56.79
5	U.R. Acharya	45.20	41.79	-	11.50	45.20	53.29
6	K. Raman	44.47	41.36	-	11.50	44.47	52.86
	Total	379.81	344.81	-	69.00	379.81	413.81

* Represents commission paid for the year 2010-11 based on approval in Annual General Meeting.



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

b) Key Management Personnel

₹ lakh

SI No.	Name of KMP	Amounts payable at the year end	
		31.03.2013	31.03.2012
1	S. Y. Ghorpade	4.48	12.98
2	Nazim Sheikh	5.65	11.63
3	S. H. Mohan	4.09	11.32
4	S. R. Sridhar	2.96	11.31
5	U. R. Acharya	3.15	11.06
6	K. Raman	3.44	10.70
	Total	23.77	69.00

c) Relative of KMP

₹ lakh

SI No.	Name of KMP	Remuneration		Amounts payable at the year end	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
1	Aditya Shivrao Ghorpade	9.15	8.00	0.63	1.40
2	Dhananjaya Shivarao Ghorpade	7.64	6.63	0.43	0.85
3	Puneet Acharya	-	3.57	-	0.27
4	Mubeen Ahmed Sheriff	10.56	8.97	1.39	0.72

30 Segment reporting

a) Primary segments (business segments)

₹ lakh

Particulars	Mining		Ferroalloy & Power		Steel		Unallocable		Elimination		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
REVENUE												
External sales	11,706.55	15,095.27	10,200.18	5,094.60	1.86	433.33	-	-	-	-	21,908.59	20,623.20
Inter segment revenue	601.34	166.87	-	8.63	-	-	-	-	(601.34)	(175.50)	-	-
Total revenue	12,307.89	15,262.14	10,200.18	5,103.23	1.86	433.33	-	-	(601.34)	(175.50)	21,908.59	20,623.20
RESULT												
Segment	3,841.14	2,478.74	(534.37)	(1,243.75)	(1.86)	(151.73)	-	-	-	-	3,304.91	1,083.26
Unallocated corporate (expense) / income (net)	-	-	-	-	-	-	(375.85)	(279.03)	-	-	(375.85)	(279.03)
Operating profit	3,841.14	2,478.74	(534.37)	(1,243.75)	(1.86)	(151.73)	(375.85)	(279.03)	-	-	2,929.06	804.23
Interest expense	-	-	-	-	-	-	(238.81)	(61.94)	-	-	(238.81)	(61.94)
Profit/ (loss) before tax	3,841.14	2,478.74	(534.37)	(1,243.75)	(1.86)	(151.73)	(614.66)	(340.97)	-	-	2,690.25	742.29
Tax expenses	-	-	-	-	-	-	(382.00)	(1,813.00)	-	-	(382.00)	(1,813.00)
Net profit/ (loss)	3,841.14	2,478.74	(534.37)	(1,243.75)	(1.86)	(151.73)	(996.66)	(2,153.97)	-	-	2,308.25	(1,070.71)
OTHER INFORMATION												
Segment assets	10,258.24	13,235.79	19,915.67	20,287.81	2,641.53	2,437.38	13,912.69	11,014.07	-	-	46,728.06	46,975.05
Segment liabilities	9,529.64	12,309.22	6,610.11	6,329.71	0.73	0.68	231.69	472.27	-	-	16,372.17	19,111.88
Capital expenditure including capital work-in-progress	1,817.80	218.10	206.09	957.56	-	-	903.13	122.27	-	-	2,927.02	1,297.93
Depreciation/amortisation	1,037.84	1,032.95	837.45	812.18	-	-	61.58	66.56	-	-	1,936.87	1,911.69
Non-cash expense other than depreciation / amortisation	-	29.94	37.35	-	-	-	-	0.24	-	-	37.35	30.18

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.



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

(b) Secondary Segments (Geographical Segments)

(i) Disclosure of Segment Revenue, based on geographical location of Customers

₹ lakh

Geographical Segments	2012-13	2011-12
India	21,558.40	20,179.51
Rest of world	350.19	443.69
Total	21,908.59	20,623.20

(ii) Total Carrying amount of Assets, by geographical location

₹ lakh

Location of Assets	2012-13	2011-12
India	46,728.06	46,975.05
Rest of world	-	-
Total	46,728.06	46,975.05

Note: Most of the assets are not identifiable separately to any reportable segment as these are used interchangeably between segments

(iii) Capital expenditure during the year (including capital work in progress)

₹ lakh

Location of Assets	2012-13	2011-12
India	2,927.02	1,297.93
Rest of world	-	-
Total	2,927.02	1,297.93

Note: The above costs of assets are not identifiable separately to any reportable segment as these are used interchangeably between segments.

The Company essentially operates within India and there are exports mainly through Export Trading House in respect of the Mines.

Note 31 - Operating lease disclosure

The Company has entered into operating leases in respect of office premises, residential premise and vacant land for storage of goods. The leasing arrangement is cancellable and is renewable by mutual consent. The lease rentals charged to the statement of profit and loss in respect of these leases amounts to ₹ 51.43 lakh (Previous year ₹ 35.75 lakh)

Note 32 - Earnings per share

Particulars	2012-13	2011-12
Net profit/(loss) after tax - ₹ Lakh	2,492.72	(773.32)
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 - ₹	28.49	(8.84)



THE SANDUR MANGANESE & IRON ORES LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 33 - Accounting for Taxes on Income

a) During the year, the Company has provided for Minimum Alternate Tax (MAT) under section 115 JB of the Income tax Act, 1961 since the tax liability as per regular provisions of the Income-tax Act, 1961 is lower. Correspondingly, the Company has also claimed credit of ₹60 lakh (previous year ₹ Nil lakh) under section 115 JAA of the said Act which is disclosed as 'MAT credit entitlement' in the statement of profit and loss.

b) Details of deferred tax assets/ (liabilities) are as given below:

₹ lakh

	Opening Balance	Tax effect for the year	As at 31.03.2013
Deferred tax (liability)			
Fixed assets	(2,054.56)	(121.15)	(1,933.41)
Sub total	(2,054.56)	(121.15)	(1,933.41)
Deferred tax asset			
Provision for employee benefits	701.01	262.03	438.98
Unabsorbed depreciation, allowance and business loss	1,457.39	(216.50)	1,673.89
Others	2,348.16	(212.38)	2,560.54
Sub total	4,506.56	(166.85)	4,673.41
Net deferred tax asset / (liability)	2,452.00	(288.00)	2,740.00

Note 34 - Payment to Auditors : (included under legal and professional note 25)

₹ lakh

Auditor's remuneration	2012-13	2011-12
Statutory audit	27.00	24.00
Tax audit	6.00	5.50
Audit of consolidated accounts	3.50	3.50
Fees for other services	18.50	14.50
Reimbursement of		
- out of pocket expenses	0.02	0.04
- levies	8.05	3.79
	63.07	51.33

Note 35 - a) Figures pertaining to SMPPL have been reclassified, where necessary, to bring them in line with the financial statements.

b) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification/disclosure.

Signature to notes 1 to 35
for and on behalf of the Board of Directors

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

Place : Bangalore
Date : 30 May 2013

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

STAR METALLICS AND POWER PRIVATE LIMITED
(A subsidiary of The Sandur Manganese & Iron Ores Limited)
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

Your Directors are pleased to present their Report and Audited Statement of Accounts for the year ended 31 March 2013.

FINANCIAL RESULTS

(₹ in lakh)

Particulars	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
Income		
Revenue	8590.60	4194.93
Other Income	30.06	24.40
TOTAL	8620.66	4219.33
Expenditure		
(Increase) / Decrease in finished goods	0.03	2.61
Operating and Other Expenses	8749.82	4852.07
Finance Cost	2.84	477.73
Depreciation / Write Offs	851.27	846.75
TOTAL	9603.96	6179.17
Loss before Tax	(983.30)	(1959.84)
Tax expenses	-	-
Loss after Tax	(983.30)	(1959.84)
Loss carried forward from previous year	(2960.41)	(1000.57)
Profit / (Loss) carried to Balance sheet	(3943.71)	(2960.41)
Paid-up equity shares (FV ₹10 per equity share)	9,26,15,000	9,26,15,000
Weighted average number of equity shares outstanding	9,26,15,000	68,153,128
Earning Per Share (₹)		
- Basic & Diluted	(1.06)	(2.88)

The Company incurred a loss of ₹983 lakh for the year after charging ₹851 lakh towards depreciation on fixed assets. Together with the loss of ₹2960 lakh brought forward from the previous year in the Statement of Profit and Loss, the loss carried to the Balance Sheet is ₹3944 lakh.

OPERATIONS

During the year, the Company generated 162.19 mu of power including 20.14 consumed for Auxiliaries. Of this, 72.53 mu have been sold through Energy Exchange and 24.28 mu to ESCOMs in compliance with the order no. EN 2PPC 2012 dated 27 January 2012 issued by the Government of Karnataka in exercise of its powers under Section 11 of the Electricity Act, 2003 apart from 6.37 mu energy banked with KPTCL, aggregating 103.19 mu. The captive consumption at the Ferroalloys Plant was 36.56 mu. The transmission loss including unscheduled export was 2.31 mu.

The Company has also produced 10192 (PY- 5787) tonnes of Silico Manganese for its holding company on job work basis and earned conversion fee of ₹ 2683 lakh (PY - ₹ 1509 lakh).

FUTURE PROSPECTS

The contract manufacturing arrangement for the holding company is expected to continue. The Company expects improved operation of the Power Plant and better price for electricity in coming years.

SUBSIDIARY

The Company has no subsidiary.

DIVIDEND

In the absence of profits, no dividend has been proposed for the year.

DIRECTORS

Pursuant to the provisions of Sections 255 and 256 of the Companies Act, 1956, Mr. Nazim Sheikh, Director and Mr. S H Mohan, Whole time Director retire by rotation and, being eligible offer themselves for re-election. Their reappointment is included in the Notice for the ensuing Annual General Meeting.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, retire and being eligible, offer themselves for re-appointment. Their reappointment is included in the Notice for the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your Directors state that:

- i. In the preparation of accounts, the applicable accounting standards have been followed
- ii. Accounting policies selected were applied consistently.
- iii. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of 31 March 2013.
- iv. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- v. The accounts of the Company have been prepared on a 'going concern' basis.

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

Particulars relating to conservation of energy and technology absorption for the Ferroalloys Plant as stipulated in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are set out in an annexure to this report.

COST RECORDS

The Central Government has, vide its Cost Audit Order No. 52/26/CAB-2010 dated 2nd May 2011 made maintenance of cost accounting records, as prescribed, and their audit by a practising cost accountant compulsory for companies, inter alia, engaged in generation of power. It has subsequently been clarified by the government, vide General Circular 67/2011 dated 30 November 2011 that captive generating plants are exempted from the requirement of regular audit of the cost records. However, as a matter of additional compliance, the Company has decided to get cost audit conducted for the FY 2012-13 and has accordingly, appointed M/s K.S.Kamalakara &Co, practising cost accountants as Cost Auditors. The Report of the Cost Audit will be filed with Central Government by the Cost Auditors before the due date i.e 30 September 2013.

PARTICULARS OF EMPLOYEES

During the period, there were no employees whose particulars are required to be disclosed under Section 217(2A) of the Companies Act,1956.

ACKNOWLEDGEMENTS

The Directors wish to thank the Board of SMIORE, the holding company, Government Authorities and Banks for their support. The Directors also wish to place on record their appreciation of the good work put in by the employees of the Company.

By Order of the Board
Star Metallies and Power Private Limited

Place : Bangalore
Date : 29 May 2013

S. Y. Ghorpade
Chairman

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, to the extent applicable, in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2013

A. CONSERVATION OF ENERGY:

- (a) Energy conservation measures taken : a). Electricity from our captive power plant ensures continuous availability of power to furnace even during the grid failure which avoids energy loss due to grid failure.
b). The output steam from the turbine is utilized in HP, LP heaters and deaerator to heat the boiler feed water.
c). The high temperature exhaust gas of the combustion in boiler is utilized to heat air for combustion through air pre heater and water through economizer.
d). Application of fluid coupling for ID fans and SA fans restricts usage of energy to the requirement of combustion and thus conserves energy.
e). Capacitor banks installed to attain power factor much above the statutory norm fixed by GESCO.
f). Computerized data acquisition system for reduction in specific energy consumption.
g). Furnaces are now equipped with Data Supervisory Control (DSC) for efficient operation and also for optimum working of auxiliaries. The DSC also provides the energy measurement at each point of consumption which enables us to audit and control.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. : -
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. : Not possible to identify specifically.
- (d) Total energy consumption and energy consumption per unit of production : As per Form 'A' annexed.

B. TECHNOLOGY ABSORPTION:

- (e) Efforts made in technology absorption : As per Form 'B' annexed.

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

- (f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services; export plans. : The Company has been exporting Silicomanganese produced under the conversion agreement with third party and the same is expected to continue in coming years.
- (g) Total foreign exchange used and earned (₹) : Please refer to Note No.28 in the Notes to Accounts
1. Foreign Exchange Earnings:
- Export Sales (including exchange difference)
2. Foreign Exchange Outgo: :
- Stores and spares (including coal, water and consumables) : Please refer to Note No.25 in the Notes to Accounts.
- Capital Equipment (including repairs) : Please refer to Note No.26 in the Notes to Accounts
- Travelling, Conveyance and Membership & Subscription : Please refer to Note No.26 in the Notes to Accounts

FORM – A

Form for disclosure of particulars with respect to conservation of energy.

A. POWER AND FUEL CONSUMPTION

PARTICULARS		31.03.2013	31.03.2012
1. Electricity			
(a) Purchased			
Units		579,780	1,956,000
Total amount (₹)		5,693,897*	10,148,126*
Rate / Unit (₹)		9.82	5.19
		<i>*Note: Includes minimum demand charges</i>	
(b) Own Generation through Diesel Generator / Steam turbine/generator			
Units		36,559,800	21,785,025
Units Per kg of coal /Litre of fuel oil/ gas		0.88	0.81
Cost / Unit(₹)		6.07	7.74
2. Coal			
Quantity (MT)		160,971	83,212
Total Cost (₹)		683,321,973	319,973,075
Average Rate per MT(₹)		4245	3845
3. Furnace Oil		-	-
4. Others / internal generation (please give details)		-	-

B. CONSUMPTION PER UNIT OF PRODUCTION (to the extent applicable)

Particulars	Standard	Unit	31.03.2013	31.03.2012
Production (Silico Manganese)	None	Tonnes	10192	5787
Electricity	None	Units	3644	4102
Diesel Oil	None	Litres	-	-

FORM – B

Form for disclosure of particulars with respect to absorption.

A. RESEARCH AND DEVELOPMENT (R & D)

- Specific areas in which R & D carried out by the company. : The Company is making in-house R&D efforts for introduction/development of value added products.
- Benefits derived as a result of the above R & D : -
- Further Plan of action : The Company intends to continue its R&D efforts.
- Expenditure on R & D : The R & D efforts are an integral part of the operation
 - Capital
 - Recurring
 - Total
 - Total R & D expenditure as % of total turnover

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts in brief made towards technology absorption, adaptation and innovation. : -
- Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. : -
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:
 - Technology imported : None
 - Year of Import : N.A.
 - Has technology been fully absorbed? : N.A.
 - If not fully absorbed, area where this has not taken place reason thereof and future plan of action. : N.A.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STAR METALLICS AND POWER PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **STAR METALLICS AND POWER PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, 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 Financial Statements

The Company's Management is responsible for the preparation of these 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 Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

S. Sundaresan
Partner
(Membership No.25776)

BANGALORE, May 29, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

Having regard to the nature of the Company's business/ activities/ results during the year, clauses (i)(c), (v), (vi), (xii), (xiii), (ix)(b), (xiv), (xvi), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme 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.

(ii) In respect of its inventory:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) The Company has neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been 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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

- (viii) The accumulated losses of the Company at the end of the financial year are less than fifty percent of its net worth and the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not taken any loans from banks or financial institutions or has not issued any debentures.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xii) According to the information and explanations given to us, the Company has not made any preferential allotment to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by and on the Company has been noticed or reported during the year.

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

S. Sundaresan
Partner
(Membership No.25776)

BANGALORE, May 29, 2013

STAR METALLICS AND POWER PRIVATE LIMITED
(A subsidiary of The Sandur Manganese & Iron Ores Limited)

BALANCE SHEET AS AT 31 MARCH, 2013

Particulars	Note No.	As at 31.03.2013 ₹	As at 31.03.2012 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds:			
(a) Share capital	3	926,150,000	926,150,000
(b) Reserves and surplus	4	530,778,766	629,108,819
		<u>1,456,928,766</u>	<u>1,555,258,819</u>
2 Non-current liabilities			
((a) Other long-term liabilities	5	138,685,407	138,685,407
(b) Long-term provisions	6	1,195,915	813,527
		<u>139,881,322</u>	<u>139,498,934</u>
3 Current liabilities			
(a) Trade payables		242,280,796	208,577,789
(b) Other current liabilities	7	46,908,534	57,574,036
(c) Short-term provisions	8	631,439	173,838
		<u>289,820,769</u>	<u>266,325,663</u>
	TOTAL	<u>1,886,630,857</u>	<u>1,961,083,416</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	1,600,740,189	1,664,876,035
(ii) Capital work-in-progress		91,884,678	75,851,542
		<u>1,692,624,867</u>	<u>1,740,727,577</u>
(b) Long-term loans and advances	10	38,065,552	39,181,824
(c) Other non-current assets	11	19,339,662	14,319,000
		<u>1,750,030,081</u>	<u>1,794,228,401</u>
2 Current assets			
(a) Inventories	12	58,564,686	45,973,438
(b) Trade receivables	13	15,068,542	70,741,525
(c) Cash and bank balances	14	38,026,770	11,118,521
(d) Short-term loans and advances	15	24,040,668	36,938,227
(e) Other current assets	16	900,110	2,083,304
		<u>136,600,776</u>	<u>166,855,015</u>
	TOTAL	<u>1,886,630,857</u>	<u>1,961,083,416</u>

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

S. Sundaresan
Partner

S H Mohan
Whole time Director

N S Lakshmanan
Director

Subrahmanya Hegde
Company Secretary

Place: Bangalore
Date: 29 May, 2013

STAR METALLICS AND POWER PRIVATE LIMITED
(A subsidiary of The Sandur Manganese & Iron Ores Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

Particulars	Note No.	For the year ended	For the year ended
		31 March, 2013	31 March, 2012
		₹	₹
1 Revenue from operations (gross)	17	859,060,031	419,522,833
Less: Excise duty		-	29,924
Revenue from operations (net)		859,060,031	419,492,909
2 Other income	18	3,005,842	2,440,140
3 Total revenue (1 + 2)		862,065,873	421,933,049
4 Expenses			
(a) Cost of materials consumed	27 a)	10,424,512	19,107,976
(b) Purchases of stock-in-trade	27 b)	5,616,000	-
(c) Changes in inventories of finished goods	19	2,618	261,467
(d) Employee benefits expense	20	22,674,158	21,170,924
(e) Finance costs	21	284,052	47,772,849
(f) Depreciation	9	85,127,031	84,675,402
(g) Other expenses	22	836,267,555	444,928,704
Total expenses		960,395,926	617,917,322
5 Loss before tax (3 - 4)		(98,330,053)	(195,984,273)
6 Tax expense:			
(a) Current tax		-	-
(b) Deferred tax	34	-	-
		-	-
7 Loss after tax (5 - 6)		(98,330,053)	(195,984,273)
8 Earnings per share of ₹ 10 each			
Basic and Diluted	33	(1.06)	(2.88)

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

S. Sundaresan
Partner

S H Mohan
Whole time Director

N S Lakshmanan
Director

Subrahmanya Hegde
Company Secretary

Place: Bangalore
Date: 29 May, 2013

STAR METALLICS AND POWER PRIVATE LIMITED
(A subsidiary of The Sandur Manganese & Iron Ores Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
A. Cash flow from operating activities		
Net loss before tax	(98,330,053)	(195,984,273)
Adjustments for:		
- Depreciation	85,127,031	84,675,402
- Finance costs	-	47,772,849
- Provision for doubtful trade receivables and advances	3,734,989	-
- Interest income	(2,660,653)	(2,284,047)
Operating loss before working capital changes	<u>(12,128,686)</u>	<u>(65,820,069)</u>
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(12,591,248)	27,792,311
Trade receivables	51,942,408	(66,885,624)
Short-term loans and advances	12,893,145	45,813,843
Long-term loans and advances	(2,746,965)	(5,000)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	33,703,007	53,521,981
Short-term provisions	457,601	95,537
Long-term provisions	382,388	315,663
Other current liabilities	2,946,039	(1,742,078)
	<u>86,986,375</u>	<u>58,906,633</u>
Cash used in operations	74,857,689	(6,913,436)
Net income tax paid	(3,756,735)	(2,426,228)
Net cash flow from / (used in) operating activities (A)	<u>71,100,954</u>	<u>(9,339,664)</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(42,975,862)	(54,310,531)
Bank balances not considered as cash and cash equivalents	(15,020,662)	-
Interest received	3,803,819	1,506,852
Net cash flow used in investing activities (B)	<u>(54,192,705)</u>	<u>(52,803,679)</u>
C. Cash flow from financing activities		
Proceeds from long-term borrowings	-	10,000,000
Repayment of long-term borrowings	-	(962,300,000)
Finance cost	-	(5,218,550)
Proceeds from issue of equity shares	-	977,300,000
Net cash flow from financing activities (C)	<u>-</u>	<u>19,781,450</u>
Net cash flow during the year (A+B+C)	<u>16,908,249</u>	<u>(42,361,893)</u>
Cash and cash equivalents at the beginning of the year	11,118,521	53,480,414
Cash and cash equivalents at the end of the year	28,026,770	11,118,521
Increase / (decrease) in cash and cash equivalents	<u>16,908,249</u>	<u>(42,361,893)</u>
Note:		
Cash and bank balances as per balance sheet	38,026,770	11,118,521
Less: Deposits against guarantee	10,000,000	-
Cash and cash equivalents as reported above	<u>28,026,770</u>	<u>11,118,521</u>

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

S. Sundaresan
Partner

S H Mohan
Whole time Director

N S Lakshmanan
Director

Subrahmanya Hegde
Company Secretary

Place: Bangalore
Date: 29 May, 2013

STAR METALLICS AND POWER PRIVATE LIMITED
(A subsidiary of The Sandur Manganese & Iron Ores Limited)

Notes forming part of the financial statements

1 Corporate information

The Company is a subsidiary of The Sandur Manganese & Iron Ores Limited (SMIORE), a listed public limited company. The Company is engaged in the production of Ferroalloys and generation of Power at its Plant located at Vyasankere, near Hospet in Bellary District.

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The Company adopts the historical cost concept and accrual basis, in accordance with generally accepted accounting principles (GAAP) of India, for the preparation of its financial statements. The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the applicable accounting standards notified under Section 211(3C) of the Companies Act, 1956 (Act) and the relevant provisions of the Act.

2.2 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.

2.3 Tangible fixed assets and depreciation

Fixed assets are stated at their original cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation of the fixed assets concerned.

Incidental expenditure during construction period (net of related income arising during that period), which are specifically attributable to the project, incurred prior to commencement of commercial operations, are capitalized as per the requirements of Accounting Standard 10 – Accounting for fixed assets.

Depreciation is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 except for roads and drains which are depreciated at 10% instead of 1.63%.

Individual assets costing less than ₹ 5,000/- are depreciated in full in the year of its purchase.

Capital work-in-progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.4 Impairment of fixed assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an impairment loss is recognised when the carrying amount exceeds greater of net selling price and value in use.

2.5 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

STAR METALLICS AND POWER PRIVATE LIMITED
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Notes forming part of the financial statements

2.6 Inventories

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

The costs are, in general, ascertained as under:

Raw materials and stores and spares: Weighted average method based on actual cost.

Finished goods and Work-in-progress: Material cost on weighted average method plus labour and appropriate overheads, and where applicable, excise duty.

2.7 Revenue recognition

Revenue from sale of goods is recognised when goods are dispatched in accordance with the terms of sale and when significant risks and rewards are considered as transferred and are recorded net of sales returns, trade discount, rebates and sales tax collected but includes excise duty, where applicable.

Revenue from sale of power is recognised based on the power generated and supplied per applicable rates from time to time.

2.8 Foreign currency transactions

Foreign exchange transactions are recorded at the exchange rates prevailing on the date of transaction.

Foreign exchange rate fluctuations relating to monetary assets and liabilities are restated at the year-end rates. The net loss or gain arising on restatement / settlement, if any, is adjusted to the statement of profit and loss.

In respect of forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss of the reporting period in which the exchange rates change.

2.9 Employee benefits

Short-term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

Post employment benefits are recognised as an expense in the statement of profit and loss of the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions. The present value is determined by reference to the market yields at the balance sheet date, on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Other long-term employee benefits are recognised as an expense in the statement of profit and loss of the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the present value, by reference to the market yields at the balance sheet date, on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the long-term employee benefits.

Actuarial gains and losses in respect of post employment benefits and other long-term benefits are charged to the statement of profit and loss on accrual basis.

2.10 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.

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2.11 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.

2.12 Segment reporting

Segments are identified based on the types of products and the internal organization and management structure. The Company has identified business segment as primary reporting segment.

The Company's primary segments consist of Ferroalloys and Power.

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

2.13 Taxes on income

Current tax is determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax assets and liabilities are measured using the tax rates which have been enacted or substantively enacted at the balance sheet date. Deferred tax expense or benefit is recognised, subject to consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods.

Deferred tax assets are recognized for all deductible timing differences and are carried forward to the extent there is reasonable certainty that sufficient taxable profit will be available to realize these assets. Deferred tax assets to the extent they relate to brought forward losses and unabsorbed depreciation are recognized only to the extent there is virtual certainty of realization, that sufficient taxable income will be available to realize such asset.

2.14 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.

2.15 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.

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

2.16 Operating cycle

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

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Notes forming part of the financial statements

3 Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹	Number of shares	₹
(a) Authorised Equity shares of ₹10 each with voting rights	100,000,000	1,000,000,000	100,000,000	1,000,000,000
(b) Issued, subscribed and fully paid up Equity shares of ₹10 each with voting rights	92,615,000	926,150,000	92,615,000	926,150,000
	92,615,000	926,150,000	92,615,000	926,150,000

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	Bonus/ESOP/ Conversion /Buy back	Closing Balance
Equity shares with voting rights As at 31 March, 2013				
- Number of shares	92,615,000	-	-	92,615,000
- Amount (₹)	926,150,000	-	-	926,150,000
As at 31 March, 2012				
- Number of shares	43,750,000	48,865,000	-	92,615,000
- Amount (₹)	437,500,000	488,650,000	-	926,150,000

(ii) Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at 31 March, 2013	As at 31 March, 2012
	Number of shares held	Number of shares held
Equity shares with voting rights		
The Sandur Manganese & Iron Ores Limited, the Holding Company	75,240,000	75,240,000
Euro Industrial Enterprises Private Limited	14,845,000	14,845,000

(iii) Rights, preference and restriction attached to shares:

The Company has only one class of equity shareholder. 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 the 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 shareholders.

STAR METALLICS AND POWER PRIVATE LIMITED
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Notes forming part of the financial statements

9 Fixed Assets

₹

Description	Gross Block			Accumulated Depreciation				Net Block		
	Balance as at 01 April, 2012	Additions / adjustments	Disposals	Balance as at 31 March, 2013	Balance as at 01 April, 2012	For the year	On disposals	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012
Tangible assets										
Freehold land *	138,339,089	-	-	138,339,089	-	-	-	-	138,339,089	138,339,089
	(138,339,089)	(-)	(-)	(138,339,089)	(-)	(-)	(-)	(-)	(138,339,089)	(138,339,089)
Buildings and roads	172,045,428	16,876,334	-	188,921,762	8,346,574	6,926,715	-	15,273,289	173,648,473	163,698,854
	(168,427,750)	(3,617,678)	(-)	(172,045,428)	(1,501,295)	(6,845,279)	(-)	(8,346,574)	(163,698,854)	(166,926,455)
Plant and machinery	1,467,913,050	3,063,381	-	1,470,976,431	112,751,435	77,446,193	-	190,197,628	1,280,778,803	1,355,161,615
	(1,451,687,034)	(16,226,016)	(-)	(1,467,913,050)	(35,606,859)	(77,144,576)	(-)	(112,751,435)	(1,355,161,615)	(1,416,080,175)
Vehicles	2,061,398	-	-	2,061,398	525,169	195,833	-	721,002	1,340,396	1,536,229
	(2,061,398)	(-)	(-)	(2,061,398)	(329,336)	(195,833)	(-)	(525,169)	(1,536,229)	(1,732,062)
Computers systems	868,814	197,381	-	1,066,195	362,078	156,851	-	518,929	547,266	506,736
	(655,389)	(213,425)	(-)	(868,814)	(230,049)	(132,029)	(-)	(362,078)	(506,736)	(425,340)
Office equipments	1,828,412	836,914	-	2,665,326	208,170	120,369	-	328,539	2,336,787	1,620,242
	(1,427,770)	(400,642)	(-)	(1,828,412)	(129,596)	(78,574)	(-)	(208,170)	(1,620,242)	(1,298,174)
Furniture and fixtures	4,439,813	17,175	-	4,456,988	426,543	281,070	-	707,613	3,749,375	4,013,270
	(4,279,289)	(160,524)	(-)	(4,439,813)	(147,432)	(279,111)	(-)	(426,543)	(4,013,270)	(4,131,857)
	1,787,496,004	20,991,185	-	1,808,487,189	122,619,969	85,127,031	-	207,747,000	1,600,740,189	1,664,876,035
	(1,766,877,719)	(20,618,285)	(-)	(1,787,496,004)	(37,944,567)	(84,675,402)	(-)	(122,619,969)	(1,664,876,035)	(1,728,933,152)

* includes land given on operating lease amounting to ₹ 2,286,093 (Previous year ₹ Nil)

Note: Previous year figures are in brackets

	As at 31 March, 2013	As at 31 March, 2012
	₹	₹
10 Long-term loans and advances (Unsecured, considered good)		
Capital advances	-	7,660,000
Security deposits	24,288,000	21,541,035
Advance income tax	13,777,552	9,980,789
	<u>38,065,552</u>	<u>39,181,824</u>
11 Other non-current assets		
Deposits against guarantees with maturity of more than 12 months from the balance sheet date (Refer note 14)	19,339,662	14,319,000
	<u>19,339,662</u>	<u>14,319,000</u>
12 Inventories		
Raw materials (includes ₹ 16,814,536 (As at 31 March, 2012 ₹ 2,865,572) of materials-in-transit)	49,368,957	39,424,413
Finished goods	-	2,618
Stores and spares	9,195,729	6,546,407
	<u>58,564,686</u>	<u>45,973,438</u>

Note: Inventories are carried at the lower of cost and net realisable value.

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	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
17 Revenue from operations		
(a) Sale of products		
Manufactured goods		
- Silicomanganese	-	320,450
- Power	575,712,897	253,551,309
Total - Sale of manufactured goods (i)	575,712,897	253,871,759
Traded goods		
- Silicomanganese	5,728,806	-
Total - Sale of traded goods (ii)	5,728,806	-
Total (a) - (i+ii)	581,441,703	253,871,759
(b) Other operating revenues		
- Conversion charges	268,251,865	150,935,190
- Sale of raw materials	5,927,853	11,608,190
- Sale of scrap	3,438,610	3,107,694
Total (b)	277,618,328	165,651,074
Revenue from operations (gross) (a+b)	859,060,031	419,522,833
Less: Excise duty	-	29,924
Revenue from operations (net)	859,060,031	419,492,909
18 Other income		
Net gain on foreign currency transactions	96,715	-
Interest on bank fixed deposits	2,395,985	1,771,533
Interest on security deposits	224,640	489,068
Interest on income tax refund	40,028	23,446
Other non-operating income		
- Rental income from operating lease	60,000	-
- Miscellaneous income	188,474	156,093
	248,474	156,093
	3,005,842	2,440,140
19 Changes in inventories of finished goods		
Inventories at the end of the year	-	2,618
Inventories at the beginning of the year	2,618	264,085
	2,618	261,467
20 Employee benefits expense		
Salaries, wages and bonus	20,619,172	19,890,112
Contribution to provident and other funds (Refer note 29 C)	646,911	590,703
Gratuity (Refer note 29 A)	523,897	125,159
Staff welfare expenses	884,178	564,950
	22,674,158	21,170,924

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	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	₹	₹
21 Finance costs		
Interest expense on:		
- Borrowings	-	47,772,849
- Trade payables	116,787	-
- Delayed payment of income tax and other taxes	167,265	-
	<u>284,052</u>	<u>47,772,849</u>
22 Other expenses		
Operation and maintenance charges	33,633,675	34,917,247
Coal consumed for power generation	683,321,973	319,973,075
Stores and spares consumed (including water and consumables)	19,812,515	15,475,781
Increase / (decrease) of excise duty on inventory	(244)	(24,416)
Power and fuel	6,847,908	5,370,794
Rent (Refer note 32)	3,471,972	2,135,582
Repairs and maintenance		
- Plant and machinery	29,625,453	11,232,363
- Buildings	1,896,553	762,532
- Others	2,949,325	1,776,707
	<u>34,471,331</u>	<u>13,771,602</u>
Insurance	2,478,106	1,524,949
Rates and taxes	3,380,207	10,466,923
Travelling and conveyance	1,371,917	1,954,398
Vehicle expenses	2,228,638	2,220,718
Advertisement and selling expenses	4,319,334	2,135,081
Legal and professional charges	1,916,570	1,078,436
Payments to auditors (Refer note below)	1,478,100	1,050,000
Sub-contracting charges	26,077,738	20,704,879
Security charges	4,254,105	3,354,179
Expenses on corporate social responsibility	-	5,476,479
Administrative and general expenses	3,468,721	3,342,997
Provision for doubtful trade receivables and advances	3,734,989	-
Bad trade receivables and advances written off	-	278,431
Less: Provision made in earlier years released	-	278,431
	<u>-</u>	<u>-</u>
	<u>836,267,555</u>	<u>444,928,704</u>
Note:		
Statutory audit	1,000,000	900,000
Tax audit	200,000	150,000
Reimbursement of out of pocket expenses and levies	278,100	-
	<u>1,478,100</u>	<u>1,050,000</u>

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	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
23 Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent liabilities (Claims against the company not acknowledged as debt)		
Electricity tax (relating to applicability of tax)	16,998,467	-
The above amount has been arrived at based on the notice of demand and the Company is contesting this claim with the authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authority and the Company's right for future appeal before judiciary. No reimbursements are expected.		
(ii) Capital commitments		
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	10,794,786	14,958,050
24 There are no micro and small enterprises to whom the Company owes dues which are outstanding as at the balance sheet date. The information regarding Micro Enterprises and Small Enterprises have 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.		
25 Value of imports calculated on CIF basis		
	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Stores and spares (including coal, water and consumables)	212,635,789	381,933
	<u>212,635,789</u>	<u>381,933</u>
26 Expenditure in Foreign currency		
	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Travelling & Conveyance and Membership & Subscription	82,275	190,557
Repairs and maintenance	3,775,753	-
	<u>3,858,028</u>	<u>190,557</u>
27 a) Cost of materials consumed		
Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
For production:		
Manganese Ore	-	1,699,207
Dolomite	1,911,761	1,053,897
Quartz	4,128,721	2,557,155
Coal	-	1,665,919
Other Materials	-	202,800
	<u>6,040,482</u>	<u>7,178,978</u>
For sale:		
Manganese Ore	4,384,030	11,928,998
	<u>4,384,030</u>	<u>11,928,998</u>
Total	<u>10,424,512</u>	<u>19,107,976</u>

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	%	For the year ended 31 March, 2013 ₹	%	For the year ended 31 March, 2012 ₹
Whereof:				
Imported	-	-	-	-
Indigenous	100	10,424,512	100	19,107,976
	100	10,424,512	100	19,107,976

Note:

The value of raw materials and components consumed is arrived at on the basis of purchases less closing stock. Consumption therefore includes adjustment for shortage / excess, used for captive consumption, write-off, etc.

b) Purchases of stock-in-trade

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Silicomanganese	5,616,000	-
Total	5,616,000	-

c) Stores and spares (including coal, water and consumables)

	%	For the year ended 31 March, 2013 ₹	%	For the year ended 31 March, 2012 ₹
Imported	37	263,621,249	-	381,933
Indigenous	63	439,513,239	100	335,066,923
	100	703,134,488	100	335,448,856

28 Earnings in foreign exchange

	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Export of goods calculated on F.O.B basis	5,728,806	-
	5,728,806	-

29 Employee benefits

A. Defined benefit plan - Unfunded:

	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
--	-------------------------------------------	-------------------------------------------

Details of post retirement gratuity plan are as follows:

a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Obligations at the beginning of the year	308,127	182,968
Add: Current service cost	120,962	102,327
Add: Interest cost	24,650	15,735
Add/ (Less): Actuarial losses/(gains) on obligations	378,285	7,097
(Less): Benefits paid during the year	-	-
Obligations at the end of the year	832,024	308,127

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	For the year ended 31 March, 2013	For the year ended 31 March, 2012			
	₹	₹			
b) Reconciliation of opening and closing balances of the fair value of plan assets:					
Fair Value of plan assets at the beginning of the year	-	-			
Add: Expected return on plan assets	-	-			
Add/(less): actuarial gains/(losses)	-	-			
Add: Contributions by employer	-	-			
(Less): Benefits paid	-	-			
Fair value of plan assets at the end of the year	-	-			
c) Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the balance sheet:					
Present value of obligation	832,024	308,127			
(Less): Fair value of plan assets	-	-			
Amount recognised in the balance sheet					
- Current	222,343	3,831			
- Non-current	609,681	304,296			
	832,024	308,127			
d) Expenses recognised in the statement of profit and loss under "Employee benefits expense" in note 20:					
Current service cost	120,962	102,327			
Add: Interest cost	24,650	15,735			
(Less): Expected return on plan assets	-	-			
Add: Actuarial losses/(gains) recognised during the year	378,285	7,097			
	523,897	125,159			
e) Principal actuarial assumptions:					
Discount rate per annum	8.00%	8.60%			
Salary escalation rate	5.00%	5.00%			
Attrition rate	5.00%	5.00%			
Retirement age	60 years	60 years			
f) Summary of defined benefit obligation plan assets and experience adjustments:					
	2012-13	2011-12	2010-11	2009-10	2008-09
	₹	₹	₹	₹	₹
Defined benefit obligation	832,024	308,127	182,968	105,931	132,371
Plan assets	-	-	-	-	-
Surplus / (deficit)	(832,024)	(308,127)	(182,968)	(105,931)	(132,371)
Experience adjustments on plan liabilities - (loss) / gain	(352,912)	(19,880)	29,530	148,520	(132,371)
Experience adjustments on plan assets - (loss) / gain	-	-	-	-	-
B. Other long-term benefit – Unfunded					
	As at 31 March, 2013	As at 31 March, 2012			
	₹	₹			
The other long-term benefit which is provided for but not funded is as under:					
Liability for compensated absence at the year end					
- Current	409,096	170,007			
- Non-current	586,234	509,231			
	995,330	679,238			

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The discount rate for defined benefit plan and other long-term benefit is based on the prevailing market yields of Indian Government securities as at the balance sheet for the estimated term of obligations.

The estimate of future salary increases considered for defined benefit plan and other long-term benefit takes into account the inflation, seniority, promotion, increments and other relevant factors.

C. Defined contribution plans:

The Company makes provident fund 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 ₹ 646,911 (Year ended 31 March, 2012 ₹ 590,703) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company has made provident fund contributions at predetermined rates to the SMIORE Employees' Provident Fund Trust and to the Regional Provident Fund Commissioner towards employee pension scheme.

30. Segment Reporting

a) Primary Segments (Business Segments)

₹

Particulars	Ferroalloys		Power		Unallocable		Elimination		Total	
	For the year ended 31 March, 2013	For the year ended 31 March, 2012	For the year ended 31 March, 2013	For the year ended 31 March, 2012	For the year ended 31 March, 2013	For the year ended 31 March, 2012	For the year ended 31 March, 2013	For the year ended 31 March, 2012	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Revenue :										
External sales	281,388,325	165,342,323	577,671,706	254,150,586	-	-	-	-	859,060,031	419,492,909
Inter segment sales	-	-	209,659,503	98,029,238	-	-	(209,659,503)	(98,029,238)	-	-
Total revenue	281,388,325	165,342,323	787,331,209	352,179,824	-	-	(209,659,503)	(98,029,238)	859,060,031	419,492,909
Result :										
Segment loss	(29,623,280)	(24,327,019)	(64,256,305)	(114,958,260)	-	-	-	-	(93,879,585)	(139,285,279)
Unallocated net (expense) / income	-	-	-	-	(4,166,416)	(8,926,145)	-	-	(4,166,416)	(8,926,145)
Operating loss	(29,623,280)	(24,327,019)	(64,256,305)	(114,958,260)	(4,166,416)	(8,926,145)	-	-	(98,046,001)	(148,211,424)
Interest expense	-	-	-	-	284,052	47,772,849	-	-	284,052	47,772,849
Loss before taxes	(29,623,280)	(24,327,019)	(64,256,305)	(114,958,260)	(4,450,468)	(56,698,994)	-	-	(98,330,053)	(195,984,273)
Taxes	-	-	-	-	-	-	-	-	-	-
Net loss	(29,623,280)	(24,327,019)	(64,256,305)	(114,958,260)	(4,450,468)	(56,698,994)	-	-	(98,330,053)	(195,984,273)
Other Information										
Segment assets	367,470,597	383,118,060	1,488,819,033	1,558,937,335	30,341,227	19,028,021	-	-	1,886,630,857	1,961,083,416
Segment liabilities	166,246,873	187,163,757	259,688,435	215,535,195	3,766,783	3,125,645	-	-	429,702,091	405,824,597
Capital expenditure including capital work - in progress	2,409,021	8,033,015	18,200,159	87,722,962	16,415,141	713,850	-	-	37,024,321	96,469,827
Depreciation	16,120,844	15,968,430	69,005,454	68,624,114	733	82,858	-	-	85,127,031	84,675,402
Non-cash expense other than depreciation	3,730,575	-	4,414	-	-	-	-	-	3,734,989	-

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 Power to Ferroalloys is at arm's length price.

b) Secondary segments (Geographical segments)

The Company operates in a single geographical segment and accordingly, secondary reporting disclosures for geographical segment, as envisaged in Accounting Standard 17 on Segment Reporting are not applicable.

STAR METALLICS AND POWER PRIVATE LIMITED
(A subsidiary of The Sandur Manganese & Iron Ores Limited)

Notes forming part of the financial statements

31 Related Party Disclosures

A. Names of related parties and description of relationship:

Sl.No.	Description of relationship	Names of related parties
a	Holding company	The Sandur Manganese & Iron Ores Limited (SMIORE)
b	Enterprise having significant influence	Euro Industrial Enterprises Private Limited (EIEPL)
c	Key management personnel	S H Mohan - Whole Time Director
d	Relative of a Director	Mubeen A Sheriff, relative of Nazim Sheikh

B. Summary of transactions with related parties, during the year and year end balances are as follows:

Sl. No.	Nature of Transactions / Balances outstanding	Holding Company	Enterprise having significant influence	Relative of a Director	Total
1	Share capital (including premium) issued				
	- SMIORE	(854,800,000)	(-)	(-)	(854,800,000)
	- EIEPL	(-)	(122,500,000)	(-)	(122,500,000)
2	Secured loans obtained				
	- SMIORE	(10,000,000)	(-)	(-)	(10,000,000)
3	Advance towards share capital				
	- SMIORE	(15,000,000)	(-)	(-)	(15,000,000)
4	Repayment of loan				
	- SMIORE	(839,800,000)	(-)	(-)	(839,800,000)
	- EIEPL	(-)	(122,500,000)	(-)	(122,500,000)
5	Salaries and wages				
	Mubeen A Sheriff	(-)	(-)	1,055,905	1,055,905
				(897,068)	(897,068)
6	Sale of materials				
	- SMIORE	6,225,782	(-)	(-)	6,225,782
		(13,378,763)	(-)	(-)	(13,378,763)

STAR METALLICS AND POWER PRIVATE LIMITED
(A subsidiary of The Sandur Manganese & Iron Ores Limited)

Notes forming part of the financial statements

₹					
Sl. No.	Nature of Transactions / Balances outstanding	Holding Company	Enterprise having significant influence	Others	Total (₹)
7	Purchase of materials				
	- SMIORE	5,616,000	-	-	5,616,000
		(-)	(-)	(-)	(-)
8	Conversion charges				
	- SMIORE	268,251,865	-	-	268,251,865
		(150,935,190)	(-)	(-)	(150,935,190)
9	Interest expenses:				
	- SMIORE	-	-	-	-
		(41,631,068)	(-)	(-)	(41,631,068)
	- EIEPL	-	-	-	-
		(-)	(6,141,781)	(-)	(6,141,781)
10	Rental income				
	- EIEPL	-	60,000	-	60,000
		(-)	(-)	(-)	(-)
	Balances as at the year end:				
11	Sundry creditors (Including interest accrued)				
	- SMIORE	259,252,724	-	-	259,252,724
		(280,664,817)	(-)	(-)	(280,664,817)
	- EIEPL	-	29,818,256	-	29,818,256
		(-)	(29,878,256)	(-)	(29,878,256)
12	Salaries payable				
	Mubeen A Sheriff	-	-	139,291	139,291
		(-)	(-)	(72,182)	(72,182)
13	Corporate guarantee issued on behalf of the Company by				
	- SMIORE	105,000,000	-	-	105,000,000
		(105,000,000)	(-)	(-)	(105,000,000)

Notes:

(i) The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

(ii) The above transactions are compiled from the date in which these parties became related and do not include reimbursement of expenses which are accounted in the natural heads of accounts.

(iii) Previous year figures are in brackets.

STAR METALLICS AND POWER PRIVATE LIMITED
(A subsidiary of The Sandur Manganese & Iron Ores Limited)

Notes forming part of the financial statements

32 Operating Leases:

	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Lease payments recognised in the statement of profit and loss	<u>3,471,972</u>	<u>2,135,582</u>

The Company had entered into operating lease arrangements for residential accommodation and vacant land for storage of goods. The leases are generally for a period of 6 months to 24 months and with renewal options after the lease term. The operating leases are cancellable by the lessor or the lessee, with a notice of two to three months.

33 Earnings Per Share

	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Nominal value of equity share (₹)	10	10
Weighted average number of equity shares outstanding	92,615,000	68,153,128
Loss after taxation considered for calculation of basic and diluted earnings per share (₹)	(98,330,053)	(195,984,273)
Earnings Per Share – Basic and Diluted (₹)	(1.06)	(2.88)

34 Deferred Tax

The net deferred tax as at 31 March, 2013 amounting to -
₹ Nil (As at 31 March, 2012: ₹ Nil) has been arrived at as follows:

	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
A Deferred tax assets arising from:		
Unabsorbed depreciation allowance *	<u>167,389,298</u>	<u>145,739,285</u>
	167,389,298	145,739,285
B Deferred tax liabilities arising from:		
Difference between carrying amount of fixed assets in the financial statements and the Income tax return	<u>167,389,298</u>	<u>145,739,285</u>
	167,389,298	145,739,285
Net deferred tax asset / (liability) (A-B)	<u>-</u>	<u>-</u>
Net deferred tax charge for the year	<u>-</u>	<u>-</u>

*Recognised to the extent that there are compensatory timing differences the reversal of which will result in sufficient future taxable income against which this can be realised.

35 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to Notes 1 to 35.
for and on behalf of the Board of Directors

S H Mohan
Whole time Director

N S Lakshmanan
Director

Subrahmanya Hegde
Company Secretary

Place: Bangalore
Date: 29 May, 2013



Account No.	
No. of Shares	

FORM 2B

NOMINATION FORM

(To be filled by individual(s) applying singly or jointly)

I/We _____
 and _____
 and _____ the
 Members of The Sandur Manganese & Iron Ores Limited holding _____ shares bearing Distinctive Numbers
 from _____ to _____ under Folio No. _____ wish to make a nomination and do
 hereby nominate the following person in whom all rights of transfer and or amount payable in respect of shares
 shall vest in the event of my or our death.

Name and Address of Nominee

Name : _____
 Address : _____
 Date of Birth : _____
 (if nominee is a Minor) : _____

Guardian of the Minor is (to be furnished only if nominee is a minor)

Name : _____
 Address : _____

SHARE HOLDERS'S INFORMATION

1. Signature : _____
 Name : _____
 Address : _____
 Date : _____
2. Signature : _____
 Name : _____
 Address : _____
 Date : _____
3. Signature : _____
 Name : _____
 Address : _____
 Date : _____

Name, Address and signature of two Witnesses

- | | Name and address | Signature with date |
|----|------------------|---------------------|
| 1. | | |
| 2. | | |



Instructions:

1. The Nomination can be made by individuals holding shares on their own behalf singly or jointly. Non-Individuals including Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, Holder of Power of Attorney cannot nominate. If the shares are held jointly all Joint holders shall sign the nomination form.
2. A Minor can be nominated by a Holder of shares and in that event, the name and address of the Guardian should be provided.
3. The Nominee shall not be a Trust, Society Body Corporate Partnership firm, Karta of Hindu Undivided Family or a Power of Attorney Holder. A Non-Resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of shares.
5. Transfer of shares in favour of Nominee shall be valid discharge by the Company against the Legal heirs.
6. The Nomination form shall be filed in duplicate with the Company at its Registered Office at Lakshmipur, Sandur-583119, Bellary District, Karnataka or at its Corporate Office at "Sandur House", No.9 (Old No.217), Bellary Road, Sadashivanagar Bangalore - 560 080 Karnataka which will return one copy thereof to the Shareholder.

FOR OFFICE USE ONLY

Nomination Registration Number :	
Date of Registration :	
Checked by (Name and Signature) :	



The Sandur Manganese & Iron Ores Limited

Regd. Office: Lakshmipur, Sandur - 583 119, Bellary District, Karnataka

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

I/We.....
.....of
.....being member(s) of the above named company, hereby appoint the following as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 59th Annual General Meeting of the Company to be held on Saturday, the 31st day of August 2013 at 11,00 a.m. at Anuradha Hall, Shivapur, Sandur - 583 119 and at any adjournment thereof:

1. Mr. / Ms. _____, _____ or failing him/her
(name of the proxy) (signature of proxy)
2. Mr. / Ms. _____, _____ or failing him/her
(name of the proxy) (signature of proxy)
3. Mr. / Ms. _____, _____ or failing him/her
(name of the proxy) (signature of proxy)

I / We direct my / our Proxy to vote on Resolutions in the manner as indicated below:

RESOLUTIONS	FOR	AGAINST
Item No.1		
Item No.2		
Item No.3		

RESOLUTIONS	FOR	AGAINST
Item No.4		
Item No.5		
Item No. 6		

Number of Shares held _____

Signed this _____ day of _____ 2013

Folio No. / Client ID

Signature(s) of Members

1. _____ 2. _____ 3. _____

Note: Proxies must reach the Company's Registered Office not less than 48 hours before the time fixed for the meeting.

Affix
Revenue
Stamp

If undelivered please return to:



The Sandur Manganese & Iron Ores Limited

42, 2nd Main, Vyalikaval, Bangalore 560 003
Karnataka, INDIA.