

The result is that we were among the first companies to be permitted by the Hon'ble Supreme Court to resume mining in Karnataka, leading to a restoration of our revenues and earnings in 2013-14.

# The words 'sustainability' and 'ethics' are integral to the business model of SMIORE, with a focus on employee welfare.

Our Company has a permissible mining capacity of **1.55 million tonnes** of iron ore compared to a total of **30 million tonnes** in Karnataka



## Values

- Fairness
- Ethics
- Transparency
- Accountability
- Integrity in Corporate Governance

## Our background

The Sandur Manganese & Iron Ores Limited (SMIORE) was founded in 1954 as a private limited company by the former ruler of the princely state of Sandur, Yeshwantrao Hindurao Ghorpade. The objective of the business was to scientifically develop the manganese ore and iron ore mines. The mining lease granted to him covered an area of about 7,515 hectares.

SMIORE was converted into a public limited company in 1964 with the objective to establish an electro-metallurgical industry and diversify operations into the manufacture of pig iron and ferroalloys using the Company's captive iron and manganese ore resources.

Murairao Yeshwantrao Ghorpade, the eldest son of Y.R. Ghorpade, was associated with the management of the Company from its inception. M.Y. Ghorpade represented Sandur in the Karnataka Assembly for about four decades and served as Karnataka's Finance Minister and Rural Development & Panchayat Raj Minister. He developed SMIORE into one of the finest professionally managed companies of India, widening the Company's businesses across manganese ore, iron ore, ferroalloys and power generation.

Shivrao Yeshwantrao Ghorpade, the younger brother of M.Y. Ghorpade,



is the Chairman & Managing Director of the Company. S.Y. Ghorpade is recognised as one of the Country's most eminent metallurgical engineers and largely responsible for building the Company's ferroalloys plant from scratch into one of the finest plants in India.

## Our business

SMIORE is engaged in the business of mining manganese and iron ores, which are critical resources in the manufacture of ferrous metals and steel. In accordance with the directions of the Hon'ble Supreme Court, SMIORE is presently permitted to operate and produce 0.1874 million tonnes per annum of manganese ore and 0.74 million tonnes per annum of iron ore. Considering the already established reserves of 37 million tonnes of Iron Ore, SMIORE may be permitted to produce 1.55 million tonnes per annum of iron ore. Reserve estimation is still in process and present indications are that finally proven reserves will be about 7 to 8 million tonnes manganese ore and

40 million tonnes of iron ore, which will justify a permissible production capacity of about 0.4 million tonnes per annum manganese ore and 2 million tonnes per annum iron ore.

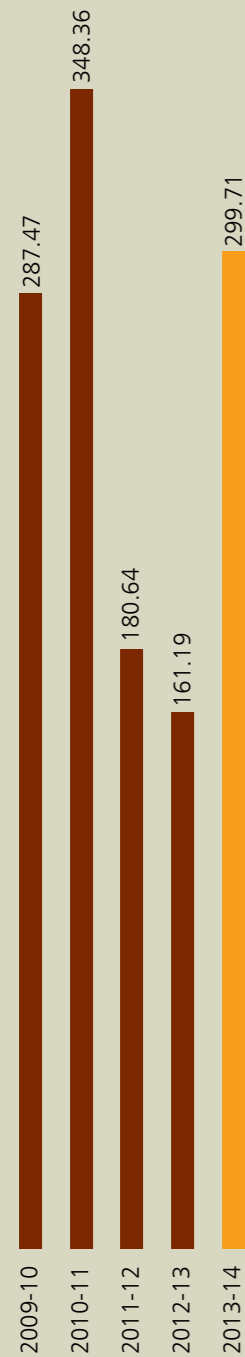
## Our respect

SMIORE is one of 21 (out of 166) companies to have been classified as 'Category A' by the Hon'ble Supreme Court, accounting for about 50 per cent of the mining area held by these 21 companies.

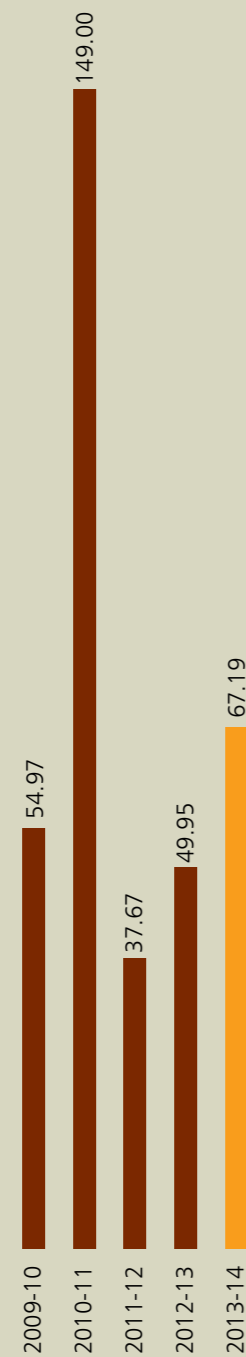


# Key financial highlights, 2013-14

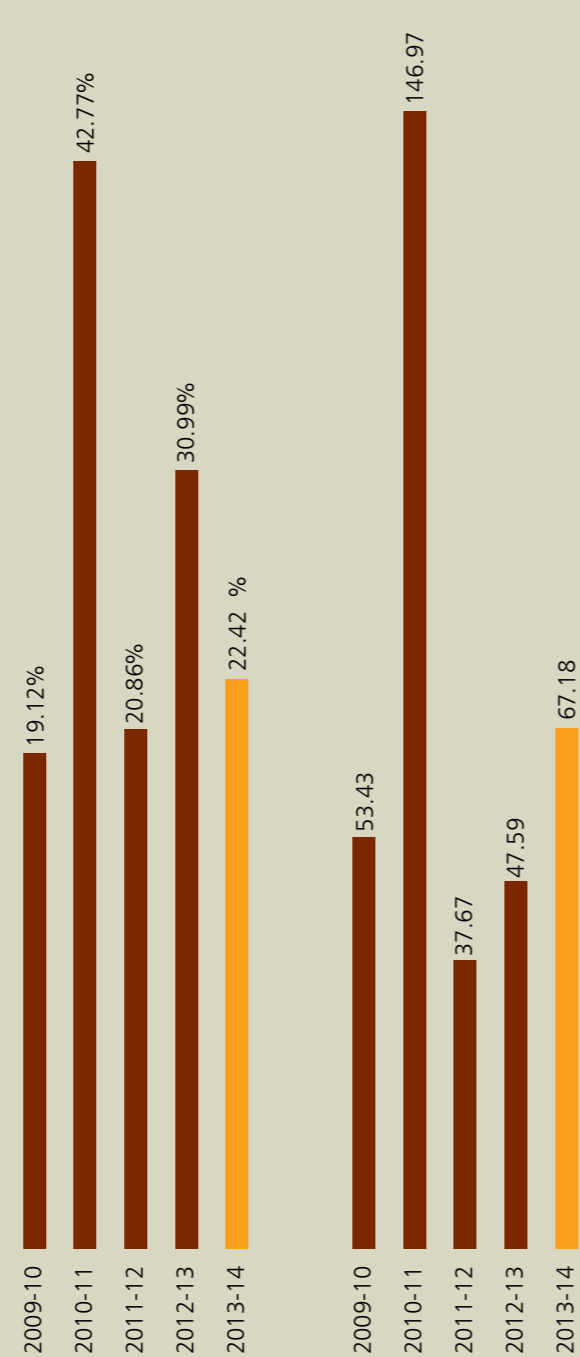
Revenues (₹ crore)



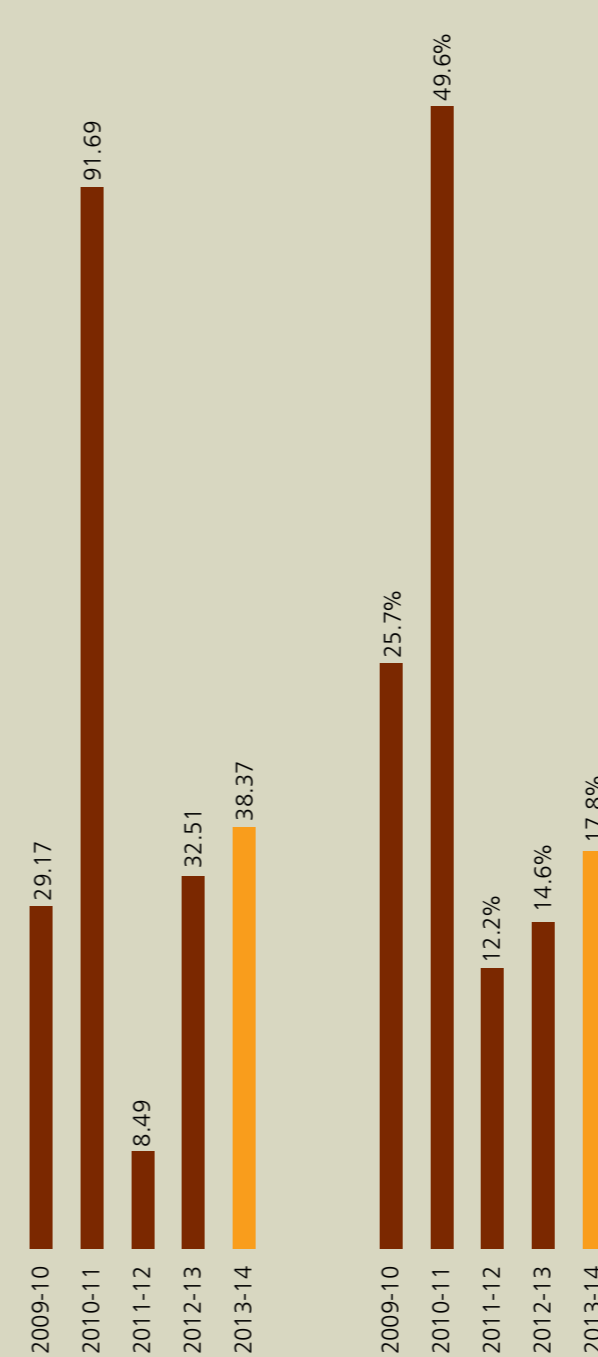
EBIDTA (₹ crore)



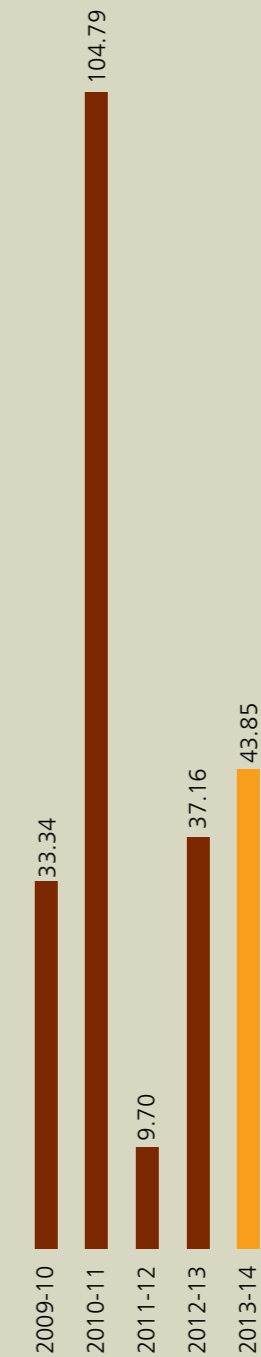
EBIDTA margin (percent) Cash profit (₹ crore)



Net profit after tax (₹ crore) ROCE (percent)



Earnings per share (₹)



Book value per share (₹)





## NOTICE

Notice is hereby given that the Sixtieth Annual General Meeting of the Members of the Company will be held on Saturday the 27th day of September 2014 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 2014 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 declare dividend on equity shares.
3. To appoint a director in place of U. R. Acharya, who retires by rotation as director, and being eligible, offers himself for re-election.
4. 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

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

"RESOLVED THAT pursuant to the provisions of Sections 152 and 161 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule IV thereto, Sattiraju Seshagiri Rao, who was appointed as an Additional Director of the Company on 1 September 2013 by the Board of Directors in terms of Section 260 of the Companies Act, 1956 (corresponding to Section 161 of the Companies Act, 2013), who holds this office 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 ₹1,00,000/- under Section 160 of the said Act from a member proposing the candidature of Sattiraju Seshagiri Rao for the office of Director, be and is hereby elected and appointed as Director of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 152 and 161 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule IV thereto, Vatsala Watsa, who was appointed as an Additional Director of the Company on 1 September 2013 by the Board of

Directors in terms of Section 260 of the Companies Act, 1956 (corresponding to Section 161 of the Companies Act, 2013), who holds this office 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 ₹1,00,000/- under Section 160 of the said Act from a member proposing the candidature of Vatsala Watsa for the office of Director, be and is hereby elected and appointed as Director of the Company."

7. To consider and, if thought fit, to pass the following resolution, which will be proposed as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to Sections 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule IV thereto, R. Subramanian who was appointed as (an Independent) Director of the Company, liable to retire by rotation, and in respect of whom, the Company has received a notice in writing along with the deposit of ₹1,00,000/- under Section 160 of the said Act from a member proposing the candidature of R. Subramanian for the office of Director, be and is hereby elected and appointed as a Director of the Company for another term of four consecutive years expiring at the Annual General Meeting for the financial year 2017-18 i.e., before the end of September 2018."

8. To take on record special resolutions passed, for re-designation and elevation of certain personnel, by the shareholders of the Company through postal ballot in accordance with the provisions of Section 192A of the Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2011:

- A. Re-designation of S. H. Mohan as Executive Director (Projects):

"RESOLVED THAT in partial modification of the resolutions passed by the shareholders of the Company at the 57th Annual General Meeting held on 10 September 2011, consent of the Company be and is hereby accorded to re-designate S. H. Mohan as Executive Director (Projects) with effect from 1 September 2013 or such other designation as the Board may deem fit from time to time.

"RESOLVED FURTHER THAT all other terms, conditions and remuneration as set out in the aforesaid resolutions and the corresponding agreement remain unaltered."

- B. Re-designation of S. R. Sridhar as Executive Director (Mines):

"RESOLVED THAT in partial modification of the resolutions passed by the shareholders of the Company at the 57th Annual General Meeting held on 10 September 2011, consent of the Company be and is hereby accorded to re-designate S. R. Sridhar as Executive Director (Mines) with effect from 1 September 2013 or such other designation as the Board may deem fit from time to time.

"RESOLVED FURTHER THAT all other terms, conditions and remuneration as set out in the aforesaid resolutions and the corresponding agreement remain unaltered."

- C. Promotion of Aditya Shivrao Ghorpade as Senior General Manager (Plant):

"RESOLVED THAT pursuant to the provisions of Section 314(1) of the Companies Act, 1956 read with Rule 10C of the Companies (Central Government's) General Rules & Forms, 1956 as amended on 7 July 2011 and Directors' Relatives (Office or Place of Profit) Amendment Rules, 2011 and other applicable provisions, if any, consent of the Company be and is hereby accorded to Aditya Shivrao Ghorpade, relative of one of the Directors, to hold the office of profit in the Company as Senior General Manager (Plant) with effect from 1 September 2013 on a basic salary of ₹39,800/- per month in the grade of ₹18000-1500-33000-1700-50000-1900-69000/- with benefits 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 as applicable to the executives in similar grades of the Company."

- D. Promotion of Dhananjai Shivrao Ghorpade as Dy. General Manager (Projects):

"RESOLVED that pursuant to the provisions of Section 314(1) of the Companies Act, 1956 read with Rule 10C of the Companies (Central Government's) General Rules & Forms, 1956 as amended on 7 July 2011 and Directors' Relatives (Office or Place of Profit) Amendment Rules, 2011 and other applicable provisions, if any, consent of the Company be and

is hereby accorded to Dhananjai Shivrao Ghorpade, a relative of one of the Directors, to hold the office of profit in the Company as Deputy General Manager (Projects) with effect from 1 September 2013 on a basic salary of ₹29,000/- per month in the grade of ₹12000-800-20000-1000-30000-1200-42000/- with benefits 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 as applicable to the executives in similar grades of the Company."

- E. Promotion of Mubeen Ahmed Sheriff as Addl. General Manager (Commercial):

"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 & Forms, 1956 as amended on 7 July 2011 and Directors' Relatives (Office or Place of Profit) Amendment Rules, 2011 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, to hold the office of profit in the Company as Additional General Manager (Commercial) with effect from 1 September 2013 on a basic salary of ₹31,500/- per month in the grade of ₹14000-1100-25000-1300-38000-1500-53000/- along with benefits 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 as applicable to the executives in similar grades of the Company."

9. To take on record special resolutions passed, for re-appointment of wholtime directors and making investments or grant loans to Jayaalaxmi Mineral Private Limited, by the shareholders of the Company through postal ballot in accordance with the provisions of Section 102 and 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreements with the Stock Exchanges:

- A. Re-appointment of S. Y. Ghorpade as Managing Director:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions,



if any, of the Companies Act, 2013 and Schedule V thereto and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of S. Y. Ghorpade as Managing Director, who will accordingly be not liable to retire by rotation, for a period of three years with effect from 1 April 2014 upon terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of one part and the said S. Y. Ghorpade of the other part, which draft is available for inspection by the members at the Registered Office of the Company and initialed by the Company Secretary & Chief General Manager (Mines) for the sake of identification and the terms thereof hereby approved, with liberty to the Board (which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time, to alter the said terms and conditions, including the designation, in such manner as may be agreed to between the Company and the said S. Y. Ghorpade, in the best interest of the Company, and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modifications thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company."

**B. Re-appointment of Nazim Sheikh as Joint Managing Director:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of Nazim Sheikh as Joint Managing Director of the Company, who will accordingly be not liable to retire by rotation, for a period of three years with effect from 1 April 2014 upon terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of one part and the said Nazim Sheikh of the other part which draft is available for inspection by the members at the Registered Office of the Company and

initialed by the Company Secretary & Chief General Manager (Mines) for the sake of identification and the terms thereof hereby approved, with liberty to the Board (which term shall be deemed to include any Committee constituted/ to be constituted by the Board) from time to time, to alter the said terms and conditions, including the designation, in such manner as may be agreed to between the Company and the said Nazim Sheikh, in the best interest of the Company, and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modifications thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company."

**C. Re-appointment of S. H. Mohan as Executive Director (Projects):**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of S. H. Mohan as Executive Director (Projects) for a period of three years with effect from 1 April 2014 upon terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of one part and the said S. H. Mohan of the other part which draft is available for inspection by the members at the Registered Office of the Company and initialed by the Company Secretary & Chief General Manager (Mines) for the sake of identification and the terms thereof hereby approved, with liberty to the Board (which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time, to alter the said terms and conditions, including the designation, in such manner as may be agreed to between the Company and the said S. H. Mohan, in the best interest of the Company, and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modification thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company."

**D. Re-appointment of S. R. Sridhar as Executive Director (Mines):**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto and all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of S. R. Sridhar as Executive Director (Mines) for a period of three years with effect from 1 April 2014 upon terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of one part and the said S. R. Sridhar of the other part which draft is available for inspection by the members at the Registered Office of the Company and initialed by the Company Secretary & Chief General Manager (Mines) for the sake of identification and the terms thereof hereby approved, with liberty to the Board (which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time, to alter the said terms and conditions, including the designation, in such manner as may be agreed to between the Company and the said S. R. Sridhar, in the best interest of the Company, and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modification thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company."

**E. Re-appointment of U. R. Acharya as Director (Commercial):**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto and all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the appointment of U. R. Acharya as Director (Commercial) for a period of three years with effect from 1 April 2014 upon the terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of the one part and the said U. R. Acharya of the other part which draft is available for inspection by the members at the Registered Office of the Company and initialed by the Company Secretary & Chief General Manager (Mines)

for the sake of identification and the terms thereof hereby approved, with liberty to the Board (which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time, to alter the said terms and conditions, including the designation, in such manner as may be agreed to between the Company and the said U. R. Acharya, in the best interest of the Company and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modifications thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company."

**F. Re-appointment of K. Raman as Director (Finance):**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V thereto and all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the appointment of K. Raman as Director (Finance) for a period of three years with effect from 1 April 2014 upon the terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of the one part and the said K. Raman of the other part which draft is available for inspection by the members at the Registered Office of the Company and initialed by the Company Secretary & Chief General Manager (Mines) for the sake of identification and the terms thereof hereby approved, with liberty to the Board (which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time, to alter the said terms and conditions, including the designation, in such manner as may be agreed to between the Company and the said K. Raman, in the best interest of the Company and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modifications thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company."

**G. Making investments and giving loans to Jayaalaxmi Mineral Private Limited:**

"RESOLVED THAT pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act 2013, consent of the members of

the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Committee(s) of the Board of Directors or persons authorized by the Board of Directors) to make investments in and give loans to Jayaalaxmi Mineral Private Limited (JMPL) of a sum not exceeding `32 crore, in one or more tranches and take over 76% stake in JMPL, notwithstanding that such investment or such investment together with the company's existing investment in all other bodies corporate shall be in excess of the limits prescribed under Section 186 of the Act.

"RESOLVED FURTHER THAT the aforesaid proposed transaction shall be in addition to the present exposure of the Company by way of loans made, guarantees given, securities provided and / or investments made by the Company and approvals obtained for such purpose."

"RESOLVED FURTHER THAT the aforesaid investment be made by the Company out of internal resources or in such other manner as the Board thinks appropriate and the Board be and is hereby authorized to finalise terms of the aforesaid transactions and to settle any question or doubt and to execute such deeds, agreements, documents and writings and do all such acts, matters, deeds and things as may be necessary or desirable to implement this resolution or otherwise considered by the Board to be in the best interests 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. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. In pursuance of clause 49[IV(E)(1)] 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 91 of the Companies Act, 2013 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, 20<sup>th</sup> September 2014 to Saturday, 27<sup>th</sup> September 2014 (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 account are requested to provide their bank details in the Electronic Clearing Service Mandate attached with 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 Reports as usual. Shareholders wishing to receive the Annual Report in electronic mode are requested to provide their email address to the Company's Share Transfer Agent.
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 9 August 2014 (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                    | 1,48,830.00                                   | 29 September 2010   | 28 October 2017               |
| 2010-11                    | 2,91,125.00                                   | 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 9 August 2014, 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.
9. Voting through electronic means:  
In compliance with provisions of Section 108 of the

Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and the Listing Agreements with the Stock Exchanges, the Company is pleased to provide its members facility to exercise their right to vote at the 60th Annual General Meeting (AGM) by electronic means through e-Voting Services provided by National Securities Depository Limited (NSDL). The instructions for e-voting are as under:

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

| Details  |  |
|----------|--|
| User ID  | For NSDL - 8 characters DP ID + 8 digits demat Client ID.<br>For CDSL - 16 digits Beneficial Owner ID.<br>For Physical - Registered Folio Number with the Company. |
| Password | Your unique password has been provided in the _____ or the e mail forwarded by NSDL.   |

- c. After logging in the aforesaid details the Shareholders holding shares in physical form will be directed to the voting screen immediately. However, Shareholders holding shares in demat logging in for the first time, will be required to mandatorily change their password in the new password field and may choose to enter their demographic details i.e date of birth, mobile number and email id. Change the password with new password of your choice with minimum 8 digits/ characters or combinations thereof. The shareholders are advised to remember the new password. The new password can be used for voting on future e-voting resolution(s) for 'The Sandur Manganese & Iron Ores Limited' or any other company in India.
- d. Home page of "e-voting" opens. Click on "e-voting":- Active Voting Cycles. Select the "Electronic Voting Event Number" (EVEN) of the 'The Sandur Manganese & Iron Ores Limited'.

- e. Now you are ready for "e-voting" as "Cast Vote" page opens. Cast your vote by selecting the appropriate option and click on "Submit" and also "Confirm" when prompted.
- f. Once you have voted on a resolution, you will not be allowed to modify your vote.
- g. You can log in for any number of times till you have voted on all resolutions during the e-voting period 18 September 2014 to 20 September 2014 or till the end of voting period i.e., 20 September 2014 whichever is earlier.
- h. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorised to vote, to the scrutinizer through e-mail at [postalballot@sandurgroup.com](mailto:postalballot@sandurgroup.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). File name of the scanned image should be "Corporate Name\_EVEN". The documents can be sent before/immediately after casting the vote. However, in case the same do not reach before closure of voting, the vote so exercised will be rejected in the system.
- i. In case of queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at "downloads" section for [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on 022-2499 4600.
- j. E-voting period starts from 18 September 2014 and ends on 20 September 2014.
- k. The results shall be declared on or after the AGM of the Company. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website and on the website of NSDL within two days of passing of the resolutions at the AGM of the Company and communicated to the stock exchanges.

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

Md. Abdul Saleem  
CS & CGM (Mines)

Place : Bangalore  
Date : 9 August 2014

## EXPLANATORY STATEMENT

In terms of Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying Notice. Further, in pursuance of clause 49[IV(E)(1)] of the Listing Agreements with the Stock Exchanges particulars of the directors seeking re-appointment is also provided hereunder:

### Item no. 3

U. R. Acharya, born on 18 June 1953, is a graduate in metallurgical engineering from Regional Engineering College, Suratkal and a Post-graduate in Mechanical Engineering from Indian Institute of Science, Bangalore. He joined the Company on 4 March 1976 as an Executive Trainee at the Metal & Ferroalloy Plant and over the past four decades grown to the position of Director (Commercial).

He has rich experience in functional areas of the Company, especially commercial operations entailing developing market for ferruginous low grade manganese ore in China and Japan, developing export market for glass epoxy copper clad laminates and micro circuits.

He is a Director on the Boards of Sandur Laminates Limited (SLL) and OM Sandur (S) Pte Ltd. Also, he is a member of the Audit Committee of Sandur Laminates Limited.

He holds 1,100 equity shares of the Company.

The Company looks forward to his continuance and his involvement in the Company's future plans especially, with regard to developing market potential for Solar Photovoltaic (PV) Modules as envisaged in the Draft Rehabilitation Scheme of the Sandur Laminates Limited, a company promoted by the Company as part of its diversification plans.

Accordingly, the Board recommends the Ordinary Resolution at Item No. 3 for approval of the Members.

### Interest of Directors, Key Managerial Personnel and their relatives

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

### Item no. 5

S. S. Rao, a qualified Electrical Engineer, Postgraduate in Business Administration, Fellow Member of Institution of Engineers (India), Senior Member of IEEE (USA), Member of New York Academy of Sciences, a Chartered Engineer (IE-India), Licensee Insurance Surveyor having over 40 years of expertise in professionally managed, state owned, joint venture with multinational and private sector power companies in all areas

of power generation, EHV transmission and Load Dispatch Control, total Project Management in the execution of projects in independent power production including Commercial, Financial Management and Human Resource functions. He was formerly the Executive Director of JSW Energy Limited and is presently associated with Toshiba-JSW Joint Venture Company.

He is a director on the Boards of Boruka Energy Limited and NCC Infrastructure Holdings Limited. He was co-opted as an additional director on the Board of the Company with effect from 1 September 2013.

He is not holding any shares of the Company.

The Company is in receipt of a notice under Section 160 of the Companies Act, 2013 from a member proposing the appointment of S. S. Rao as a Director on the Board of the Company. In the opinion of the Board, S. S. Rao fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder and he is independent of the management. Also, his vast experience in the power sector will be of immense benefit to the Company which will soon be embarking upon important diversification projects.

Copy of the draft letter for appointment of S. S. Rao as an Independent Director setting out terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours. It may be noted that in accordance with the provisions of sub-section (13) of Section 149 of the Act, S. S. Rao would not be liable to retire by rotation.

The Ordinary Resolution at Item No. 5 for his appointment as Director is proposed and accordingly commended for approval.

### Interest of Directors, Key Managerial Personnel and their relatives

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

### Item no. 6

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

Labour, Administrative Reforms and Home Departments and Additional Chief Secretary. She also held the position of Controller, Indian Satellite Research Organisation (ISRO), Department of Space.

She is a retired I.A.S. officer who has held the position of Chairperson of Bangalore Development Authority, Government of Karnataka (GoK) before her retirement from the Indian Administrative Service on 31 December 2011.

She is a director on the Boards of Ansata Hotels Private Limited and Testco Resorts Private Limited. She was co-opted as an additional director on the Board of the Company with effect from 1 September 2013.

She is not holding any shares of the Company.

The Company is in receipt of a notice under Section 160 of the Companies Act, 2013 from a member proposing the appointment of Vatsala Watsa as a Director on the Board of the Company.

In the opinion of the Board, Vatsala Watsa fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder and she is independent of the management. Also, her rich administrative experience as well as in-depth knowledge of finances will be of immense benefit to the Company.

Further, if appointed, the Company would be complying with the provisions of sub-section (1) of Section 149 of the Companies Act, 2013, which stipulates appointment of at least one woman director on the Board so as to widen the talent pool enabling corporates to benefit from diversified backgrounds with different viewpoints.

Copy of the draft letter for appointment of Vatsala Watsa as an Independent Director setting out terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours. It may be noted that in accordance with the provisions of sub-section (13) of Section 149 of the Act, Vatsala Watsa would not be liable to retire by rotation.

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

### Interest of Directors, Key Managerial Personnel and their relatives

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

### Item no. 7

R. Subramanian, founder-partner of R. Subramanian and

Company, Chartered Accountants is a first class commerce graduate, fellow member of Institute of Chartered Accountants of India (ICAI), associate member of Institute of Cost and Works Accountants of India (ICWAI), Institute of Company Secretaries of India (ICSI) and Institute of Chartered Secretaries (ICS), London. He is also a recipient of gold medal in management accountancy of ICAI. He has held senior positions in finance departments of large industrial enterprises. He has presented research papers in various domestic and international professional conferences / seminars. He is also a nominated Member of Company Law Advisory Committee, Government of India.

R. Subramanian has been on Board of VST Tillers Tractors Limited since 12 October 1990 and Lotus Eye Care Hospital Ltd since 29 September 2009. He is the Chairman of the Audit Committees at both VST Tillers Tractors Limited and Lotus Eye Care Hospital Ltd. Also, he is the President of Hindustan Chamber of Commerce and a Trustee of the Damien India Foundation Trust.

He is currently the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Board. He is holding 200 shares of the Company.

He was appointed as a Director on the Board of the Company on 28 May 2009, liable to retire by rotation in terms of provisions of Section 256 of the Companies Act, 1956. In terms of Section 149(10) of the Companies Act, 2013 and Clause 49 (II)(B)(3) of the Listing Agreements with the stock exchanges, an independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the Company.

The Company is in receipt of a notice under Section 160 of the Companies Act, 2013 from a member proposing the appointment of R. Subramanian as a Director on the Board of the Company.

In the opinion of the Board, R. Subramanian fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder and he is independent of the management. Further, in terms of provisions of sub-section (10) of Section 149 of the Companies Act, 2013, it is proposed to appointment him as an Independent Director of the Company for another term of four consecutive years expiring at the Annual General Meeting for the financial year 2017-18 i.e., before the end of September 2018. It may be noted that in accordance with the provisions of sub-section (13) of Section 149 of the Act, R. Subramanian would not be liable to retire by rotation.



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

The rich experience of R. Subramanian in finance and allied fields would greatly benefit the Company. Accordingly, the Board recommends the Special Resolution at Item No.7 for approval of the Members.

#### Interest of Directors, Key Managerial Personnel and their relatives

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

#### Item no. 8

Pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2011, approval of the members was sought by way of Postal Ballot for re-designation of S. H. Mohan as Executive Director (Projects) and S. R. Sridhar as Executive Director (Mines) and elevation of Aditya Shivrao Ghorpade as Senior General Manager (Plant), Dhananjai Shivrao Ghorpade as Deputy General Manager (Projects) and Mubeen Ahmed Sheriff as Additional General Manager (Commercial) of the Company.

The Company provided its Members an option to vote through any of the two modes i.e. through Postal Ballot or the e-voting facility through National Securities Depository Limited (NSDL). The notice of postal ballot along with Postal Ballot Forms were sent to the Members, whose names appeared in the register of members or list of Beneficial Owners as received from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 23 November 2013. Members opting to vote physically or through electronic mode were required to complete their voting on or before 30 December 2013. The Company had appointed Shri. Parmeswar G. Hegde, Practising Company Secretary as the Scrutinizer for conducting the Postal Ballot.

The Scrutinizer, Shri. P. G. Hegde submitted his report dated 6 January 2014 to the Company stating that he had received 64 postal ballot forms from members holding 63,52,464 shares; all of them were found to be valid. Further, 19 members holding 2,569 shares participated through e-voting, by availing the facility provided by National Securities Depository Limited (NSDL). However, since a member holding 1,100 equity shares participated in e-voting and also physically submitted the

Postal Ballot Form; in terms of clause 4 of the Notice issued in accordance with Section 192A of the Companies Act, 1956, his participation through e-voting was considered invalid and participation by only 18 members holding 1469 shares was considered valid. Therefore, a total of 82 members holding 63,53,933 shares constituting 72.62% of the paid-up share capital of the Company had cast valid votes.

The said report was placed before the Board at its meeting held on 8 February 2014 wherein S. Y. Ghorpade, the Chairman & Managing Director declared the Special Resolutions set out in the Postal Ballot Notice dated 7 November 2013 as having been passed with requisite majority as per the voting result given below:

| Resolution No.1  |         |         |
|--|---------|---------|
| To re-designate S. H. Mohan as Executive Director (Projects)               |         |         |
| Votes in favour of the Resolution  | 6353897 | 99.99%  |
| Votes against the Resolution   | 36      | 0.00%   |
| Total  | 6353933 | 100.00% |
| Resolution No.2  |         |         |
| To re-designate S. R. Sridhar as Executive Director (Mines)                |         |         |
| Votes in favour of the Resolution  | 6353917 | 99.99%  |
| Votes against the Resolution   | 16      | 0.00%   |
| Total  | 6353933 | 100.00% |
| Resolution No.3  |         |         |
| To promote Aditya Shivrao Ghorpade as Senior General Manager (Plant)       |         |         |
| Votes in favour of the Resolution  | 6353912 | 99.99%  |
| Votes against the Resolution   | 21      | 0.00%   |
| Total  | 6353933 | 100.00% |
| Resolution No.4  |         |         |
| To promote Dhananjai Shivrao Ghorpade as Deputy General Manager (Projects) |         |         |
| Votes in favour of the Resolution  | 6353862 | 99.99%  |
| Votes against the Resolution   | 21      | 0.00%   |
| Total  | 6353883 | 100.00% |
| Resolution No.5  |         |         |
| To promote Mubeen Ahmed Sheriff as Additional General Manager (Commercial) |         |         |
| Votes in favour of the Resolution  | 6353912 | 99.99%  |
| Votes against the Resolution   | 21      | 0.00%   |
| Total  | 6353933 | 100.00% |

#### Item no. 9

Pursuant to the provisions of Section 102 and 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreements with the Stock Exchanges approval of the Members was sought by way of Postal Ballot for reappointment of S. Y. Ghorpade as Managing Director, Nazim Sheikh as Joint Managing Director, S. H. Mohan as Executive Director (Projects), S. R. Sridhar as Executive Director (Mines), U. R. Acharya as Director (Commercial), K. Raman as Director (Finance) and to make investments and give loans to Jayaalaxmi Mineral Private Limited.

The Company provided its Members an option to vote through any of the two modes i.e. through Postal Ballot or the e-voting facility through National Securities Depository Limited (NSDL). The notice of postal ballot along with Postal Ballot Forms were sent to the Members, whose names appeared in the register of members or list of Beneficial Owners as received from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on 3 May 2014. Members opting to vote physically or through electronic mode were required to complete their voting on or before 18 June 2014. The Company had appointed Shri. Parmeswar G. Hegde, Practising Company Secretary as the Scrutinizer for conducting the Postal Ballot.

The Scrutinizer, Shri. P. G. Hegde submitted his report dated 25 June 2014 to the Company stating that he had received 93 postal ballot forms from members holding 63,89,300 shares; out of which 91 ballot forms constituting 63,89,266 equity shares were found to be valid and 2 Ballot forms constituting 34 equity shares were declared by the Scrutinizer to be invalid by reason of wrong number of shares mentioned in the Ballot Form. Further, 25 members holding 1,205 shares participated through e-voting, by availing the facility provided by National Securities Depository Limited (NSDL). Therefore, a total of 116 members holding 63,90,471 shares constituting 73.03% of the paid-up share capital of the Company had cast valid votes.

The said report was placed before the Board at its meeting held on 9 August 2014 wherein S. Y. Ghorpade, the Chairman &

Managing Director declared the Special Resolutions set out in the Postal Ballot Notice dated 29 March 2014 as having been passed with requisite majority as per the voting result given below:

|   |           |
|---|-----------|
| (i) Re-appointment of S. Y. Ghorpade as Managing Director :           |           |
| Votes cast in 'FAVOUR' of the resolution                              | 63,90,471 |
| Votes case 'AGAINST' the resolution                                   | 140       |
| Percentage of votes cast in 'FAVOUR'                                  | 99.99%    |
| (ii) Re-appointment of Nazim Sheikh as Joint Managing Director:       |           |
| Votes cast in 'FAVOUR' of the resolution                              | 63,90,471 |
| Votes case 'AGAINST' the resolution                                   | 140       |
| Percentage of votes cast in 'FAVOUR'                                  | 99.99%    |
| (iii) Re-appointment of S. H. Mohan as Executive Director (Projects): |           |
| Votes cast in 'FAVOUR' of the resolution                              | 63,90,471 |
| Votes case 'AGAINST' the resolution                                   | 140       |
| Percentage of votes cast in 'FAVOUR'                                  | 99.99%    |
| (iv) Re-appointment of S. R. Sridhar as Executive Director (Mines):   |           |
| Votes cast in 'FAVOUR' of the resolution                              | 63,90,471 |
| Votes case 'AGAINST' the resolution                                   | 140       |
| Percentage of votes cast in 'FAVOUR'                                  | 99.99%    |
| (v) Re-appointment of U. R. Acharya as Director (Commercial):         |           |
| Votes cast in 'FAVOUR' of the resolution                              | 63,90,471 |
| Votes case 'AGAINST' the resolution                                   | 140       |
| Percentage of votes cast in 'FAVOUR'                                  | 99.99%    |
| (vi) Re-appointment of K. Raman as Director (Commercial):             |           |
| Votes cast in 'FAVOUR' of the resolution                              | 63,90,471 |
| Votes case 'AGAINST' the resolution                                   | 140       |
| Percentage of votes cast in 'FAVOUR'                                  | 99.99%    |
| (vii) To make investments and give loans to JMPL:                     |           |
| Votes cast in 'FAVOUR' of the resolution                              | 63,90,471 |
| Votes case 'AGAINST' the resolution                                   | 140       |
| Percentage of votes cast in 'FAVOUR'                                  | 99.94%    |

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

Md. Abdul Saleem  
CS & CGM (Mines)

Place : Bangalore  
Date : 9 August 2014





# REPORT OF THE DIRECTORS

For the year ended 31 March 2014

Dear Shareholders

The Directors are pleased to present their Report and Audited Statement of Accounts for the year ended 31 March 2014:

## Financial results

| Sl.   | Particulars   | Current Year | Previous Year |
|-------|---|--------------|---------------|
|       |   | (₹ lakh)     |               |
| a)    | Net Sales / Income                                  | 29970.92     | 16,118.92     |
| b)    | Other Income  | 1582.44      | 2,263.92      |
|       | Total   | 31553.36     | 18,382.84     |
| c)    | Expenditure   |              |               |
| (i)   | Variable  | 17904.56     | 8,365.04      |
| (ii)  | Fixed   | 6861.85      | 5,022.69      |
| (iii) | Depreciation/ Amortization                          | 920.59       | 1,125.69      |
| (iv)  | Interest  | 1.57         | 235.97        |
|       | Total   | 25688.57     | 14,749.38     |
| d)    | Profit before taxes                                 | 5864.79      | 3,633.46      |
| e)    | Less:   | 25688.57     | 14,749.38     |
| (i)   | Current Tax   | 1610.00      | 730.00        |
| (ii)  | MAT Credit  | -            | (60.00)       |
| (iii) | Deferred Tax  | 370.00       | (288.00)      |
| (iv)  | Earlier years                                       | -            | -             |
| f)    | Net Profit  | 3884.79      | 3,251.46      |
| g)    | Add: Balance brought forward from the previous year | 28803.84     | 25,552.38     |
| h)    | Profit carried to Balance Sheet                     | 32688.63     | 28,803.84     |

The Company earned profit before tax of ₹5,864.79 lakh after charging ₹920.59 lakh towards depreciation on fixed assets and amortization of mining lease rights and ₹1.57 lakh towards interest.

After taking into account charging off income tax of ₹1610.00 lakh for current year and deferred tax credit of ₹370.00 lakh, the profit for the current year of ₹3,884.79 lakh along with brought forward profits of ₹28,803.84 lakh aggregating to ₹32,688.63 lakh is carried to the Balance Sheet.

## Financial results

|                       | Current Year | Previous Year |
|-----------------------|--------------|---------------|
|                       | (Tonnes)     | (Tonnes)      |
| <b>Manganese Ore:</b> |              |               |
| Production            | 1,02,372     | 25,534        |
| Salvaged from dumps   | -            | -             |
| Internal Consumption  | 30,292       | 16,032        |
| Sales                 | 62,029       | 69,919        |
| <b>Iron Ore:</b>      |              |               |
| Production            | 7,12,362     | 1,58,467      |
| Salvaged for dumps    | 4,05,856     | -             |
| Sales                 | 9,09,956     | 2,33,813      |

With the resumption of mining operations from 25 January 2013, the Company has been able to produce both iron ore and manganese ore up to the limits prescribed by the Central Empowered Committee (CEC) constituted by the Hon'ble Supreme Court and the production of iron ore and manganese ore during the financial year 2013-14 was 7,12,362 and 1,02,372 tonnes respectively as against 1,58,467 and 25,534 tonnes produced during the previous year. Taking into account the ores salvaged from the dumps, the Company sold 9,09,956 tonnes of iron ore and 62,029 tonnes of manganese ore during the year under review.

## Mining operations

In the face of allegations of rampant illegal mining in the state, which brought the industry under the scanner, the mining industry finds itself faced with a host of challenges and pressures. Against the background of urgent need to re-visit and re-draw sustainable mining plan for the state as a whole, the Company finds itself at cross roads of change.

With the acceptance of the recommendation of the Central Empowered Committee, the Hon'ble Supreme Court by order dated 3 September, 2012 allowed the Company to resume mining in both its leases, ML Nos. 2580 and 2581 over an area of 1863.02 hectares and 142.58 hectares respectively, from 24 January 2013.

The Hon'ble Supreme Court passed its final order in this matter on 18 April 2013. In accordance with the order, iron ore and manganese ore produced on resumption of mining operations

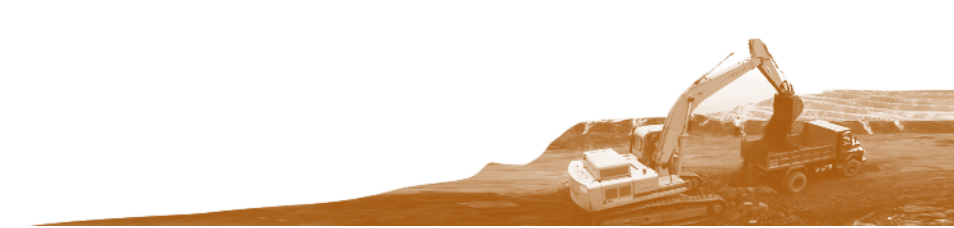
is sold through e-auction by the Monitoring Committee for domestic consumption only. However, the iron ore rejected by the domestic industries has been permitted to be exported at a price not lower than the average price realised by the Monitoring Committee for corresponding grades of fines/lumps of the existing stock of iron ore. Iron ore and manganese ore produced by the Company, required for either captive consumption or its subsidiaries has been exempted from e-auction.

Pursuant to the aforesaid order, 90% of the sale consideration is directly received from the buyer and the balance 10% along with requisite levies is deposited by the buyer with the Monitoring Committee. Further, the Company is ensuring total and strict implementation of the Supplementary Environment Management Plan (SEMP) prescribed for Category 'A' mining leases.

The Government of Karnataka through a Special Purpose Vehicle (SPV) Company is required to implement a Comprehensive Environment Plan for Mining Impact Zone (CEPMIZ). The plan entails 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. The Company being a Category 'A' mining leaseholder was required to provide an undertaking to comply with any liabilities, financial or otherwise, that may arise under the CEPMIZ.

Further, the Hon'ble Supreme Court, to safeguard environment from further degradation, directed the Government of Karnataka to scale down the iron ore production from 82.97 Million Tonnes Per Annum (MTPA) to 25 Million Tonnes (MT) of iron ore from all the mining leases in Bellary District and 5 MT of iron ore from all the mining leases in Chitradurga and Tumkur districts, till the Reclamation & Rehabilitation (R&R) Plans and the proposed CEPMIZ are implemented. Consequently, the Company was directed to restrict the production of iron ore at 0.74 MTPA and manganese ore at 0.1874 MTPA as against the statutory clearances for production of 1.6 MTPA and 0.6 MTPA respectively.

During the year, the Company faced minor setback when it had to suspend its operations briefly on two occasions. The



Company's Mining Leases No. 2580 and 2581, duly renewed (second time) for a period of 20 years effective from 1 January 1994, were due to expire on 31 December 2013. In compliance with the relevant rules, the Company had applied for its renewal on 10 December 2012, more than 12 months prior to its expiry. In pursuance of the rules, the period of Mining Leases stood automatically extended and the Company was entitled to continue its mining operations in the said Mining Leases.

However, without taking cognizance of the aforesaid statutory provisions and ignoring the fact that the Forest Clearance granted in March 2007 for a period of 20 years was valid till December 2026, the mining operations of the Company were suspended by the forest department with effect from 1 January 2014. Following representation made by the Company, the Company was allowed to resume its operations from 20 January 2014. However, in view of a different interpretation of legal provisions by the Ministry of Environment & Forests (MoEF), Government of India, the Company had to once again suspend its mining operations on 29 January 2014. Thereafter, the Company filed an Interlocutory Application before the Hon'ble Supreme Court on 3 February 2014 for resolving the issue pertaining to interpretation of the relevant provisions. Considering the Company's plea, the Hon'ble Supreme Court was pleased to stay the directions of MoEF resulting in permitting the Company to continue its mining operations.

### Dividend

The Company, in the recent past has witnessed a lot of instability in its mining operations. In the crusade against illegal mining, the Hon'ble Supreme Court vide its order dated 29 July 2011 imposed a general ban on mining in the State of Karnataka. The Company though was not involved in any illegalities/irregularities, faced collateral damage and was forced to suspend its operations for over 18 months. The Company was allowed to resume its operations in both the mining leases, when the Hon'ble Supreme Court, vide order dated 3 September 2012, permitted resumption of operations in 18 Category 'A' Mining leases subject to compliance with certain conditions.

Delays in statutory clearances and tardy approvals caused another 5-6 months delay, before the Company could actually resume its operations from 25 January 2013. As reported earlier, drastic reduction in the permissible production limits poses yet another challenge.

Though the Company was confident of sustaining its profits; as

a matter of abundant caution, to meet the exigencies in future, if any, the Board in their financial prudence had decided to conserve the resources and did not recommend any dividend for the financial years ended 31 March 2012 and 31 March 2013. But considering the performance during the financial year ended 31 March 2014, the Board is pleased to recommend a dividend of ₹3/- per share

### Investments

No investments were made during the financial year under review.

### Subsidiary

SMPPL's 32 MW captive thermal power plant situated at Vyasankere, Near Hospet in Bellary District, which commenced its commercial operations on 9 January 2011 is generating 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

The Company witnessed a change in the composition of its Board of Directors. During the year, N. Viswanathan resigned from the directorship on Board with effect from 1 July 2013. The Board appointed B. Ananda Kumar, a non-executive and independent director on 15 July 2013, which was approved by the shareholders at the 59th Annual General Meeting, held on 31 August 2013.

Subsequently, Syed Abdul Aleem and M. S. Rama Rao having attained the retirement age of 75 years (fixed for the non-executive directors), who were also liable to voluntarily retire by rotation at the 59th Annual General Meeting, did not offer themselves for re-appointment. Accordingly, both of them ceased to be directors on the Board of the Company with effect from 31 August 2013. The Company inducted two other non-executive and independent directors namely, S. Seshagini Rao and Vatsala Watsa with effect from 1 September 2013.

U. R. Acharya is liable to retire by rotation and being eligible offers himself for re-election. He is not disqualified from being appointed as director as specified under Section 164 of the Companies Act, 2013.

Further, pursuant to the provisions of Section 149 of the Companies Act, 2013, your directors seek the re-appointment of R. Subramanian as an independent director for a term of four consecutive years up to September 2018.

### 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 2014 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. The Statutory Auditors have already completed the maximum tenure of two terms of five consecutive years for being eligible for re-appointment. However, in terms of proviso to sub-section (2) of Section 139 of the Companies Act, 2013, the Company has three years time for complying with the aforesaid requirement. Accordingly, the re-appointment, if made, would be in compliance with the provisions of Section 139 of the Companies Act, 2013

### 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.

### Cost auditors

In terms of Companies (Cost Accounting Records) Rules, 2011 and Cost Audit Order dated 6 November 2012 issued in supersession of the earlier orders dated 3 May 2011, 30 June 2011 and 24 January 2012, the Company is required to get its cost accounting records audited by a cost auditor.

M/s. K. S. Kamalakara & Co. were appointed as Cost Auditors for the Financial Year 2013-14 by the Board at its meeting held on 30 May 2013, which has been approved by the Central Government.

The due date for filing the Cost Audit Reports for the FY 2013-14 is 30 September 2014.

The Cost Audit Report for the FY 2012-13 was filed with the Ministry of Corporate Affairs on 8 November 2013.

### Corporate social responsibility

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

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 do more for the development of the area and improvement of living conditions of the surrounding rural population. The Company has prepared plans to contribute generally in construction of roads, adopt the Sandur Town and improve internal roads, drains and public toilets (with water) facilities.

As part of its Corporate Social Responsibility (CSR) and as per under taking the given R & R plans, the Company plans to contribute towards developmental activities in the "buffer zone" around its mines, which comprises of 22 villages, and also the town of Sandur. An extensive social survey has been



done in these villages around the Mines where such projects are likely to improve the quality of life of its inhabitants. It is proposed to utilise the facilities of Sandur Laminates Limited (SLL) and Sandur Micro Circuits Limited (SMCL), to provide Street Lighting, Home lighting, Community Centre Lighting, Students Hostel Lighting and Solar Power Pump Sets. These, 'Green Energy Projects' are expected to benefit the inhabitants of the village by way of free and uninterrupted power supply to remote villages; much needed street lighting; power during day time to pump drinking and irrigation water and also, reduce the load on the public utility system and State Electricity Boards.

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. The institutions have been catering to the educational needs of employees' children as well as the children of Sandur and surrounding villages.
- Under Akshaya Patra programme, Company provides free mid-day meals to children studying in some of the aforesaid schools and two government schools at Sandur.
- The Company's Community Health Centre namely "Arogya" at Sandur, meets the medical requirements of employees free of cost and at very affordable and actual cost to the general public of Sandur and other adjacent villages. In association with Vittala of 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 every month a package of essential food grains, to suffice needs of a family of about five, at 1972 prices, to all its employees and 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.

- 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 Practising 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 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 all its employees for their commendable team work and professionalism. And ultimately, we wish to thank all the Government agencies, the promoters, business associates, banks and investors and look forward to their continued support and contribution.

for and on behalf of the Board

S. Y. Ghorpade

Chairman & Managing Director

Place : Bangalore

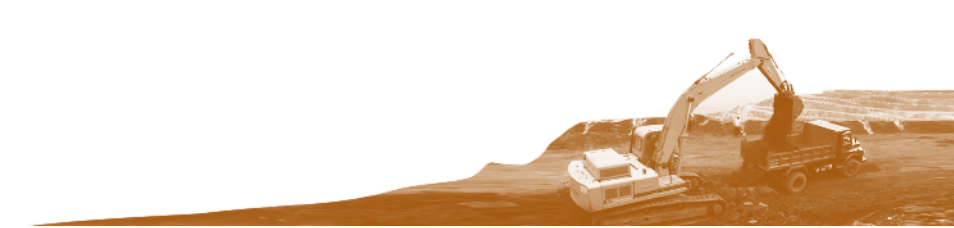
Date : 28 May 2014

## ANNEXURE TO DIRECTORS

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 2014

| Sl. No. | Name           | Age (years) | Designation                   | Gross remuneration (₹Lakh) | Qualification   | Experience (years) | Date of joining           | Previous Employment                              |
|---------|----------------|-------------|-------------------------------|----------------------------|---|--------------------|---------------------------|--|
| 1.      | S. Y. Ghorpade | 73          | Chairman & Managing Director  | 94.99                      | Professional degree of Metallurgical Engineering from Colorado School of Mines, USA | 48                 | 1 Aug 1966                | Tata Engineering and Locomotive Company (TELCO)  |
| 2.      | Nazim Sheikh   | 60          | Joint Managing Director       | 86.94                      | B.E. (Metallurgy)   | 38                 | 2 Aug 1976                | NIL  |
| 3       | S. H. Mohan    | 66          | Executive Director (Projects) | 85.60                      | M. Tech (Mechanical)  | 44                 | 7 Sept 1970 / 15 Nov 1989 | Ispat Profiles India Limited, Pune (1986 - 1989) |





# REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

For the year 203-14

## 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 and implicitly adopts values such as efficiency with transparency and accountability and integrity with fairness and kindness in

Corporate Governance.

## 2. Board of Directors

### ■ Composition and category of Directors

As on 31 March 2014, the Board comprises of twelve members, of whom six are whole-time directors, viz., Chairman & Managing Director, Joint Managing Director, Executive Director (Projects), Executive 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 Directaors       | Category / Designation        | Attendance     |          |
|--------------------------|-------------------------------|----------------|----------|
|                          |                               | Board meetings | Last AGM |
| S. Y. Ghorpade           | Chairman & Managing Director  | 7              | Yes      |
| Nazim Sheikh             | Joint Managing Director       | 7              | Yes      |
| S. H. Mohan              | Executive Director (Projects) | 6              | Yes      |
| Syed Abdul Aleem*        | Non-Executive & Independent   | 2              | No       |
| M. S. Rama Rao*          | Non-Executive & Independent   | 1              | Yes      |
| S. R. Sridhar            | Executive Director (Mines)    | 6              | Yes      |
| N. Viswanathan**         | Non-Executive & Independent   | 1              | No       |
| R. Subramanian           | Non-Executive & Independent   | 7              | Yes      |
| V. Balasubramanian       | Non-Executive & Independent   | 7              | Yes      |
| P. Vishwanatha Shetty    | Non-Executive & Independent   | 5              | No       |
| U. R. Acharya            | Director (Commercial)         | 7              | Yes      |
| K. Raman                 | Director (Finance)            | 7              | Yes      |
| B. Ananda Kumar#         | Non-Executive & Independent   | 5              | Yes      |
| Sattiraju Seshagiri Rao@ | Non-Executive & Independent   | 3              | No       |
| Vatsala Watsa@           | Non-Executive & Independent   | 2              | No       |

\* ceased to be director w.e.f. 31 August 2013 consequent to retirement at the conclusion of 59th AGM

\*\* ceased to be director w.e.f. 1 July 2013 consequent to resignation

# inducted on Board w.e.f. 15 July 2013

@ inducted on w.e.f. 1 September 2013

- Number of directorships and committee memberships held by the directors in domestic public companies as at 31 March 2014 are as indicated below:

| Name of Directaors    | Directorships (Excluding this Company) | Committee Memberships (Excluding this Company) |           |
|-----------------------|--|--|-----------|
|                       |  | As Chairman                                    | As Member |
| S. Y. Ghorpade        |  | -  | -         |
| Nazim Sheikh          |  | -  | -         |
| S. H. Mohan           |  | -  | -         |
| S. R. Sridhar         | 1                                      | -  | -         |
| R. Subramanian        | 2                                      | 2  | 1         |
| V. Balasubramanian    | 4                                      | -  | 3         |
| P. Vishwanatha Shetty | -                                      | -  | -         |
| U. R. Acharya         | 1                                      | -  | 1         |
| K. Raman              | 2                                      | 1  | 1         |
| B. Ananda Kumar       | 1                                      | -  | -         |
| S. S. Rao             | 2                                      | -  | -         |
| Vatsala Watsa         | 0                                      | -  | -         |

- 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 (or Annexure X to the amended 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 seven times during the financial year on 30 May 2013, 1 June 2013, 10 August 2013, 31 August 2013, 7 November 2013, 8 February 2014 and 29 March 2014. The interval between any two successive meetings did not exceed four months.

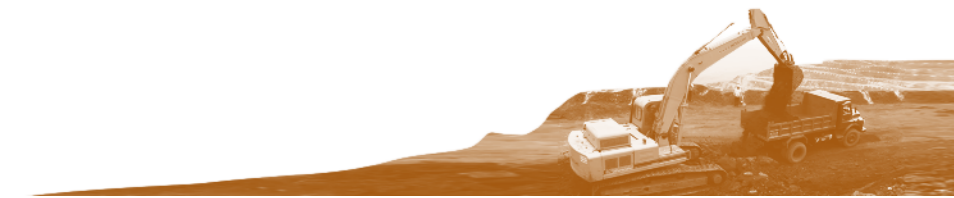
## 3. Audit Committee

- Powers of the Audit Committee:

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

- Terms of reference of the Audit Committee:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.



- b) Recommending the appointment, remuneration and terms of appointment of auditors of the company.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) Reviewing with the management the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, right issues, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer documents/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- h) Approval or any subsequent modification of transactions of the company with related parties.
- i) Scrutiny of inter- corporate loans and investments.
- j) Valuation of undertakings or assets of the company, wherever it is necessary.
- k) Evaluation of internal financial controls and risk management systems.
- l) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- n) Discussion with internal auditors of any significant findings and follow up there on.
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- p) Discussion with statutory auditors before the audit commences of the nature and scope of audit as well as having post-audit discussion to ascertain any area of concern.
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r) To review the functioning of the Whistle Blower mechanism;
- s) Approval of appointment of CFO (i.e., the whole time Finance Director or any other person heading the finance function or discharging that function)

after assessing the qualifications, experience and background, etc. of the candidate;

t) Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

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

| Name                | Designation | Category                    | No. of meetings attended |
|---------------------|-------------|-----------------------------|--------------------------|
| R. Subramanian      | Chairman    | Non-Executive & Independent | 4                        |
| Syed Abdul Aleem*   | Member      | Non-Executive & Independent | 2                        |
| M. S. Rama Rao*     | Member      | Non-Executive & Independent | 1                        |
| N. Viswanathan@     | Member      | Non-Executive & Independent | 1                        |
| V. Balasubramanian# | Member      | Non-Executive & Independent | 2                        |
| B. Ananda Kumar#    | Member      | Non-Executive & Independent | 2                        |
| S. S. Rao#          | Member      | Non-Executive & Independent | 2                        |
| Vatsala Watsa#      | Member      | Non-Executive & Independent | 1                        |

\* Member of the Committee upto 31 August 2013

@ Member of the Committee upto 1 July 2013

# Member of the Committee w.e.f. 1 September 2013

The Audit Committee, at the beginning of the financial year comprised of four non- executive and independent directors, namely, R. Subramanian, Syed Abdul Aleem, M. S. Rama Rao and N. Viswanathan. Due to change in the composition of Board of Directors, as reported in the Directors' Report, the Audit Committee was reconstituted w.e.f., 1 September 2013, with the following directors, namely, R. Subramanian as its Chairman, V. Balasubramanian, B. Ananda Kumar, S. S. Rao and Vatsala Watsa as its members.

The constitution of the Audit Committee was in compliance with the Clause 49(II)(A)(i) of the Listing Agreements with the Stock Exchanges and also, the corresponding Clause 49(III)(A)(1) of the amended Listing Agreements, at all times.

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 (corresponding

to Clause 49(III)(A)(4) of the amended 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 2013-14:**

The Audit Committee met four times during the financial year on 30 May 2013, 10 August 2013, 7 November 2013 and 8 February 2014. The interval between any two successive meetings did not exceed four months. The quorum as required under clause 49(II)(B) [corresponding to clause 49(III)(B) of the amended Listing Agreements] was maintained at all the meetings.

**4. Nomination and 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. In accordance with the provisions of Section 178 of the newly notified Companies Act, 2013 the Committee has been renamed as 'Nominated and Remuneration Committee'.



■ **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 31 August 2013. As on 31 March 2014, the Committee consists of six independent non-executive directors.

P. Vishwanatha Shetty is the Chairman of the Committee, R. Subramanian, V. Balasubramanian, B. Ananda Kumar, S. S. Rao and Vatsala Watsa are its Members.

The Company Secretary acts as Secretary to the Committee.

The Remuneration Committee met once during the financial year on 29 March 2014.

■ **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 were 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 2013-14:** ₹ Lakh

| Name of Director                              | Salary | Perquisites | Contributions* | Term                         |
|---|--------|-------------|----------------|------------------------------|
| S.Y. Ghorpade<br>Chairman & Managing Director | 28.20  | 59.18       | 7.61           | 3 years from<br>1 April 2011 |
| Nazim Sheikh<br>Joint Managing Director       | 25.80  | 54.18       | 6.97           | 3 years from<br>9 April 2011 |
| S. H. Mohan<br>Executive Director (Projects)  | 25.80  | 52.84       | 6.97           | 3 years from<br>1 April 2011 |
| S. R. Sridhar<br>Executive Director (Mines)   | 16.50  | 34.40       | 4.46           | 3 years from<br>1 April 2011 |
| U.R. Acharya<br>Director (Commercial)         | 15.00  | 31.22       | 4.05           | 3 years from<br>9 April 2011 |
| K. Raman<br>Director (Finance)                | 15.00  | 30.44       | 4.05           | 3 years from<br>9 April 2011 |

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 2013-14:**

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 2013-14:**

| Name of Director      | Sitting Fee* (₹) |
|-----------------------|------------------|
| Syed Abdul Aleem      | 50,000           |
| M. S. Rama Rao        | 25,000           |
| N. Viswanathan        | 20,000           |
| R. Subramanian        | 1,15,000         |
| V. Balasubramanian    | 1,15,000         |
| P. Vishwanatha Shetty | 55,000           |
| B. Ananda Kumar       | 85,000           |
| S. S. Rao             | 55,000           |
| Vatsala Watsa         | 35,000           |

\* excluding service tax

None of the independent directors hold any shares in the Company except R. Subramanian and B. Ananda Kumar who hold 200 equity shares and 2378 equity shares in the Company, respectively.

**5. Stakeholders Relationship Committee**

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

The Committee at the beginning of the year consisted of four directors headed by Syed Abdul Aleem, an independent non-executive director, S. Y. Ghorpade, Nazim Sheikh and M. S. Rama Rao. In view of the composition change in the Board of Directors as reported earlier, the Committee has been re-constituted w.e.f. 1 September 2013 with V. Balasubramanian, an independent non-executive director as its Chairman, S. Y. Ghorpade, Nazim Sheikh and B. Ananda Kumar as 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 attends to share transfers and transmissions, issue of fresh share certificates

in lieu of old share certificates lost / mutilated or on transfer, sub-division, consolidation, renewal, exchange etc., subject to the related deeds / documents being in order.

Venture Capital and Corporate Investments Private Limited (VCCIP), 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 Stakeholders Relationship Committee for approval and are also placed before the Board of Directors for ratification at their next meeting.

The Stakeholders Relationship Committee met four times during the financial year on 30 May 2013, 10 August 2013, 7 November 2013 and 8 February 2014. The interval between any two successive meetings did not exceed four months.

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

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

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

| Name                 | Designation | Category                    | No. of meetings attended |
|----------------------|-------------|-----------------------------|--------------------------|
| Syed Abdul Aleem*    | Chairman    | Non-Executive & Independent | 2                        |
| S. Y. Ghorpade       | Member      | Executive Director          | 4                        |
| Nazim Sheikh         | Member      | Executive Director          | 4                        |
| M. S. Rama Rao       | Member      | Non-Executive & Independent | 1                        |
| B. Ananda Kumar      | Member      | Non-Executive & Independent | 2                        |
| V. Balasubramanian** | Chairman    | Non-Executive & Independent | 2                        |

\* Member and Chairman of the Committee upto 31 August 2013

\*\* Member and Chairman w.e.f. 1 September 2013

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

The Company had no complaints pending on 1 April 2013, received two complaints during the year and redressed all the two to the satisfaction of the

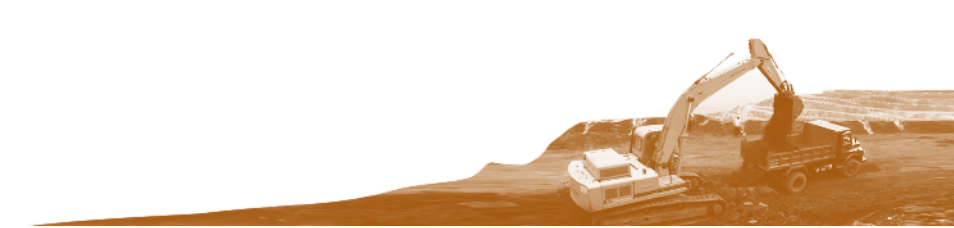
shareholders. No complaints were pending as on 31 March 2014.

There were no pending share transfer requests as on 31 March 2014.

**6. Environment Committee**

Reclamation & Rehabilitation Plans Implementation Review





Committee was constituted on 10 August 2012 for ensuring effective implementation of Reclamation & Rehabilitation (R&R) plans for the Company's Mining Leases No.2580 and 2581.

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

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

The Committee was re-constituted by the Board on 10 August 2013 by nominating K. Raman, Director (Finance) as its member. The Committee consists of five directors with S. Y. Ghorpade, as its Chairman and Nazim Sheikh, S. R. Sridhar, V. Balasubramanian and K. Raman as its members. The Company Secretary acts as Secretary to the Committee.

The Committee has met twice during the financial year on 30 July 2013 and 5 March 2014.

## 7. General Body Meetings

### Location and time of the last three AGMs:

The Annual General Meetings for the last three years were held on 31 August 2013 at 11.00 a.m. 8 September 2012 at 11.00 a.m. and 10 September 2011 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.

- Five special resolutions as set out in the Postal Ballot Notice dated 7 November 2013 were passed with requisite majority on 8 February 2014. Details of the voting result is given below:

| Resolution No. 1<br>To re-designate S. H. Mohan as Executive Director (Projects)               |         |         |
|--|---------|---------|
| Votes in favour of the Resolution  | 6353897 | 99.99%  |
| Votes against the Resolution   | 36      | 0.00%   |
| Total  | 6353933 | 100.00% |
| Resolution No. 2<br>To re-designate S. R. Sridhar as Executive Director (Mines)                |         |         |
| Votes in favour of the Resolution  | 6353917 | 99.99%  |
| Votes against the Resolution   | 16      | 0.00%   |
| Total  | 6353933 | 100.00% |
| Resolution No. 3<br>To promote Aditya Shivrao Ghorpade as Senior General Manager (Plant)       |         |         |
| Votes in favour of the Resolution  | 6353912 | 99.99%  |
| Votes against the Resolution   | 21      | 0.00%   |
| Total  | 6353933 | 100.00% |
| Resolution No. 4<br>To promote Dhananjai Shivrao Ghorpade as Deputy General Manager (Projects) |         |         |
| Votes in favour of the Resolution  | 6353862 | 99.99%  |
| Votes against the Resolution   | 21      | 0.00%   |
| Total  | 6353883 | 100.00% |
| Resolution No. 5<br>To promote Mubeen Ahmed Sheriff as Additional General Manager (Commercial) |         |         |
| Votes in favour of the Resolution  | 6353912 | 99.99%  |
| Votes against the Resolution   | 21      | 0.00%   |
| Total  | 6353933 | 100.00% |

- The Company appointed Parameswar G. Hegde, Practising Company Secretary, as Scrutinizer for conducting the Postal Ballot process
- The Company proposes to pass seven other special resolutions through postal ballot as contained in the Postal Ballot Notice dated 29 March 2014.

## 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

2014.

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; nomination of S. H. Mohan, Executive Director (Projects) of SMIORE as a whole-time director of SMPPL, without entitlement to any remuneration from SMPPL was withdrawn and changed to non-executive director in accordance with Board resolution dated 31 August 2013; Nazim Sheikh - Joint Managing Director as a non-executive director of SMPPL and B. Ananda Kumar, Independent director of SMIORE as non-executive director, in place of M. S. Rama Rao, Independent Director who ceased to be on Board of SMIORE w.e.f. 31 August 2013.

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, were placed before the Audit Committee periodically. Further there were no material individual transactions that are not in normal course of business and not on an arm's length basis. In view of the amended Clause 49, notified by SEBI vide circular

CIR/CFD/POLICY CELL/2/2014 dated 17 April 2014, all prospective related party transactions require prior approval of the Audit Committee and all material related party transaction require shareholders approval by way of special resolution. Accordingly, the Board has in its meeting held on 28 May 2014 adopted a Policy on Related Party Transactions incorporating the above mentioned changes. The Policy also, incorporates the provisions of the newly notified Companies Act, 2013 dealing with Related Party Transactions.

- 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.

- **Whistle Blower Policy:** The Company has put in place a mechanism of reporting illegal or unethical behaviour. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor/notified persons. The reports received from any employee will be reviewed by the audit committee. It is affirmed that no person has been denied access to the audit committee in this respect. The Directors and senior management are to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice.

## 6. 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.

**Listing Fee:** The Company has paid annual listing fee for the year 2014-15 to both the Stock Exchanges where the securities of the Company are listed.

- vii) **Stock Code:** Bombay Stock Exchange Limited (BSE) - 504918  
The Bangalore Stock Exchange Limited (BgSE) - SM

## 7. General Shareholder Information

- Date, Time and Venue of the Annual General Meeting:  
6 September 2014 at 11.00 a.m. at Anuradha Hall, Shivapur, Sandur - 583 119.
- Financial Year: 1 April 2013 to 31 March 2014
- Financial Calendar: (tentative and subject to change)

|  |                          |
|--|--------------------------|
| Financial Reporting for the quarter ending 30 June 2014      | Before 14 August 2014    |
| Financial Reporting for the quarter ending 30 September 2014 | Before 14 November 2014  |
| Financial Reporting for the quarter ending 31 December 2014  | Before 14 February 2015  |
| Financial Reporting for the quarter ending 31 March 2015     | By end of April/May 2015 |

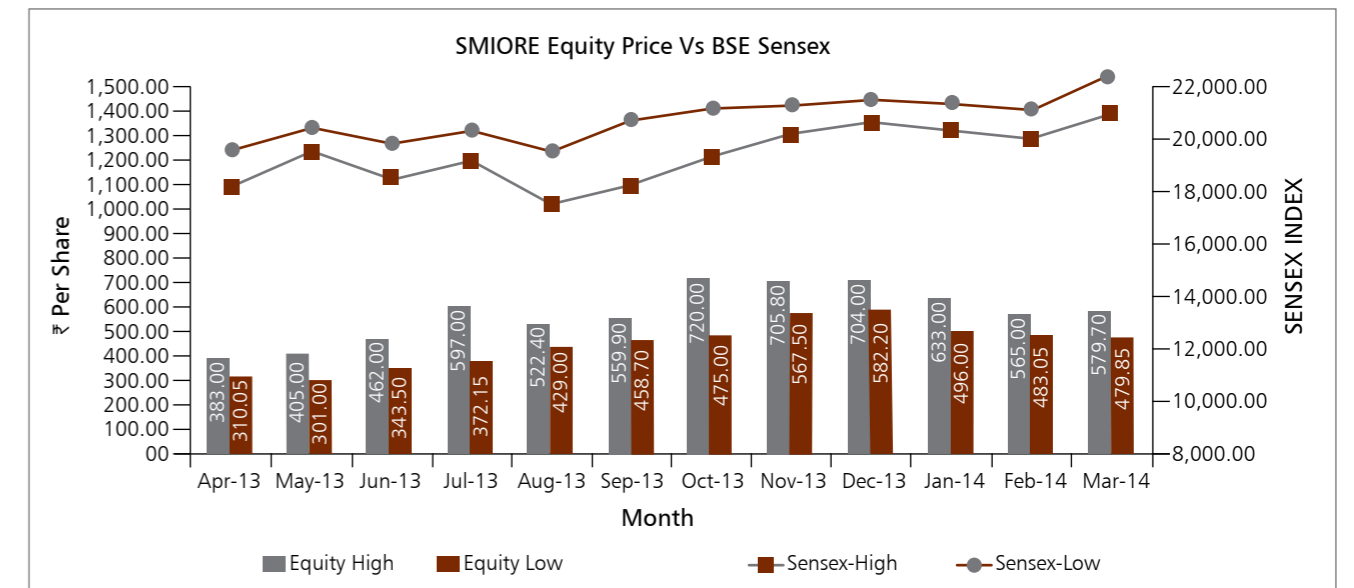
- Dates of Book Closure:** 30 August 2014 to 6 September 2014 (Both days inclusive)
- Dividend Payment Date:** On or after 6 September 2014.
- Listing on Stock Exchanges:** The Company's shares are listed on:
 

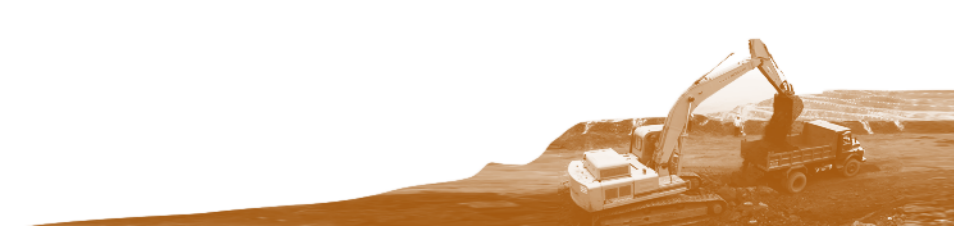
|  |  |
|--|--|
| 1) Bombay Stock Exchange Limited<br>P. J. Towers, Dalal Street<br>MUMBAI - 400 001 | 2) Bangalore Stock Exchange Limited<br>No.51, 1st Cross, J. C. Road<br>BANGALORE - 560 027 |
|--|--|

## 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 2013 | 349.9  | 383.0  | 310.05 | 318.4   | 1,09,789      | 2,786         | 18883                |
| May 2013 | 324.7  | 405.0  | 301    | 376.65  | 2,44,243      | 6,993         | 19947                |
| Jun 2013 | 375.05 | 462.0  | 343.5  | 380.1   | 2,76,692      | 15,243        | 19164                |
| Jul 2013 | 384    | 597.0  | 372.15 | 489.2   | 7,38,505      | 59,823        | 19739                |
| Aug 2013 | 487.7  | 522.4  | 429    | 479.4   | 1,13,516      | 11,935        | 18509                |
| Sep 2013 | 478.0  | 559.9  | 458.7  | 495     | 1,74,350      | 13,798        | 19453                |
| Oct 2013 | 487.05 | 720.0  | 475    | 682.45  | 2,87,631      | 25,590        | 20235                |
| Nov 2013 | 684.85 | 705.8  | 567.5  | 624.35  | 2,04,450      | 25,298        | 20730                |
| Dec 2013 | 634.9  | 704.0  | 582.2  | 619.85  | 2,67,913      | 20,126        | 21026                |
| Jan 2014 | 625.0  | 633.0  | 496    | 500.7   | 2,02,170      | 17,861        | 20877                |
| Feb 2014 | 490.0  | 565.0  | 483.05 | 506.25  | 2,03,935      | 13,430        | 20552                |
| Mar 2014 | 506.0  | 579.7  | 479.85 | 547.15  | 5,75,831      | 37,966        | 21694                |

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





x) Distribution of Equity Shareholding as on 31 March 2014:

| Shareholding of Nominal value of ₹ | No. of shareholders | No. of Shares | % to total Capital |
|------------------------------------|---------------------|---------------|--------------------|
| Upto 5000                          | 6516                | 1186585       | 13.56              |
| 5001                               | 26                  | 192992        | 2.21               |
| 10001                              | 11                  | 156405        | 1.79               |
| 20001                              | 7                   | 164503        | 1.88               |
| 30001                              | 2                   | 63150         | 0.72               |
| 40001                              | 3                   | 147126        | 1.68               |
| 50001                              | 4                   | 331365        | 3.79               |
| 100001                             | 10                  | 6507874       | 74.38              |
| Total                              | 6579                | 8750000       | 100                |

xi) Shareholding pattern as on 31 March 2014:

| Categories  | No. of Shares | % to Total |
|---|---------------|------------|
| Promoters, Directors and their relatives and associates | 6343875       | 72.50      |
| Banks and Financial Institutions                        | 50700         | 0.58       |
| Mutual Funds  | 1250          | 0.01       |
| Insurance Companies                                     | 100000        | 1.14       |
| Foreign Institutional Investors                         | 250           | 0.00       |
| Other bodies corporate                                  | 582713        | 6.66       |
| Public  | 1671212       | 19.10      |
| TOTAL   | 87,50,000     | 100.00     |

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

xiii) **Share Transfer System:** Venture Capital and Corporate Investments Private Limited (VCCIPL), one of the leading SEBI registered Category - I Registrar and Transfer Agents had been appointed as Share Transfer Agent of the Company to process share transfer requests on behalf of the Company with effect from 18 January 2008. The Chairman & 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 2014, 67,99,984 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) [corresponding to Clause 49(IV)(E)(1) of the amended Listing Agreement], particulars of Directors seeking re-appointment are given in the Explanatory Statement of the Notice of the Annual General Meeting to be held on 6th September 2014.

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 2013-14, 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 2013-14 and the same were placed before the Board at its meeting held on 28 May 2014. 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) **Nomination and 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 fulfils 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.

## 7. 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

S. Y. Ghorpade  
Chairman & Managing Director

Place : Bangalore

Date : 28 May 2014





## 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 2014:

- 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 : 28 May 2014

|   |                           |
|---|---------------------------|
| <b>S. Y. Ghorpade</b>                   | <b>K. Raman</b>           |
| <i>Chairman &amp; Managing Director</i> | <i>Director (Finance)</i> |

## 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 2013-14 and the same are being placed before the Board at its meeting held on 28 May 2014.

for The Sandur Manganese & Iron Ores Limited

Place: Bangalore  
Date : 28 May 2014

**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 and Iron Limited ("THE COMPANY"), for the year ended March 31, 2014, as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges. The compliance of condition 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 the compliance of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

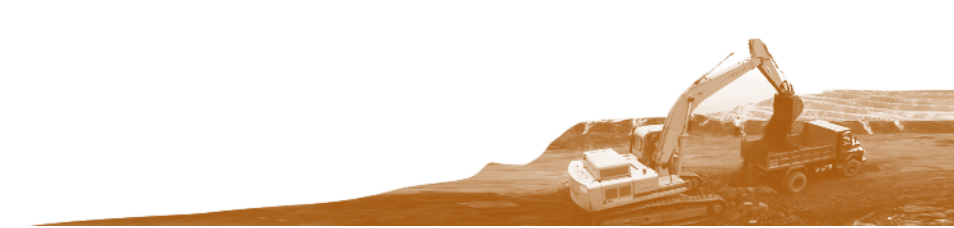
In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in clause 49 of the above mentioned Listing 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. 0080725)

Place: Bangalore  
Date : 28 May 2014

**S Sundaresan**  
*Partner*  
(Membership No. 25776)



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

## 2. Industrial overview, market scenario, opportunities and threats

**Iron ore:** As per the Twelfth Five Year Plan, production of crude steel during 2014-15 is projected to be 104 million tonnes. This will require about 167 million tonnes of iron ore based on the technology mix of the steel production, standard input-output norms and handling losses of raw materials in the process. About 30-32% of the crude steel was produced via induction furnace units which do not require iron ore. India has witnessed a significant decline in its iron ore production from a peak of about 218 million tonnes in FY10 to about 135 million tonnes in FY14. Production during FY15 is set to witness a moderate growth of 10-12% to reach a level of 150 metric tonnes. Growth in production during next year is likely to come from Karnataka and Goa. Production in Odisha will take some time to pick up though the State Government is approving mining leases from deemed status to regular

status expeditiously. The Supreme Court has allowed category A and B mines to operate out of 115 mines in Karnataka in Bellary, Chitradurga and Tumkur districts, only 23 mines have restarted operations with a production capacity of 10 to 12 metric tonnes and the State-owned National Mining Development Corporation is likely to produce another 8 to 9 metric tonnes. The steel industry has an installed capacity of 19 metric tonnes in Karnataka and requires about 40 metric tonnes of iron ore. This includes meeting the needs of the industries set up in the neighbouring states which are dependent on Karnataka. During FY14 production stood at ~20 metric tonnes and is expected to reach 22 to 23 metric tonnes during FY15. In such a scenario, iron ore imports seem inevitable to address the evolving requirements of the steel industry.

Presently, the sale of iron ore is conducted through an e-auction mode and the whole process is overseen by a monitoring committee and, which mandates that there should be no direct long-term tie-ups between producers and end-users. The Ministry of Mines, Government of India, opines that purchase and sale of minerals through the e-auction mode has some inherent advantages – it lends transparency to the whole process, ensures optimum price discovery and guarantees the realisation of accurate royalty for the mineral-bearing states. The Steel Ministry, on the other hand, is gunning for assured linkage of raw materials to the steel industries through the granting of mining leases.

### Manganese ore

Manganese ore production in India has not been able to keep pace with increased demand from manganese alloy sector during last few years. However the demand for manganese ores has maintained a steady growth due to increased production of manganese alloys. Manganese ore production declined from 3.056 million tonnes during 2010-11 to 2.322 million tonnes during 2012-13. Indian

manganese ore production, consisting mostly of medium and lower grades, could only partially meet the domestic demand. This has led to substantial increase in manganese ore imports - from a level of 0.013 metric tonnes during 2005-06 to 0.797 metric tonnes during 2009-10 to 2.326 metric tonnes during 2012-13. In the international market demand has declined due to a slowdown in steel production in China leading to softening of prices. Indian imports manganese mainly (accounting for nearly 90% of the imports) from Gabon, South Africa, Australia and Brazil.

**Manganese alloys:** The increase in the production of both carbon and stainless steel in India over the last decade has led to significant increase in the domestic consumption of ferro alloys. There has been a gradual increase in the production of manganese-based ferro alloys. These ferro alloys are currently at the level of 2 metric tonnes. Manganese alloy production in India has increased faster than domestic consumption rates leading to a situation where India has to export a considerable portion of its manganese alloy production. Likewise, the Sandur Group had exported a considerable portion of its production before the ban came into effect from 2011

## 3. Segment-wise performance

### a) Mining

As of 31 March 2014, the mines under the aegis of the Sandur Group produced 101,812 metric tonnes of manganese ore and sold 62,029 tonnes in the domestic market.

The iron ore mines produced 712,362 tonnes and sold 468,635 tonnes, excluding 405,856 tonnes of sub-grade and 27,439 tonnes of beneficiated iron ore.

### b) Conversion of manganese ore to silico manganese

During the year under review, 18,240 tonnes of silico manganese was manufactured and 18,603 tonnes

were sold resulting in a positive contribution worth Rs. 961,041 lac.

## 4. OUTLOOK, RISKS AND CONCERNS

### Mineral sector

The outlook for the mineral sector is bright with prices remaining firm, despite a slump in the international market for iron ore. Although the global demand for manganese ores witnessed a slump, prices obtainable for SMIORE manganese ore have remained firm and stable due to its superior blendability with imported ore.

Delays in statutory clearances pose a considerable risk in maintaining continuity in production. Various court orders and interpretation of various clauses is a matter of concern. The prospects for manganese alloys remain buoyant and the Group is confident that it will be able to market additional volumes that it has planned to produce.

The Group runs the risk of incurring higher energy costs with the need for procuring imported coal becoming stronger. Although prices of coal have remained stable during last couple of years, countries like Indonesia are trying to restrict their export, leading to higher prices in the future. Coupled with exchange rate risks and higher inland freight, landed costs of coal may go up, leading to a spike in power generation costs.

Non-availability of higher grade manganese ore is a matter of concern. Since the Group has to import high-grade manganese ore to blend with increasing availability of low-grade manganese ore.

## 5. Internal control systems and their adequacy

The Company has well-developed internal control systems and has clearly allocated responsibilities among its executives. The Company has an internal audit department, which independently monitors the compliance with the



approved internal control procedures and exercise of powers as per the approved delegation of powers.

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

## **6. Financial performance**

Information provided in the Directors' Report.

## **7. Material developments in human resources / industrial relations**

As on 1 April 2014, the Company had employee strength of 1,383. During the year, 42 employees were recruited and 40 employees separated from the Company. Including the 446 temporary employees and 9 employees on consolidated remuneration, employee strength at the end of the financial year 2013-14 was 1,838.

The Company has maintained cordial relations with its employees ever since its inception.

for and on behalf of the Board

Place: Bangalore  
Date : 28 May 2014

**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, 2014, 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 the 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) 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 judgement, 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, 2014;
- (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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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)

BANGALORE  
May 28, 2014

S. Sundaresan  
Partner  
(Membership No. 25776)



## 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 (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 the 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 inventory:

- (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 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) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in the Register maintained in pursuance of section 301 of the Act.
- (vi) 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.
- (vii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 and prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (viii) 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, 2014 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, 2014 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) | 2011-2012                          | 112.83                   |
| The Customs Act, 1962        | Customs duty including interest | High Court of Andhra Pradesh             | 1986-2014                          | 310.31                   |
| The Central Excise Act, 1944 | Service tax                     | Supreme Court                            | 2004-2010                          | 316.64                   |

### *Sandur Manganese & Iron Ores Limited*

- (ix) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (x) 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.
- (xi) In our opinion, the Company has maintained adequate documents and records where it has granted loans and advances on the basis of security by way of pledge of shares.
- (xii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xiii) 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.

- (xiv) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

BANGALORE  
May 28, 2014

S. Sundaresan  
Partner  
(Membership No. 25776)





## Balance Sheet as at 31 March 2014

(₹ lakh)

|                                   | Note No.     | As at 31.03.2014 | As at 31.03.2013 |
|-----------------------------------|--------------|------------------|------------------|
| <b>I. EQUITY AND LIABILITIES</b>  |              |                  |                  |
| <b>1 Shareholders' funds</b>      |              |                  |                  |
| (a) Share capital                 | 2            | 875.00           | 875.00           |
| (b) Reserves and surplus          | 3            | 36,806.24        | 33,276.10        |
|                                   |              | 37,681.24        | 34,151.10        |
| <b>2 Non-current liabilities</b>  |              |                  |                  |
| Long-term provisions              | 4            | 946.56           | 969.17           |
| <b>3 Current liabilities</b>      |              |                  |                  |
| (a) Trade payables                |              | 1,874.69         | 1,345.07         |
| (b) Other current liabilities     | 5            | 7,525.63         | 9,222.11         |
| (c) Short-term provisions         | 6            | 595.54           | 398.22           |
|                                   |              | 9,995.86         | 10,965.40        |
|                                   | <b>TOTAL</b> | <b>48,623.66</b> | <b>46,085.67</b> |
| <b>II. ASSETS</b>                 |              |                  |                  |
| <b>1 Non-current assets</b>       |              |                  |                  |
| (a) Fixed assets                  |              |                  |                  |
| (i) Tangible assets               | 7(a)         | 6,721.00         | 6,769.58         |
| (ii) Intangible assets            | 7(b)         | -                | 702.76           |
| (iii) Capital work-in-progress    |              | 354.16           | 1,848.02         |
|                                   |              | 7,075.16         | 9,320.36         |
| (b) Non-current investments       | 8            | 15,048.06        | 15,048.06        |
| (c) Deferred tax assets (net)     | 36           | 2,370.00         | 2,740.00         |
| (d) Long-term loans and advances  | 9            | 6,839.85         | 5,102.68         |
| (e) Other non-current assets      | 10           | 328.10           | 381.97           |
|                                   |              | 31,661.17        | 32,593.07        |
| <b>2 Current assets</b>           |              |                  |                  |
| (a) Current investments           | 11           | 4,541.91         | 4,014.98         |
| (b) Inventories                   | 12           | 3,447.85         | 3,399.43         |
| (c) Trade receivables             | 13           | 5,663.63         | 2,734.01         |
| (d) Cash and bank balances        | 14           | 800.19           | 805.34           |
| (e) Short-term loans and advances | 15           | 2,309.58         | 2,368.84         |
| (f) Other current assets          | 16           | 199.33           | 170.00           |
|                                   |              | 16,962.49        | 13,492.60        |
|                                   | <b>TOTAL</b> | <b>48,623.66</b> | <b>46,085.67</b> |

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  
CS & CGM (Mines)

K. RAMAN  
Director (Finance)

Place: Bangalore  
Date : 28 May, 2014

# Statement of Profit and Loss for the year ended 31 March 2014

(₹ lakh)

|   | Note No.  | 2013-14          | 2012-13          |
|---|-----------|------------------|------------------|
| <b>I. Revenue from operations (gross)</b>                         | <b>17</b> | <b>30,673.44</b> | <b>16,477.35</b> |
| Less: Excise duty   |           | 702.55           | 358.43           |
| Revenue from operations (net)                                     |           | 29,970.89        | 16,118.92        |
| <b>II. Other income</b>   | <b>18</b> | <b>1,582.45</b>  | <b>2,263.92</b>  |
| <b>III. Total revenue (I+II)</b>                                  |           | <b>31,553.34</b> | <b>18,382.84</b> |
| <b>IV. Expenses:</b>  |           |                  |                  |
| (a) Cost of materials consumed                                    | 19        | 1,893.52         | 1,003.98         |
| (b) Changes in inventories of finished goods and work-in-progress | 20        | (284.94)         | 1,486.90         |
| (c) Employee benefits expense                                     | 21        | 3,882.92         | 2,592.09         |
| (d) Finance costs   | 22        | 1.57             | 235.97           |
| (e) Depreciation and amortisation expenses                        | 7(c)      | 920.58           | 1,125.69         |
| (f) Other expenses  | 23        | 19,342.44        | 8,304.75         |
| Total expenses  |           | 25,756.09        | 14,749.38        |
| <b>V. Profit before tax (III-IV)</b>                              |           | <b>5,797.25</b>  | <b>3,633.46</b>  |
| <b>VI. Tax expense/ (benefit) :</b>                               |           |                  |                  |
| (a) Current tax expense   |           | 1,590.00         | 730.00           |
| (b) Minimum Alternate Tax (MAT) credit entitlement                |           | -                | (60.00)          |
| (c) Deferred tax  |           | 370.00           | (288.00)         |
|   |           | 1,960.00         | 382.00           |
| <b>VII. Profit for the year (V-VI)</b>                            |           | <b>3,837.25</b>  | <b>3,251.46</b>  |
| <b>VIII. Earnings per equity share of ₹10 each :</b>              |           |                  |                  |
| Basic and diluted (₹)   | 35        | 43.85            | 37.16            |

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  
CS & CGM (Mines)

K. RAMAN  
Director (Finance)

Place: Bangalore  
Date : 28 May, 2014



## Cash Flow Statement for the year ended 31 March 2014

(₹ lakh)

|  | 2013-14    | 2012-13    |
|--|------------|------------|
| <b>A. Cash flow from operating activities</b>  |            |            |
| Profit before tax  | 5,797.25   | 3,633.46   |
| - Depreciation and amortisation expenses   | 920.58     | 1,125.69   |
| - Assets discarded   | 5.55       | -          |
| - Bad trade receivables written off  | 36.11      | -          |
| - Profit on sale of fixed assets (net)   | -          | (1.26)     |
| - Finance costs  | 1.57       | 235.97     |
| - Interest income  | (45.52)    | (34.51)    |
| - Gain on sale of current investments (net)  | (2.80)     | (0.90)     |
| - Dividend income  | (299.28)   | (81.29)    |
| - Provisions/ liabilities no longer required written back  | (1,200.78) | (2,140.31) |
| Operating profit before working capital changes  | 5,212.68   | 2,736.85   |
| Adjustments for (increase)/ decrease in operating assets:  |            |            |
| - Inventories  | (48.42)    | 1,462.72   |
| - Trade receivables  | (2,965.73) | 2,199.50   |
| - Short-term loans and advances  | 1,685.07   | (1,580.51) |
| - Long-term loans and advances   | (257.37)   | (208.09)   |
| Adjustments for increase/(decrease) in operating liabilities:  |            |            |
| - Trade payables   | 529.62     | (89.97)    |
| - Other current liabilities  | (505.52)   | 314.17     |
| - Short-term provisions  | (33.90)    | 24.06      |
| - Long-term provisions   | (22.62)    | (952.41)   |
| Cash generated from operations   | 3,593.82   | 3,906.32   |
| - Income tax paid  | (3,042.94) | (1,460.37) |
| Net cash flow from operating activities (A)  | 550.88     | 2,445.95   |
| <b>B. Cash flow from investing activities</b>  |            |            |
| Capital expenditure on fixed assets (including capital work-in-progress and advances on capital account) | (400.16)   | (131.99)   |
| Proceeds from sale of fixed assets   | 0.49       | 1.30       |
| Bank balances not considered as cash and cash equivalents  | (62.44)    | (40.09)    |
| (Purchase) / sale of current investments (net)   | (524.13)   | (2,164.08) |
| Interest received  | 41.24      | 26.73      |
| Dividend received from current investments   | 299.28     | 81.29      |
| Net cash used in investing activities (B)  | (645.72)   | (2,226.84) |



## Cash Flow Statement for the year ended 31 March 2014 (Contd...)

(₹ lakh)

|   | 2013-14 | 2012-13 |
|---|---------|---------|
| C. Cash flow from financing activities                          |         |         |
| Finance costs   | (1.57)  | (0.97)  |
| Net cash flow used in financing activities (C)                  | (1.57)  | (0.97)  |
| Net cash flow during the year (A+B+C)                           | (96.41) | 218.14  |
| Cash and cash equivalents (opening balance)                     | 805.34  | 587.20  |
| Cash and cash equivalents (closing balance)                     | 708.93  | 805.34  |
| Increase/ (decrease) in cash and cash equivalents               | (96.41) | 218.14  |
| 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  
CS & CGM (Mines)

K. RAMAN  
Director (Finance)

Place: Bangalore  
Date : 28 May, 2014



## Notes Forming Part of the Financial Statements

### Note 1 - Significant accounting policies

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

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ the 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 1.2. Use of estimates

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

#### 1.3. Fixed assets

Fixed assets are capitalised at acquisition cost including directly attributable cost of bringing the asset to its working condition for the intended use. Certain assets have been revalued as on 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 1956 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 individually, at lower of cost and fair value.

#### 1.8. Inventories

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

# Notes Forming Part of the Financial Statements

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, 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.

## 1.14. Taxation

### Current tax

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





## Notes Forming Part of the Financial Statements

### 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 highly 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 1956 Act. 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 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| <b>i) Authorised</b>   |                              |                              |
| 14,000,000 (As at 31.03.2013 : 14,000,000) equity shares of ₹10 each with voting rights                  | 1,400.00                     | 1,400.00                     |
| 100,000 (As at 31.03.2013 : 100,000) 'B' 16 % (subject to tax) redeemable preference shares of ₹100 each | 100.00                       | 100.00                       |
| <b>ii) Issued, subscribed and fully paid up</b>  |                              |                              |
| Equity shares of ₹10 each with voting rights   | 875.00                       | 875.00                       |
| <b>Total</b>   | <b>875.00</b>                | <b>875.00</b>                |

## 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 |
|--|-----------------|--|-----------------|
| <b>Equity shares with voting rights (Issued, subscribed and fully paid up)</b> |                 |  |                 |
| Year ended 31.03.2014  |                 |  |                 |
| - Number of shares   | 8,750,000       | -  | 8,750,000       |
| - Amount (₹ lakh)  | 875.00          | -  | 875.00          |
| Year ended 31.03.2013  |                 |  |                 |
| - 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                                 | As at 31.03.2014<br>No. of shares held | As at 31.03.2013<br>No. of shares held |
|--|--|--|
| <b>Equity shares with voting rights</b>              |  |  |
| Skand Private Limited                                | 2,032,719                              | 2,047,719                              |
| Sattari Engineering Enterprises Private Limited      | 1,683,121                              | 1,683,121                              |
| Sunshine Real Estate & Constructions Private Limited | 998,100                                | 998,100                                |



## Notes Forming Part of the Financial Statements

### Note 3 - Reserves and surplus

|  | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| Capital redemption reserve   | 100.65                       | 100.65                       |
| Securities premium account   | 967.23                       | 967.23                       |
| General reserve  | 3,404.38                     | 3,404.38                     |
| Add: Transferred from surplus in statement of profit and loss              | 383.73                       | -                            |
| Closing balance  | 3,788.11                     | 3,404.38                     |
| Surplus in statement of profit and loss                                    |                              |                              |
| Opening balance  | 28,803.84                    | 25,552.38                    |
| Add: Profit for the year   | 3,837.25                     | 3,251.46                     |
|  | 32,641.09                    | 28,803.84                    |
| Less:  |                              |                              |
| Transferred to general reserves  | 383.73                       | -                            |
| Dividends proposed to be distributed to equity shareholders (₹3 per share) | 262.50                       | -                            |
| Tax on dividend  | 44.61                        | -                            |
| Closing balance  | 31,950.25                    | 28,803.84                    |
| <b>Total</b>   | <b>36,806.24</b>             | <b>33,276.10</b>             |

### Note 4 - Long-term provisions

|                                    |               |               |
|------------------------------------|---------------|---------------|
| Provision for employee benefits:   |               |               |
| Provision for pension              | 787.13        | 807.36        |
| Provision for compensated absences | 159.43        | 161.81        |
| <b>Total</b>                       | <b>946.56</b> | <b>969.17</b> |

### Note 5 - Other current liabilities

|  |                 |                 |
|--|-----------------|-----------------|
| Payables on purchases of fixed assets        | 12.46           | 2.64            |
| Statutory remittances                        | 6,110.23        | 7,693.50        |
| Provision for gratuity (net) (Refer note 31) | 16.00           | 56.05           |
| Advances from customers                      | 1,013.20        | 1,096.08        |
| Other creditors                              | 373.74          | 373.84          |
| <b>Total</b>                                 | <b>7,525.63</b> | <b>9,222.11</b> |

# Notes Forming Part of the Financial Statements

## Note 6 - Short-term provisions

|  | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| Provision for employee benefits:         |                              |                              |
| Provision for pension                    | 114.32                       | 162.88                       |
| Provision for compensated absences       | 174.11                       | 159.45                       |
|  | <b>288.43</b>                | <b>322.33</b>                |
| Provision for taxation (net of payments) | -                            | 75.89                        |
| Provision for proposed equity dividend   | 262.50                       | -                            |
| Provision for tax on proposed dividend   | 44.61                        | -                            |
|  | <b>307.11</b>                | <b>75.89</b>                 |
|  | <b>595.54</b>                | <b>398.22</b>                |

## Note 7 - Fixed assets

| Description *             | Gross block                     |                             |                           | Accumulated depreciation/ Amortisation |                                |   |                         | Net block                       |                               |                               |
|---------------------------|---------------------------------|-----------------------------|---------------------------|--|--------------------------------|---|-------------------------|---------------------------------|-------------------------------|-------------------------------|
|                           | Balance as at 01.04.2013        | Additions                   | Disposals                 | Balance as at 31.03.2014               | Balance as at 01.04.2013       | Depreciation/ Amortisation expense for the year | On disposals            | Balance as at 31.03.2014        | Balance as at 31.03.2014      | Balance as at 31.03.2013      |
| (a) Tangible assets       |                                 |                             |                           |  |                                |   |                         |                                 |                               |                               |
| Freehold land             | 4,222.26<br>(4,764.24)          | -<br>(175.12)               | -<br>(717.10)             | 4,222.26<br>(4,222.26)                 | -<br>(-)                       | -<br>(-)  | -<br>(-)                | -<br>(-)                        | 4,222.26<br>(4,222.26)        | 4,222.26<br>(4,764.24)        |
| Buildings                 | 1,784.52<br>(855.46)            | 5.71<br>(929.06)            | 4.66<br>(-)               | 1,785.57<br>(1,784.52)                 | 272.37<br>(234.06)             | 74.33<br>(38.31)                                | 3.32<br>(-)             | 343.38<br>(272.37)              | 1,442.19<br>(1,512.15)        | 1,512.15<br>(621.40)          |
| Railway sidings           | 14.28<br>(14.28)                | -<br>(-)                    | -<br>(-)                  | 14.28<br>(14.28)                       | 13.17<br>(12.99)               | 0.15<br>(0.18)                                  | -<br>(-)                | 13.32<br>(13.17)                | 0.96<br>(1.11)                | 1.11<br>(1.29)                |
| Plant and equipment       | 1,836.58<br>(1,754.09)          | 63.57<br>(82.49)            | 102.27<br>(-)             | 1,797.88<br>(1,836.58)                 | 1,056.50<br>(987.73)           | 66.82<br>(68.77)                                | 99.22<br>(-)            | 1,024.10<br>(1,056.50)          | 773.78<br>(780.08)            | 780.08<br>(766.36)            |
| Furniture and fixtures    | 68.77<br>(58.68)                | 5.47<br>(10.09)             | 3.26<br>(-)               | 70.98<br>(68.77)                       | 42.49<br>(36.74)               | 8.91<br>(5.75)                                  | 3.24<br>(-)             | 48.16<br>(42.49)                | 22.82<br>(26.28)              | 26.28<br>(21.94)              |
| Vehicles                  | 441.30<br>(433.21)              | 30.78<br>(8.72)             | 19.23<br>(0.63)           | 452.85<br>(441.30)                     | 285.54<br>(229.89)             | 45.12<br>(56.27)                                | 18.96<br>(0.62)         | 311.70<br>(285.54)              | 141.15<br>(155.76)            | 155.76<br>(203.32)            |
| Office equipment          | 200.08<br>(188.95)              | 69.75<br>(11.24)            | 15.09<br>(0.11)           | 254.74<br>(200.08)                     | 128.14<br>(108.83)             | 22.49<br>(19.39)                                | 13.73<br>(0.08)         | 136.90<br>(128.14)              | 117.84<br>(71.94)             | 71.94<br>(80.12)              |
|                           | <b>8,567.79</b><br>(8,068.91)   | <b>175.28</b><br>(1,216.72) | <b>144.51</b><br>(717.84) | <b>8,598.56</b><br>(8,567.79)          | <b>1,798.21</b><br>(1,610.24)  | <b>217.82</b><br>(188.67)                       | <b>138.47</b><br>(0.70) | <b>1,877.56</b><br>(1,798.21)   | <b>6,721.00</b><br>(6,769.58) | <b>6,769.58</b><br>(6,458.67) |
| (b) Intangible assets     |                                 |                             |                           |  |                                |   |                         |                                 |                               |                               |
| Mining rights (Purchased) | 10,718.31<br>(10,718.31)        | -<br>(-)                    | -<br>(-)                  | 10,718.31<br>(10,718.31)               | 10,015.55<br>(9,078.53)        | 702.76<br>(937.02)                              | -<br>(-)                | 10,718.31<br>(10,015.55)        | -<br>(702.76)                 | 702.76<br>(1,639.78)          |
|                           | <b>10,718.31</b><br>(10,718.31) | -<br>(-)                    | -<br>(-)                  | <b>10,718.31</b><br>(10,718.31)        | <b>10,015.55</b><br>(9,078.53) | <b>702.76</b><br>(937.02)                       | -<br>(-)                | <b>10,718.31</b><br>(10,015.55) | -<br>(702.76)                 | <b>702.76</b><br>(1,639.78)   |

(Previous year figures are in brackets)

\* Owned, unless otherwise stated





## Notes Forming Part of the Financial Statements

|   | 2013 - 14<br>(₹ lakh) | 2012 - 13<br>(₹ lakh) |
|---|-----------------------|-----------------------|
| <b>(c) Depreciation and amortisation expenses</b> |                       |                       |
| Depreciation as per note 7(a)                     | 217.82                | 188.67                |
| Amortisation as per note 7(b)                     | 702.76                | 937.02                |
|   | <b>920.58</b>         | <b>1,125.69</b>       |

### Note 8 - Non-current investments

|   | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|---|------------------------------|------------------------------|
| <b>A. Trade investments (At cost)</b>   |                              |                              |
| <b>Investments in equity instruments in subsidiary company (unquoted)</b>   |                              |                              |
| 75,240,000 (As at 31.03.2013 : 75,240,000) equity shares of ₹10 each fully paid up at a premium of ₹10 per share in Star Metallica and Power Private Limited              | 15,048.00                    | 15,048.00                    |
|   | <b>15,048.00</b>             | <b>15,048.00</b>             |
| <b>B. Other investments (At cost)</b>   |                              |                              |
| <b>Investments in equity instruments in others</b>  |                              |                              |
| Sandur Microcircuits Limited (unquoted) 900,000 (As at 31.03.2013 : 900,000) equity shares of ₹10 each fully paid up  | 90.00                        | 90.00                        |
| Sandur Laminates Limited (quoted) 4,725,191 (As at 31.03.2013 : 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)  | 0.05                         | 0.05                         |
| 2,500 (As at 31.03.2013 : 2,500) equity shares of ₹2 each fully paid up (Market value ₹18.70 lakh (As at 31.03.2013 : ₹15.40 lakh)  |                              |                              |
| <b>Investments in Government or Trust securities (unquoted)</b>   | <b>0.01</b>                  | <b>0.01</b>                  |
|   | <b>969.73</b>                | <b>969.73</b>                |
| <b>Total (A+B)</b>  | <b>16,017.73</b>             | <b>16,017.73</b>             |
| Less : Provision for diminution in the value of Investments   | 969.67                       | 969.67                       |
| <b>Total</b>  | <b>15,048.06</b>             | <b>15,048.06</b>             |
| Aggregate amount of quoted investments  | 0.05                         | 0.05                         |
| Aggregate market value of listed and quoted investments   | 18.70                        | 15.40                        |
| Aggregate amount of unquoted investments  | 15,048.01                    | 15,048.01                    |

# Notes Forming Part of the Financial Statements

## Note 9 - Long-term loans and advances

|  | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| Capital advances (Unsecured and considered good)                       | 249.03                       | 146.28                       |
| Loans and advances to subsidiary company (Secured and considered good) | 1,218.07                     | 1,218.07                     |
| Security deposits (Unsecured and considered good)                      | 93.39                        | 70.55                        |
| Tax payments, net of provisions (Unsecured and considered good)        | 2,402.76                     | 1,025.71                     |
| MAT credit entitlement (Unsecured and considered good)                 | 60.00                        | 60.00                        |
| Advances for strategic alliance  |                              |                              |
| - Secured and considered good  | 600.00                       | 600.00                       |
| - Unsecured and considered good  | 2,216.60                     | 1,982.07                     |
|  | 2,816.60                     | 2,582.07                     |
| <b>Total</b>   | <b>6,839.85</b>              | <b>5,102.68</b>              |

## Note 10 - Other non-current assets

|  |               |               |
|--|---------------|---------------|
| Deposits against guarantees with maturity of more than 12 months from the balance sheet date (Refer note 14) | 328.10        | 356.92        |
| Interest accrued on deposits   | -             | 25.05         |
| <b>Total</b>   | <b>328.10</b> | <b>381.97</b> |

## Note 11 - Current investments

|  | As at 31.03.2014<br>(₹ lakh) |          |       | As at 31.03.2013<br>(₹ lakh) |          |        |
|--|------------------------------|----------|-------|------------------------------|----------|--------|
|  | Quoted                       | Unquoted | Total | Quoted                       | Unquoted | Total  |
| Investments in Mutual Funds<br>(at lower of cost and fair value)   |                              |          |       |                              |          |        |
| Franklin Templeton Fixed Tenure Fund<br>-Series XIV-3Yrs-Plan B Growth<br>Nil units (As at 31.03.2013 : 1,750,000) of ₹10 each | -                            | -        | -     | 175.00                       | -        | 175.00 |
| TATA Fixed Tenure Fund Series 1-Growth<br>Nil units (As at 31.03.2013 : 4,000,000) of ₹10 each                                 | -                            | -        | -     | 400.00                       | -        | 400.00 |
| Reliance Dual Advantage Fixed Tenure Fund-Plan<br>B-Growth Plan<br>Nil units (As at 31.03.2013 : 1,250,000) of ₹10 each        | -                            | -        | -     | 125.00                       | -        | 125.00 |
| Birla Sun Life Capital Protection Oriented Fund Series<br>3 - Growth<br>Nil units (As at 31.03.2013 : 1,500,000) of ₹10 each   | -                            | -        | -     | 150.00                       | -        | 150.00 |
| Religare Capital Protection Oriented Fund Series I -<br>Growth Plan<br>Nil units (As at 31.03.2013 : 2,000,000) of ₹10 each    | -                            | -        | -     | 200.00                       | -        | 200.00 |



## Notes Forming Part of the Financial Statements

### Note 11 - Current investmen (Contd.)

|   | As at 31.03.2014<br>(₹ lakh) |          |        | As at 31.03.2013<br>(₹ lakh) |          |        |
|---|------------------------------|----------|--------|------------------------------|----------|--------|
|   | Quoted                       | Unquoted | Total  | Quoted                       | Unquoted | Total  |
| Sundaram Capital Protection Oriented Fund<br>Series 3-3 Growth<br>1,000,000 units (As at 31.03.2013 : 1,000,000)<br>of ₹10 each                 | 100.00                       | -        | 100.00 | 100.00                       | -        | 100.00 |
| ICICI Prudential Multiple Yield Fund Plan A Cumulative<br>1,000,000 units (As at 31.03.2013 : 1,000,000)<br>of ₹10 each                         | 100.00                       | -        | 100.00 | 100.00                       | -        | 100.00 |
| Sundaram Capital Protection Oriented Fund<br>2 YRS SR1 Growth<br>Nil units (As at 31.03.2013 : 5,000,000) of ₹10 each                           | -                            | -        | -      | 500.00                       | -        | 500.00 |
| Sundaram Capital Protection Oriented Fund<br>3 YRS SR4 Growth<br>1,000,000 units (As at 31.03.2013 : 1,000,000)<br>of ₹10 each                  | 100.00                       | -        | 100.00 | 100.00                       | -        | 100.00 |
| Tata Capital Protection Oriented Fund - Series I - Growth<br>1,500,000 units (As at 31.03.2013 : 1,500,000 units)<br>of ₹10 each                | 150.00                       | -        | 150.00 | 150.00                       | -        | 150.00 |
| Reliance Floating Rate Fund<br>- Short Term Plan-Weekly Dividend Plan<br>Nil (As at 31.03.2013 : 5,108,245 units) of ₹10.08 each                | -                            | -        | -      | 514.98                       | -        | 514.98 |
| DSP BlackRock Income Opportunities Fund - Regular<br>Plan - Growth<br>1,159,529 units (As at 31.03.2013 : 2,708,060 units)<br>of ₹18.46 each    | 200.00                       | -        | 200.00 | 500.00                       | -        | 500.00 |
| Pramerica Credit Opportunities Fund Growth Option<br>61,181 units (As at 31.03.2013 : 61,181 units)<br>of ₹1,144.15 each                        | 700.00                       | -        | 700.00 | 700.00                       | -        | 700.00 |
| DSP BlackRock Dual Advantage Fund<br>-S11-36 Month Regular Plan - Growth<br>3,000,000 units (As at 31.03.2013 : 3,000,000 units)<br>of ₹10 each | 300.00                       | -        | 300.00 | 300.00                       | -        | 300.00 |
| ICICI Prudential Regular Savings Fund Plan<br>4,030,665 units (As at 31.03.2013 : Nil) of ₹12.40 each   | 500.00                       | -        | 500.00 | -                            | -        | -      |
| Arthaveda Star Fund<br>19,775 units (As at 31.03.2013 : Nil) of ₹1000 each  | -                            | 197.75   | 197.75 | -                            | -        | -      |

## Notes Forming Part of the Financial Statements

### Note 11 - Current investmen (Contd.)

|  | As at 31.03.2014<br>(₹ lakh) |               |                 | As at 31.03.2013<br>(₹ lakh) |          |                 |
|--|------------------------------|---------------|-----------------|------------------------------|----------|-----------------|
|  | Quoted                       | Unquoted      | Total           | Quoted                       | Unquoted | Total           |
| Deutsche DWS Hybrid Fixed Term Fund-Series 14- Regular Plan Growth<br>1,000,000 units (As at 31.03.2013 : Nil units) of ₹10 each | 100.00                       | -             | 100.00          | -                            | -        | -               |
| Templeton India corporate Bond Opportunities Fund - Growth<br>4,206,807 units (As at 31.03.2013 : Nil units) of ₹11.89 each      | 500.00                       | -             | 500.00          | -                            | -        | -               |
| Edelweiss Stressed & Troubled assets revival Fund<br>150 units (As at 31.03.2013 : Nil units) of ₹10,000 each                    | -                            | 15.00         | 15.00           | -                            | -        | -               |
| ICICI Pru Corporate Bond PlanA (G)<br>2,784,259 units (As at 31.03.2013 : Nil units) of ₹17.96 each                              | 500.00                       | -             | 500.00          | -                            | -        | -               |
| ICICI Pru MultiYield-Sr.5-PIA-RegG<br>1,000,000 units (As at 31.03.2013 : Nil units) of ₹10 each                                 | 100.00                       | -             | 100.00          | -                            | -        | -               |
| Birla Sun Life Cash Manager - Daily Dividend - Regular plan<br>707,088 units (As at 31.03.2013 : Nil units) of ₹100.43 each      | 709.16                       | -             | 709.16          | -                            | -        | -               |
| HSBC FTS -Series 106 (G)<br>1,000,000 units (As at 31.03.2013 : Nil units) of ₹10 each   | 100.00                       | -             | 100.00          | -                            | -        | -               |
| ICICI Pru CPO V-B Reg (G)<br>1,700,000 units (As at 31.03.2013 : Nil units) of ₹10 each  | 170.00                       | -             | 170.00          | -                            | -        | -               |
| <b>Total</b>   | <b>4,329.16</b>              | <b>212.75</b> | <b>4,541.91</b> | <b>4,014.98</b>              | <b>-</b> | <b>4,014.98</b> |
| Aggregate amount of quoted investments   |                              |               | 4,329.16        |                              |          | 4,014.98        |
| Aggregate market value of listed and quoted investments  |                              |               | 4,689.87        |                              |          | 4,276.92        |
| Aggregate value of listed but not quoted investments   |                              |               | -               |                              |          | -               |
| Aggregate amount of unquoted investments   |                              |               | 212.75          |                              |          | -               |





## Notes Forming Part of the Financial Statements

### Note 12 - Inventories

|   | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|---|------------------------------|------------------------------|
| (At lower of cost and net realisable value)     |                              |                              |
| Raw materials and components                    | 75.05                        | 373.80                       |
| Work-in-progress                                | -                            | 15.11                        |
| Finished goods                                  | 3,198.40                     | 2,898.35                     |
| Stores and spares                               | 174.40                       | 112.17                       |
| <b>Total</b>                                    | <b>3,447.85</b>              | <b>3,399.43</b>              |
| Note : Details of inventory of work-in-progress |                              |                              |
| Silico Manganese                                | -                            | 4.91                         |
| TMT Bars  | -                            | 10.20                        |
|   | -                            | 15.11                        |

### Note 13 - Trade receivables

|   |                 |                 |
|---|-----------------|-----------------|
| (Unsecured and considered good)*  |                 |                 |
| Trade receivables outstanding for a period exceeding six months from the due date       | 1,471.51        | 2,109.54        |
| Other trade receivable  | 4,192.12        | 624.47          |
| * includes ₹1,578.67 lakh (As at 31.03.2013 ₹1,043.93 lakh) due from subsidiary company |                 |                 |
| <b>Total</b>  | <b>5,663.63</b> | <b>2,734.01</b> |

### Note 14 - Cash and bank balances

|  |               |               |
|--|---------------|---------------|
| Cash and cash equivalents  |               |               |
| Cash on hand   | 5.11          | 2.48          |
| In current accounts  | 703.82        | 802.86        |
|  | <b>708.93</b> | <b>805.34</b> |
| <b>Other bank balances</b>   |               |               |
| Deposits against guarantees with maturity of more than 12 months from the balance sheet date | 419.36        | 356.92        |
| Less: Amount disclosed under non-current assets (Note 10)                                    | (328.10)      | (356.92)      |
|  | 91.26         | -             |
| <b>Total</b>   | <b>800.19</b> | <b>805.34</b> |

# Notes Forming Part of the Financial Statements

## Note 15 - Short-term loans and advances

|  | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| (Unsecured and considered good)  |                              |                              |
| Loans and advances to subsidiary company   | -                            | 166.52                       |
| Security deposits  | 14.39                        | 14.69                        |
| Loans and advances to employees (includes ₹ Nil (previous year ₹ Nil lakh) due from director of the company; maximum amount due at any time during the year ₹ Nil lakh (previous year ₹2.66 lakh)) | 25.21                        | 26.35                        |
| Balances with government authorities   | 169.01                       | 106.84                       |
| Advance to vendors   | 2,100.97                     | 2,054.44                     |
| <b>Total</b>   | <b>2,309.58</b>              | <b>2,368.84</b>              |

## Note 16 - Other current assets

|   |               |               |
|---|---------------|---------------|
| Receivables on sale of fixed assets from subsidiary company | 164.00        | 164.00        |
| Interest accrued on deposits                                | 35.33         | 6.00          |
| <b>Total</b>  | <b>199.33</b> | <b>170.00</b> |

## Note 17 - Revenue from operations

|  | 2013-14<br>(₹ lakh)    | 2012-13<br>(₹ lakh) |
|--|------------------------|---------------------|
| Sale of products (Refer note (i) below)  | 30,293.57              | 16,378.41           |
| Other operating revenues (Refer note (ii) below)   | 379.87                 | 98.94               |
| Revenue from operations (gross)  | 30,673.44              | 16,477.35           |
| Less : Excise duty   | 702.55                 | 358.43              |
| Revenue from operations (net)  | <b>Total</b> 29,970.89 | 16,118.92           |
| Notes :  |                        |                     |
| (i) Sale of products comprises:  |                        |                     |
| (a) Manganese ore  | 3,489.65               | 3,932.36            |
| (b) Iron ore (includes ₹4,289.40 lakh (previous year ₹ Nil lakh) from sale of waste dumps) | 17,193.51              | 7,690.90            |
| (c) Silicomanganese  | 9,610.41               | 4,754.62            |
| (d) TMT steel  | -                      | 0.53                |
|  | 30,293.57              | 16,378.41           |
| (ii) Other operating revenues comprises:   |                        |                     |
| (a) Sale of scrap/ waste   | 0.19                   | 1.40                |
| (b) Other miscellaneous receipts   | 379.68                 | 97.54               |
|  | 379.87                 | 98.94               |



## Notes Forming Part of the Financial Statements

### Note 18 - Other income

|   | 2013-14<br>(₹ lakh) | 2012-13<br>(₹ lakh) |
|---|---------------------|---------------------|
| Interest income   |                     |                     |
| - On fixed-deposits with banks  | 41.33               | 31.50               |
| - On long-term deposits   | 4.19                | 3.01                |
|   | 45.52               | 34.51               |
| Dividend income   |                     |                     |
| - On current investments  | 91.42               | 81.18               |
| - On long-term investments  | 207.86              | 0.11                |
|   | 299.28              | 81.29               |
| Gain on sale of current investments (net)   | 2.80                | 0.90                |
| Profit on sale of fixed asset (net)   | -                   | 1.26                |
| Other non operating income  |                     |                     |
| - Provisions/ liabilities no longer required written back   | 1,200.78            | 2,140.31            |
| - Sale of petroleum products (Net of consumption of ₹1,798.64 lakh<br>previous year : ₹1,624.17 lakh) | 34.07               | 5.65                |
|   | 1,234.85            | 2,145.96            |
| <b>Total</b>  | <b>1,582.45</b>     | <b>2,263.92</b>     |

### Note 19 - Cost of materials consumed

|                              |                 |                 |
|------------------------------|-----------------|-----------------|
| Material consumed comprises: |                 |                 |
| Manganese ore                | 435.18          | 72.62           |
| Coke                         | 1,122.85        | 702.16          |
| Charcoal                     | 203.79          | 158.67          |
| Other materials              | 131.70          | 70.53           |
| <b>Total</b>                 | <b>1,893.52</b> | <b>1,003.98</b> |

### Note 20 - Changes in inventories of finished goods and work-in-progress

|  |                 |                 |
|--|-----------------|-----------------|
| Inventories at the beginning of the period |                 |                 |
| Finished goods                             | 2,898.35        | 4,359.33        |
| Work-in-progress                           | 15.11           | 41.03           |
|  | 2,913.46        | 4,400.36        |
| Inventories at the end of the period       |                 |                 |
| Finished goods                             | 3,198.40        | 2,898.35        |
| Work-in-progress                           | -               | 15.11           |
|  | 3,198.40        | 2,913.46        |
| <b>Net (increase)/ decrease</b>            | <b>(284.94)</b> | <b>1,486.90</b> |

# Notes Forming Part of the Financial Statements

## Note 21 - Employee benefits expense

|   | 2013-14<br>(₹ lakh) | 2012-13<br>(₹ lakh) |
|---|---------------------|---------------------|
| Salaries, wages and bonus                                 | 2,199.17            | 1,083.03            |
| Contribution to provident and other funds (Refer note 31) | 166.55              | 201.28              |
| Employee welfare expenses                                 | 1,076.42            | 891.39              |
| Subsidy on food grains                                    | 440.78              | 416.39              |
| <b>Total</b>  | <b>3,882.92</b>     | <b>2,592.09</b>     |

## Note 22 - Finance costs

|   |             |               |
|---|-------------|---------------|
| Interest expense on delayed payment of income tax/ tax deducted at source | 1.57        | 235.97        |
| <b>Total</b>  | <b>1.57</b> | <b>235.97</b> |

## Note 23 - Other expenses

|  |                  |                 |
|--|------------------|-----------------|
| Stores and spares consumed             | 36.44            | 3.35            |
| Subcontracting                         | 5,414.14         | 2,682.52        |
| Power and fuel                         | 14.25            | 4.17            |
| Rent (Refer note 34)                   | 21.79            | 16.71           |
| Repairs and maintenance to:            |                  |                 |
| Plant and machinery                    | 33.82            | 54.75           |
| Buildings                              | 232.88           | 95.25           |
| Others                                 | 201.15           | 197.18          |
|  | 467.85           | 347.18          |
| Mine running expenses                  | 7,866.04         | 1,522.27        |
| Insurance                              | 17.75            | 19.54           |
| Rates and taxes                        | 2,227.40         | 1,697.10        |
| Travelling and conveyance              | 552.67           | 449.83          |
| Freight loading and siding charges     | 521.17           | 187.27          |
| Donations and contributions            | 7.00             | 3.80            |
| Legal and professional (Refer note 37) | 453.87           | 539.07          |
| Assets discarded                       | 5.55             | -               |
| Bad trade receivables written off      | 36.11            | -               |
| Foreign exchange fluctuation (net)     | 0.87             | 0.27            |
| Security charges                       | 232.20           | 230.84          |
| Corporate social responsibility        | 926.48           | 491.92          |
| Miscellaneous expenses                 | 540.86           | 108.91          |
| <b>Total</b>                           | <b>19,342.44</b> | <b>8,304.75</b> |



## 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 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| Stamp duty on net present value includes maximum penalty of ₹4,545.00 lakh (relating to applicability of duty) | -                            | 5,454.00                     |
| Income tax (relating to disallowance of deduction)   | 924.10                       | 924.10                       |
| Service tax (relating to applicability of tax)   | 316.64                       | 316.64                       |
| Customs duty (relating to applicability of tax)  | 232.06                       | -                            |
| Others (relating to applicability of forest lease rental and other matters)                                    | 4.29                         | 2,144.60                     |

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 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|---|------------------------------|------------------------------|
| 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 fulfillment of 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 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 424.26                       | 448.85                       |

### 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<br>as at 31 March, 2014<br>(₹ lakh) | Maximum amount<br>outstanding during<br>the year 2013-14<br>(₹ lakh) |
|--|--------------|--|--|
| Star Metallics and Power Private Limited | Subsidiary   | 1,218.07   | 1,218.07   |
|  |              | (1,218.07)   | (1,218.07)   |

Note: Figures in brackets relate to previous year.



# 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  | 2013-14<br>(₹ lakh) | 2012-13<br>(₹ lakh) |
|--------------|---------------------|---------------------|
| Travel       | 0.58                | 3.47                |
| Others       | -                   | 6.05                |
| <b>Total</b> | <b>0.58</b>         | <b>9.52</b>         |

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

| Raw Materials | 2013-14         |             | 2012-13         |             |
|---------------|-----------------|-------------|-----------------|-------------|
|               | (₹ lakh)        | %           | (₹ lakh)        | %           |
| Imported      | -               | -           | -               | -           |
| Indigenous    | 1,893.52        | 100%        | 1,003.98        | 100%        |
| <b>Total</b>  | <b>1,893.52</b> | <b>100%</b> | <b>1,003.98</b> | <b>100%</b> |

## Note 31 - 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. For the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹120.40 lakh (2012-13 - ₹116.09 lakh) for provident fund contributions and ₹30.14 lakh (2012-13 ₹29.06 lakh) for superannuation fund contributions in the statement of profit and loss as part of contribution to provident and other funds in note 21 and ₹0.68 lakh (2012-13 - ₹0.67 lakh) for employee state insurance scheme contribution included as part of employee welfare expenses in note 21). 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.



## Notes Forming Part of the Financial Statements

### Note 31 - Employee benefit plans: (Contd.)

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

|  | (₹ lakh) |          |
|--|----------|----------|
| Particulars  | 2013-14  | 2012-13  |
| <b>I Net asset/(liability) recognised in the balance sheet</b>   |          |          |
| 1 Present value of funded obligations - A  | 1,370.96 | 1,369.17 |
| 2 Fair value of plan Asset - B   | 1,354.96 | 1,313.12 |
| 3 (Deficit)/ surplus (B-A)   | (16.00)  | (56.05)  |
| 4 Net (asset)/ liability   |          |          |
| - Asset  | -        | -        |
| - Liability  | 16.00    | 56.05    |
| <b>II Expenses recognised to the statement of profit and loss under contribution to provident and other funds in note 21</b> |          |          |
| 1 Current service cost   | 46.63    | 44.22    |
| 2 Interest on defined benefit obligation   | 87.80    | 91.80    |
| 3 Expected return on plan assets   | (84.13)  | (75.39)  |
| 4 Net actuarial losses / (gains) recognised during the year  | (34.29)  | (4.50)   |
| 5 Past service cost  | -        | -        |
| 6 Losses / (gains) on curtailments & settlements   | -        | -        |
| Total  | 16.01    | 56.13    |
| <b>III Actual return on plan assets</b>  | 58.67    | 123.91   |
| <b>IV Change in defined benefit obligation (DBO) during the year</b>   |          |          |
| 1 Present value of DBO at the beginning of the year  | 1,369.17 | 1,260.59 |
| 2 Service cost   | 46.63    | 44.22    |
| 3 Interest cost  | 87.80    | 91.80    |
| 4 Actuarial losses/ (gains)  | (59.75)  | 44.02    |
| 5 Actuarial losses/ (gains) due to curtailment   | -        | -        |
| 6 Benefits paid  | (72.89)  | (71.46)  |
| 7 Present value of DBO at the end of the year  | 1,370.96 | 1,369.17 |
| <b>V Change in fair value of plan assets</b>   |          |          |
| 1 Opening fair value of plan assets  | 1,313.12 | 1,149.67 |
| 2 Expected return  | 84.13    | 75.39    |
| 3 Actuarial gains/ (losses)  | (25.46)  | 48.52    |
| 4 Assets distributed on settlements  | -        | -        |
| 5 Contributions by employer  | 56.06    | 111.00   |
| 6 Benefits paid  | (72.89)  | (71.46)  |
| 7 Closing fair value of plan assets  | 1,354.96 | 1,313.12 |
| <b>VI The major categories of plan assets as a percentage of total plan assets:</b>  |          |          |
| 1 Government of India Securities   | 48.95%   | 29.74%   |

# Notes Forming Part of the Financial Statements

## Note 31 - Employee benefit plans: (Contd.)

(₹ lakh)

| Particulars   | 2013-14      | 2012-13      |
|---|--------------|--------------|
| 2 Corporate bonds   | 44.63%       | 44.32%       |
| 3 Others  | 6.42%        | 25.94%       |
| <b>VII Principal actuarial assumptions:</b>   |              |              |
| 1 Discount rate   | 9.30% pa     | 7.95% 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     |
| <b>VIII Estimate of amount of contribution in the immediate next year</b>   | <b>16.00</b> | <b>56.05</b> |
| 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) Uit tables. |              |              |

| XI Particulars                               | Summary of defined benefit obligation / plan assets and experience adjustments (₹ lakh) |          |          |          |          |
|--|---|----------|----------|----------|----------|
|  | 31.03.14  | 31.03.13 | 31.03.12 | 31.03.11 | 31.03.10 |
| 1 Defined benefit obligation                 | 1,370.96  | 1,369.17 | 1,260.59 | 1,130.22 | 763.95   |
| 2 Plan assets                                | 1,354.96  | 1,313.12 | 1,149.67 | 830.41   | 741.93   |
| 3 Surplus / (deficit)                        | (16.00)   | (56.05)  | (110.92) | (299.81) | (22.02)  |
| 4 Experience adjustments on plan liabilities | 22.51   | 2.82     | 35.89    | 334.39   | (2.67)   |
| 5 Experience adjustments on plan assets      | (25.46)   | 48.52    | 46.21    | (5.39)   | 27.49    |

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

### c) Other long term benefits - Unfunded

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

(₹ lakh)

| Particulars          | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|----------------------|------------------------------|------------------------------|
| Compensated absences |                              |                              |
| -Current             | 174.11                       | 159.45                       |
| -Non-current         | 159.43                       | 161.81                       |
| <b>Total</b>         | <b>333.54</b>                | <b>321.26</b>                |
| Pension              |                              |                              |
| -Current             | 114.32                       | 162.88                       |
| -Non-current         | 787.13                       | 807.36                       |
| <b>Total</b>         | <b>901.45</b>                | <b>970.24</b>                |

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.



## Notes Forming Part of the Financial Statements

### Note 32 - Related party disclosures

#### Name of related parties and description of relationship

|   |                                |   |
|---|--------------------------------|---|
| 1 | Holding Company                | None  |
| 2 | Subsidiary                     | Star Metallics and Power Private Limited  |
| 3 | Key Management Personnel (KMP) | i) S. Y. Ghorpade, Chairman & Managing Director<br>ii) Nazim Sheikh, Joint Managing Director<br>iii) S.H. Mohan, Technical Director<br>iv) S.R.Sridhar, Director (Mines)<br>v) U. R. Acharya, Director (Commercial)<br>vi) K. Raman, Director (Finance) |
| 4 | Relative of KMP                | Aditya Shivrao Ghorpade<br>Dhanunjaya Shivarao Ghorpade<br>Mubeen A Sheriff (w.e.f 1 June 2013)   |

#### a) Subsidiary

| Particulars                                     | (₹ lakh) |          |
|---|----------|----------|
|   | 2013-14  | 2012-13  |
| <b>Transactions during the year</b>             |          |          |
| - Sale of Silicomanganese                       | 2,359.40 | 56.16    |
| - Subcontracting                                | 5,414.14 | 2,682.52 |
| - Purchase of raw material                      | 64.26    | 62.26    |
| <b>Closing balance at the year end</b>          |          |          |
| Amounts receivable                              | 2,960.74 | 2,592.52 |
| Guarantee given on behalf of subsidiary company | 1,050.00 | 1,050.00 |

#### b) Key Management Personnel

| Sl No. | Name of KMP    | (₹ lakh)     |          |            |          |                    |          |
|--------|----------------|--------------|----------|------------|----------|--------------------|----------|
|        |                | Remuneration |          | Commission |          | Total Remuneration |          |
|        |                | 31.03.14     | 31.03.13 | 31.03.14   | 31.03.13 | 31.03.14           | 31.03.13 |
| 1      | S. Y. Ghorpade | 94.99        | 84.93    | 5.30       | -        | 100.29             | 84.93    |
| 2      | Nazim Sheikh   | 86.94        | 78.85    | 5.30       | -        | 92.24              | 78.85    |
| 3      | S. H. Mohan    | 85.61        | 76.54    | 5.30       | -        | 90.91              | 76.54    |
| 4      | S. R. Sridhar  | 55.35        | 49.82    | 5.30       | -        | 60.65              | 49.82    |
| 5      | U.R. Acharya   | 50.27        | 45.20    | 5.30       | -        | 55.57              | 45.20    |
| 6      | K. Raman       | 49.49        | 44.47    | 5.30       | -        | 54.79              | 44.47    |
|        | <b>Total</b>   | 422.65       | 379.81   | 31.80      | -        | 454.45             | 379.81   |

## Notes Forming Part of the Financial Statements

### Note 32 - Related party disclosures (Contd.)

#### c) Key Management Personnel

(₹ lakh)

| Sl No. | Name of KMP    | Amounts payable at the year end |              |
|--------|----------------|---------------------------------|--------------|
|        |                | 31.03.14                        | 31.03.13     |
| 1      | S. Y. Ghorpade | 8.78                            | 4.48         |
| 2      | Nazim Sheikh   | 7.85                            | 5.65         |
| 3      | S. H. Mohan    | 8.66                            | 4.09         |
| 4      | S. R. Sridhar  | 6.38                            | 2.96         |
| 5      | U.R. Acharya   | 4.81                            | 3.15         |
| 6      | K. Raman       | 4.73                            | 3.44         |
|        | <b>Total</b>   | <b>41.21</b>                    | <b>23.77</b> |

#### d) Relative of KMP

(₹ lakh)

| Sl No. | Name of KMP                  | Remuneration |          | Amounts payable at the year end |          |
|--------|------------------------------|--------------|----------|---------------------------------|----------|
|        |                              | 31.03.14     | 31.03.13 | 31.03.14                        | 31.03.13 |
| 1      | Aditya Shivrao Ghorpade      | 14.08        | 9.15     | 2.72                            | 0.63     |
| 2      | Dhanunjaya Shivarao Ghorpade | 10.62        | 7.64     | 0.88                            | 0.43     |
| 3      | Mubeen A. Sherriff           | 7.80         | -        | 0.74                            | -        |





## Notes Forming Part of the Financial Statements

### Note 33 - Segment reporting

#### a) Primary segments (business segments)

(₹ lakh)

| Particulars   | Mining    |           | Ferroalloy & Power |           | Steel    |          | Unallocable |           | Elimination |          | Total      |           |
|---|-----------|-----------|--------------------|-----------|----------|----------|-------------|-----------|-------------|----------|------------|-----------|
|   | 2013-14   | 2012-13   | 2013-14            | 2012-13   | 2013-14  | 2012-13  | 2013-14     | 2012-13   | 2013-14     | 2012-13  | 2013-14    | 2012-13   |
| <b>REVENUE</b>  |           |           |                    |           |          |          |             |           |             |          |            |           |
| External sales  | 21,036.70 | 11,706.55 | 8,909.11           | 4,410.51  | 0.19     | 1.86     | 24.89       | -         | -           | -        | 29,970.89  | 16,118.92 |
| Inter Segment Revenue                                     | 1,007.54  | 601.34    | -                  | -         | -        | -        | -           | -         | (1,007.54)  | (601.34) | -          | -         |
| Total revenue   | 22,044.24 | 12,307.89 | 8,909.11           | 4,410.51  | 0.19     | 1.86     | 24.89       | -         | (1,007.54)  | (601.34) | 29,970.89  | 16,118.92 |
| <b>RESULT</b>   |           |           |                    |           |          |          |             |           |             |          |            |           |
| Segment   | 4,566.05  | 3,841.14  | 1,575.93           | 364.34    | (11.44)  | (1.86)   | -           | -         | -           | -        | 6,130.54   | 4,203.62  |
| Unallocable corporate (expense) / income (net)            | -         | -         | -                  | -         | -        | -        | (331.72)    | (334.19)  | -           | -        | (331.72)   | (334.19)  |
| Operating profit/ (loss)                                  | 4,566.05  | 3,841.14  | 1,575.93           | 364.34    | (11.44)  | (1.86)   | (331.72)    | (334.19)  | -           | -        | 5,798.82   | 3,869.43  |
| Finance costs   | -         | -         | -                  | -         | -        | -        | (1.57)      | (235.97)  | -           | -        | (1.57)     | (235.97)  |
| Profit/ (loss) before taxes                               | 4,566.05  | 3,841.14  | 1,575.93           | 364.34    | (11.44)  | (1.86)   | (333.29)    | (570.16)  | -           | -        | 5,797.25   | 3,633.46  |
| Tax expense   | -         | -         | -                  | -         | -        | -        | (1,960.00)  | (382.00)  | -           | -        | (1,960.00) | (382.00)  |
| Profit/ (loss) for the year                               | 4,566.05  | 3,841.14  | 1,575.93           | 364.34    | (11.44)  | (1.86)   | (2,293.29)  | (952.16)  | -           | -        | 3,837.25   | 3,251.46  |
| <b>OTHER INFORMATION</b>                                  |           |           |                    |           |          |          |             |           |             |          |            |           |
| Segment assets  | 12,203.28 | 11,466.17 | 18,312.08          | 18,368.69 | 2,865.19 | 2,641.53 | 15,243.11   | 13,609.28 | -           | -        | 48,623.66  | 46,085.67 |
| Segment liabilities                                       | 9,598.91  | 9,529.64  | 796.72             | 2,210.18  | 0.31     | 0.73     | 546.50      | 194.02    | -           | -        | 10,942.42  | 11,934.57 |
| Capital expenditure including capital work-in-progress    | 175.41    | 191.99    | 15.22              | -         | -        | -        | 116.60      | 738.98    | -           | -        | 307.23     | 930.97    |
| Depreciation and amortisation expenses                    | 801.15    | 1,037.84  | 26.95              | 26.28     | -        | -        | 92.48       | 61.57     | -           | -        | 920.58     | 1,125.69  |
| Non-cash expense other than depreciation and amortisation | 41.66     | -         | -                  | -         | -        | -        | -           | -         | -           | -        | 41.66      | -         |

Note 1 : Primary business segments have been identified on the basis of distinguishable businesses in which the Company is engaged.

Note 2 : Inter segment transfer from the mining segment is measured at cost.

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

### Note 34 - 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 ₹21.79 lakh (2012-13 ₹16.71 lakh)

## Notes Forming Part of the Financial Statements

### Note 35 - Earnings per share

| Particulars                              | 2013-14   | 2012-13   |
|--|-----------|-----------|
| Net profit after tax - ₹ lakh            | 3,837.25  | 3,251.46  |
| 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 - ₹ | 43.85     | 37.16     |

### Note 36 - Accounting for Taxes on Income

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

| Particulars                                 | (₹ lakh)        |                         |                  |
|---|-----------------|-------------------------|------------------|
|   | Opening balance | Tax effect for the year | As at 31.03.2014 |
| <b>Deferred tax (liability)</b>             |                 |                         |                  |
| Fixed assets                                | (259.52)        | (175.23)                | (84.29)          |
| <b>Sub total</b>                            | <b>(259.52)</b> | <b>(175.23)</b>         | <b>(84.29)</b>   |
| <b>Deferred tax asset</b>                   |                 |                         |                  |
| Provision for employee benefit              | 438.98          | 19.21                   | 419.77           |
| Others                                      | 2,560.54        | 526.02                  | 2,034.52         |
| <b>Sub total</b>                            | <b>2,999.52</b> | <b>545.23</b>           | <b>2,454.29</b>  |
| <b>Net deferred tax asset / (liability)</b> | <b>2,740.00</b> | <b>370.00</b>           | <b>2,370.00</b>  |

### Note 37 - Payment to Auditors : (included under legal and professional note 23)

| Auditor's remuneration         | (₹ lakh) |         |
|--------------------------------|----------|---------|
|                                | 2013-14  | 2012-13 |
| Statutory audit                | 19.00    | 17.00   |
| Tax audit                      | 4.50     | 4.00    |
| Audit of consolidated accounts | 4.00     | 3.50    |
| Fees for other services        | 21.15    | 18.50   |
| Reimbursement of               |          |         |
| - out of pocket expenses       | 0.58     | 0.02    |
| - levies                       | 6.01     | 5.27    |
|                                | 55.24    | 48.29   |



## Notes Forming Part of the Financial Statements

### Note 38 - Production / purchase, sales, opening and closing stock of finished goods

|                  | Opening stock | Production/ purchase | Internal Consumption | Sales     | Closing stock | Quantity tonnes<br>[Excess] / Shortage |
|------------------|---------------|----------------------|----------------------|-----------|---------------|--|
| Manganese Ore    | 60,777        | 102,372              | 30,292               | 62,029    | 69,444        | 1,384                                  |
|                  | (122,481)     | (25,534)             | (16,032)             | (69,919)  | (60,777)      | (1,287)                                |
| Iron Ore         | 200,091       | 712,362              | -                    | 504,100   | 404,419       | 3,934                                  |
|                  | (259,308)     | (158,467)            | (-)                  | (233,813) | (200,091)     | ([16,129])                             |
| Silico-Manganese | 1,396         | 18,241               | -                    | 18,603    | 1,035         | [1]                                    |
|                  | (577)         | (10,244)             | (-)                  | (9,420)   | (1,396)       | (5)                                    |

#### NOTES:

- Iron ore production excludes 405,856 tonnes (previous year: Nil tonnes) salvaged from waste dumps.
- Silico Manganese production includes Nil tonnes (previous year 52 tonnes) salvaged from bunker.
- Previous year figures are in brackets.

#### Note 38

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

Signatures to notes 1 to 39  
for and on behalf of the Board of Directors

**S.Y.GHORPADE**  
*Chairman & Managing Director*

**NAZIM SHEIKH**  
*Joint Managing Director*

**MD. ABDUL SALEEM**  
*CS & CGM (Mines)*

**K. RAMAN**  
*Director (Finance)*

Place: Bangalore

Date : 28 May, 2014

# 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, 2014, 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, 2014;
- (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)

**BANGALORE**  
May 28, 2014

**S. Sundaresan**  
Partner  
(Membership No. 25776)



## Consolidated Balance Sheet as at 31 March 2014

(₹ lakh)

|                                   | Note No.     | As at 31.03.2014 | As at 31.03.2013 |
|-----------------------------------|--------------|------------------|------------------|
| <b>I. EQUITY AND LIABILITIES</b>  |              |                  |                  |
| <b>1 Shareholders' funds</b>      |              |                  |                  |
| (a) Share capital                 | 3            | 875.00           | 875.00           |
| (b) Reserves and surplus          | 4            | 32,855.19        | 29,480.89        |
|                                   |              | 33,730.24        | 30,355.89        |
| <b>2 Minority Interest</b>        |              | 2,688.03         | 2,733.27         |
| <b>3 Non-current liabilities</b>  |              |                  |                  |
| (a) Other long-term liabilities   | 5            | 168.78           | 168.78           |
| (b) Long-term provisions          | 6            | 960.01           | 981.13           |
|                                   |              | 1,128.79         | 1,149.91         |
| <b>4 Current liabilities</b>      |              |                  |                  |
| (a) Trade payables                |              | 5,294.57         | 2,397.86         |
| (b) Other current liabilities     | 7            | 7,938.37         | 9,686.60         |
| (c) Short-term provisions         | 8            | 615.69           | 404.53           |
|                                   |              | 13,848.63        | 12,488.99        |
|                                   | <b>TOTAL</b> | <b>51,395.69</b> | <b>46,728.06</b> |
| <b>II. ASSETS</b>                 |              |                  |                  |
| <b>1 Non-current assets</b>       |              |                  |                  |
| (a) Fixed assets                  |              |                  |                  |
| (i) Tangible assets               | 9(a)         | 22,054.50        | 22,043.60        |
| (ii) Intangible assets            | 9(b)         | -                | 702.76           |
| (iii) Capital work-in-progress    |              | 456.02           | 2,766.87         |
|                                   |              | 22,510.52        | 25,513.23        |
| (b) Goodwill on consolidation     |              | 149.99           | 149.99           |
| (c) Non-current investments       | 10           | 0.06             | 0.06             |
| (d) Deferred tax assets (net)     | 33           | 2,370.00         | 2,740.00         |
| (e) Long-term loans and advances  | 11           | 6,143.35         | 4,265.26         |
| (f) Other non-current assets      | 12           | 536.86           | 575.37           |
|                                   |              | 31,710.78        | 33,243.91        |
| <b>2 Current assets</b>           |              |                  |                  |
| (a) Current investments           | 13           | 4,541.91         | 4,014.98         |
| (b) Inventories                   | 14           | 5,913.57         | 3,985.08         |
| (c) Trade receivables             | 15           | 4,092.10         | 1,840.76         |
| (d) Cash and bank balances        | 16           | 2,088.52         | 1,185.61         |
| (e) Short-term loans and advances | 17           | 2,808.42         | 2,442.72         |
| (f) Other current assets          | 18           | 240.39           | 15.00            |
|                                   |              | 19,684.91        | 13,484.15        |
|                                   | <b>TOTAL</b> | <b>51,395.69</b> | <b>46,728.06</b> |

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  
CS & CGM (Mines)

K. RAMAN  
Director (Finance)

Place: Bangalore  
Date : 28 May, 2014



## Consolidated Statement of Profit and Loss for the year ended 31 March 2014 (₹ lakh)

|   | Note No. | 2013-14   | 2012-13   |
|---|----------|-----------|-----------|
| <b>I. Revenue from operations (gross)</b>                         | 19       | 35,397.11 | 22,267.02 |
| Less: Excise duty   |          | 702.55    | 358.43    |
| Revenue from operations (net)                                     |          | 34,694.56 | 21,908.59 |
| <b>II. Other income</b>   | 20       | 1,758.82  | 2,293.98  |
| <b>III. Total revenue (I + II)</b>                                |          | 36,453.40 | 24,202.57 |
| <b>IV. Expenses:</b>  |          |           |           |
| (a) Cost of materials consumed                                    | 21       | 1,925.32  | 1,045.97  |
| (b) Changes in inventories of finished goods and work-in-progress | 22       | (284.94)  | 1,486.93  |
| (c) Employee benefits expense                                     | 23       | 4,229.63  | 2,819.50  |
| (d) Finance costs   | 24       | 1.72      | 238.81    |
| (e) Depreciation and amortisation expense                         | 9(c)     | 1,779.04  | 1,936.87  |
| (f) Other expenses  | 25       | 23,206.39 | 13,984.24 |
| Total expenses  |          | 30,857.23 | 21,512.32 |
| <b>V. Profit before tax (III-IV)</b>                              |          | 5,596.22  | 2,690.25  |
| <b>VI. Tax expense:</b>   |          |           |           |
| (a) Current tax   |          | 1,590.00  | 730.00    |
| (b) Minimum Alternate Tax (MAT) credit entitlement                |          | -         | (60.00)   |
| (c) Deferred tax  | 33       | 370.00    | (288.00)  |
|   |          | 1,960.00  | 382.00    |
| <b>VII. Profit for the year before minority interest (V-VI)</b>   |          | 3,636.22  | 2,308.25  |
| <b>VIII. Minority Interest</b>                                    |          | (45.24)   | (184.47)  |
| <b>IX. Profit for the year (VII-VIII)</b>                         |          | 3,681.46  | 2,492.72  |
| <b>X. Earnings per equity share of ₹10 each :</b>                 |          |           |           |
| Basic and diluted (₹)   | 32       | 42.07     | 28.49     |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS  
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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  
CS & CGM (Mines)

K. RAMAN  
Director (Finance)

Place: Bangalore  
Date : 28 May, 2014



## Consolidated Cash Flow Statement for the year ended 31 March 2014

(₹ lakh)

|  | 2013-14         | 2012-13           |
|--|-----------------|-------------------|
| <b>A. Cash flow from operating activities</b>  |                 |                   |
| Profit before tax and share of loss of minority interest   | 5,596.22        | 2,690.25          |
| Adjustments for :  |                 |                   |
| - Depreciation and amortisation expense  | 1,779.04        | 1,936.87          |
| - Assets discarded   | 5.55            | -                 |
| - Bad trade receivables written off  | 36.11           | 37.35             |
| - Provisions for doubtful trade receivables and loans & advances   | 0.71            | -                 |
| - Profit on sale of fixed assets (net)   | -               | (1.26)            |
| - Finance costs  | 1.72            | 235.97            |
| - Interest income  | (85.05)         | (61.12)           |
| - Gain on sale of current investments (net)  | (2.80)          | (0.90)            |
| - Dividend income from investments   | (299.28)        | (81.29)           |
| - Provisions/ liabilities no longer required written back  | (1,200.78)      | (2,140.31)        |
| Operating profit before working capital changes  | 5,831.44        | 2,615.56          |
| Adjustments for (increase)/ decrease in operating assets:  |                 |                   |
| - Inventories  | (1,928.49)      | 1,336.80          |
| - Trade receivables  | (2,287.57)      | 2,712.13          |
| - Short-term loans and advances  | 1,259.22        | (1,658.89)        |
| - Other current assets   | (191.46)        | -                 |
| - Long-term loans and advances   | (256.94)        | (235.56)          |
| Adjustments for increase/(decrease) in operating liabilities:  |                 |                   |
| - Trade payables   | 2,896.71        | 461.04            |
| - Other current liabilities  | (529.04)        | 343.75            |
| - Short-term provisions  | (20.06)         | 28.63             |
| - Long-term provisions   | (21.12)         | (948.58)          |
| Cash generated from operations   | 4,752.99        | 4,654.88          |
| - Income tax paid  | (3,122.99)      | (1,497.93)        |
| <b>Net cash flow operating activities (A)</b>  | <b>1,630.00</b> | <b>3,156.95</b>   |
| <b>B. Cash flow from investing activities</b>  |                 |                   |
| Capital expenditure on fixed assets (including capital work-in-progress and advances on capital account) | (590.64)        | (561.74)          |
| Proceeds from sale of fixed assets   | 0.49            | 1.30              |
| Bank balances not considered as cash and cash equivalents  | (128.80)        | (190.30)          |
| (Purchase) / sale of current investments (net)   | (524.13)        | (2,164.08)        |
| Interest received  | 76.17           | 64.77             |
| Dividend received from current investments   | 299.28          | 81.29             |
| <b>Net cash flow used in investing activities (B)</b>  | <b>(867.33)</b> | <b>(2,768.76)</b> |

## Cash Flow Statement for the year ended 31 March 2014 (Contd...)

(₹ lakh)

|  | 2013-14  | 2012-13  |
|--|----------|----------|
| C. Cash flow from financing activities                                       |          |          |
| Interest paid  | (1.72)   | (0.97)   |
| Net cash flow used in financing activities (C)                               | (1.72)   | (0.97)   |
| Net cash flow during the year (A+B+C)  | 760.65   | 387.22   |
| Cash and cash equivalents (opening balance)                                  | 1,085.61 | 698.39   |
| Cash and cash equivalents (closing balance)                                  | 1,846.26 | 1,085.61 |
| Increase/ (decrease) in cash and cash equivalents                            | 760.65   | 387.22   |
| 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  
CS & CGM (Mines)

K. RAMAN  
Director (Finance)

Place: Bangalore  
Date : 28 May, 2014



## Notes Forming Part of the Consolidated Financial Statements

### Note 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 31.03.2013 : 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, 2014 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.

### Note 2 - Significant accounting policies

#### 2.1. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiary (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ the 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

#### 2.2. Use of estimates

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

#### 2.3. Fixed assets

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

#### 2.4. Depreciation/Amortisation

The Group's assets at head office and mines (including assets transferred to plant from these locations) are depreciated on the written down value method and at plant (including assets transferred to other locations from plant) are depreciated on the straight line method at the rates and in manner prescribed in the 1956 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.

# 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 Group'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 consolidated 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 consolidated 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 individually, at lower of cost and fair value.

## 2.8. Inventories

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

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

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

## 2.9. Revenue recognition

Revenue from sale of goods is recognised on 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 consolidated 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 consolidated 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 consolidated 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.





## Notes Forming Part of the Consolidated Financial Statements

Actuarial gains and losses in respect of past employment and other long term benefits are charged to the consolidated 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 Group has identified business segment as its primary segment with secondary information reported geographically.

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

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

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

#### Minimum alternate tax (MAT)

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

### 2.15. Provisions and contingencies:

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes.

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

### 2.16. Operating cycle

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.

# Notes Forming Part of the Consolidated Financial Statements

## Note 3 - Share capital

|   | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|---|------------------------------|------------------------------|
| <b>i) Authorised</b>  |                              |                              |
| 14,000,000 (As at 31.03.2013 : 14,000,000) equity shares of ₹10 each with voting rights                             | 1,400.00                     | 1,400.00                     |
| 100,000 (As at 31.03.2013 : 100,000) 'B' 16 % (subject to tax) redeemable cumulative preference shares of ₹100 each | 100.00                       | 100.00                       |
| <b>ii) Issued, subscribed and fully paid up</b>   |                              |                              |
| Equity shares of ₹10 each with voting rights  | 875.00                       | 875.00                       |
| <b>Total</b>  | <b>875.00</b>                | <b>875.00</b>                |

Notes :

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

| Particulars   | Opening balance | Fresh issue/ Bonus/ ESOP/<br>Conversion/ Buy back/<br>Other changes | Closing balance |
|---|-----------------|---|-----------------|
| <b>Equity share with voting rights (Issued, subscribed and fully paid up)</b> |                 |   |                 |
| Year ended 31.03.2014   |                 |   |                 |
| - Number of shares  | 8,750,000       | -   | 8,750,000       |
| - Amount (₹ lakh)   | 875.00          | -   | 875.00          |
| Year ended 31.03.2013   |                 |   |                 |
| - 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                                 | As at 31.03.2014<br>No. of shares held | As at 31.03.2013<br>No. of shares held |
|--|--|--|
| <b>Equity shares with voting rights</b>              |  |  |
| Skand Private Limited                                | 2,032,719                              | 2,047,719                              |
| Sattari Engineering Enterprises Private Limited      | 1,683,121                              | 1,683,121                              |
| Sunshine Real Estate & Constructions Private Limited | 998,100                                | 998,100                                |



## Notes Forming Part of the Consolidated Financial Statements

### Note 4 - Reserves and surplus

|  | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| Capital redemption reserve   | 100.65                       | 100.65                       |
| Securities premium account   | 967.23                       | 967.23                       |
| General reserves   |                              |                              |
| General reserves   | 3,404.38                     | 3,404.38                     |
| Add : Transferred from surplus in statement of profit and loss             | 383.73                       | -                            |
| Closing balance  | 3,788.11                     | 3,404.38                     |
| Less : Utilised/transferred during the year for:                           |                              | -                            |
| Issuing bonus shares   |                              |                              |
| Others   |                              | -                            |
| Closing Balance  | 3,788.11                     | 3,404.38                     |
| Surplus in statement of profit and loss                                    |                              |                              |
| Opening balance  | 25,008.63                    | 22,515.91                    |
| Add : Profit for the year  | 3,681.46                     | 2,492.72                     |
| Closing balance  | 28,690.09                    | 25,008.63                    |
| Less:  |                              |                              |
| Transferred to general reserves  | 383.73                       | -                            |
| Dividends proposed to be distributed to equity shareholders (₹3 per share) | 262.50                       | -                            |
| Tax on dividend  | 44.61                        | -                            |
| Closing balance  | 27,999.20                    | 25,008.63                    |
| <b>Total</b>   | <b>32,855.24</b>             | <b>29,480.89</b>             |

### Note 5 - Other long-term liabilities

|  |               |               |
|--|---------------|---------------|
| Interest accrued but not due on borrowings | 168.78        | 168.78        |
| <b>Total</b>                               | <b>168.78</b> | <b>168.78</b> |

### Note 6 - Long-term provisions

|  |               |               |
|--|---------------|---------------|
| Provision for employee benefits:         |               |               |
| Provision for pension                    | 787.13        | 807.36        |
| Provision for compensated absences       | 167.09        | 167.67        |
| Provision for gratuity (Refer note 28 b) | 5.79          | 6.10          |
| <b>Total</b>                             | <b>960.01</b> | <b>981.13</b> |

# Notes Forming Part of the Consolidated Financial Statements

## Note 7 - Other current liabilities

|  | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| Payables on purchases of fixed assets              | 330.84                       | 423.70                       |
| Statutory remittances                              | 6,125.86                     | 7,733.74                     |
| Provision for gratuity (net) (Refer note 28 b)     | 16.00                        | 56.05                        |
| Advances from customers                            | 1,016.48                     | 1,098.27                     |
| Other creditors                                    | 373.74                       | 373.84                       |
| Recovery from employees on behalf of third parties | -                            | -                            |
| Others   | -                            | -                            |
| Trade/ security deposits received                  | 1.00                         | 1.00                         |
| Retention money payable                            | 74.45                        | -                            |
| <b>Total</b>                                       | <b>7,938.37</b>              | <b>9,686.60</b>              |

## Note 8 - Short-term provisions

|  |               |               |
|--|---------------|---------------|
| Provision for employee benefits:               |               |               |
| Provision for pension                          | 114.32        | 162.88        |
| Provision for gratuity (net) (Refer note 28 b) | 9.82          | 2.22          |
| Provision for compensated absences             | 184.44        | 163.54        |
|  | <b>308.58</b> | <b>328.64</b> |
| Provision for taxation (net of payments)       | -             | 75.89         |
| Provision for proposed equity dividend         | 262.50        | -             |
| Provision for tax on proposed equity dividend  | 44.61         | -             |
|  | <b>307.11</b> | <b>75.89</b>  |
| <b>Total</b>                                   | <b>615.69</b> | <b>404.53</b> |



## Notes Forming Part of the Consolidated Financial Statements

### Note 9 - Fixed assets

(₹ lakh)

| Description *             | Gross block              |                        |                    | Accumulated depreciation / amortisation |                          |   |                  | Net block                |                          |                          |
|---------------------------|--------------------------|------------------------|--------------------|---|--------------------------|---|------------------|--------------------------|--------------------------|--------------------------|
|                           | Balance as at 01.04.2013 | Additions              | Disposals          | Balance as at 31.03.2014                | Balance as at 01.04.2013 | Depreciation/ Amortisation expense for the year | On disposals     | Balance as at 31.03.2014 | Balance as at 31.03.2014 | Balance as at 31.03.2013 |
| (a) Tangible assets       |                          |                        |                    |   |                          |   |                  |                          |                          |                          |
| Freehold land**           | 5,577.61<br>(6,119.59)   | -<br>(175.12)          | -<br>(717.10)      | 5,577.61<br>(5,577.61)                  | -<br>(-)                 | -<br>(-)  | -<br>(-)         | -<br>(-)                 | (5,577.61)<br>(5,577.61) | 5,577.61<br>(6,119.59)   |
| Buildings and roads       | 3,574.39<br>(2,476.57)   | 10.15<br>(1,097.82)    | 4.66<br>(-)        | 3,579.88<br>(3,574.39)                  | 417.72<br>(313.46)       | 143.20<br>(104.26)                              | 3.32<br>(-)      | 557.60<br>(417.72)       | 3,022.28<br>(3,156.67)   | 3,156.67<br>(2,163.11)   |
| Railway sidings           | 14.28<br>(14.28)         | -<br>(-)               | -<br>(-)           | 14.28<br>(14.28)                        | 13.18<br>(13.00)         | 0.15<br>(0.18)                                  | -<br>(-)         | 13.33<br>(13.18)         | 0.95<br>(1.10)           | 1.10<br>(1.28)           |
| Plant and equipment       | 15,853.41<br>(15,740.29) | 947.37<br>(113.12)     | 102.27<br>(-)      | 16,698.51<br>(15,853.41)                | 2,877.00<br>(2,070.40)   | 845.19<br>(806.60)                              | 99.22<br>(-)     | 3,622.97<br>(2,877.00)   | 13,075.54<br>(12,976.41) | 12,976.41<br>(13,669.89) |
| Vehicles                  | 461.91<br>(453.82)       | 30.78<br>(8.72)        | 19.23<br>(0.63)    | 473.46<br>(461.91)                      | 292.79<br>(235.18)       | 47.08<br>(58.23)                                | 18.96<br>(0.62)  | 320.91<br>(292.79)       | 152.55<br>(169.12)       | 169.12<br>(218.64)       |
| Furniture and fixtures    | 121.98<br>(109.74)       | 28.75<br>(12.24)       | 3.26<br>(-)        | 147.47<br>(121.98)                      | 54.60<br>(44.61)         | 16.70<br>(9.99)                                 | 3.24<br>(-)      | 68.06<br>(54.60)         | 79.41<br>(67.38)         | 67.38<br>(65.13)         |
| Office equipment          | 226.59<br>(207.09)       | 76.17<br>(19.61)       | 15.09<br>(0.11)    | 287.67<br>(226.59)                      | 131.28<br>(110.77)       | 23.96<br>(20.59)                                | 13.73<br>(0.08)  | 141.51<br>(131.28)       | 146.16<br>(95.31)        | 95.31<br>(96.32)         |
|                           | 25,830.17<br>(25,121.38) | 1,093.22<br>(1,426.63) | 144.51<br>(717.84) | 26,778.88<br>(25,830.17)                | 3,786.57<br>(2,787.42)   | 1,076.28<br>(999.85)                            | 138.47<br>(0.70) | 4,724.38<br>(3,786.57)   | 22,054.50<br>(22,043.60) | 22,043.60<br>(22,333.96) |
| (b) Intangible assets     |                          |                        |                    |   |                          |   |                  |                          |                          |                          |
| Mining rights (Purchased) | 10,718.31<br>(10,718.31) | -<br>(-)               | -<br>(-)           | 10,718.31<br>(10,718.31)                | 10,015.55<br>(9,078.53)  | 702.76<br>(937.02)                              | -<br>(-)         | 10,718.31<br>(10,015.55) | -<br>(702.76)            | 702.76<br>(1,639.78)     |
|                           | 10,718.31<br>(10,718.31) | -<br>(-)               | -<br>(-)           | 10,718.31<br>(10,718.31)                | 10,015.55<br>(9,079.53)  | 702.76<br>(937.02)                              | -<br>(-)         | 10,718.31<br>(10,015.55) | -<br>(702.76)            | 702.76<br>(1,639.78)     |

\* Owned, unless otherwise stated

\*\* Includes land given on operating lease amounting to ₹ Nil (As at 31.03.2013: ₹22.86 lakh)  
(Previous year figures are in brackets)

(₹ lakh)

|  | For the year ended<br>March 31, 2014 | For the year ended<br>March 31, 2013 |
|--|--------------------------------------|--------------------------------------|
| (c) Depreciation and amortisation expenses |                                      |                                      |
| Depreciation as per 9(a)                   | 1,076.28                             | 999.85                               |
| Amortisation as per 9(b)                   | 702.76                               | 937.02                               |
|  | 1,779.04                             | 1,936.87                             |

# Notes Forming Part of the Consolidated Financial Statements

## Note 10 - Non-current investments

|  | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| <b>Investments in equity instruments</b>   |                              |                              |
| Sandur Micro circuits Limited (unquoted)   |                              |                              |
| 900,000 (As at 31.03.2013 : 900,000) equity shares of ₹10 each fully paid up   | 90.00                        | 90.00                        |
| Sandur Laminates Limited (quoted)  |                              |                              |
| 4,725,191 (As at 31.03.2013 : 4,725,191) equity shares of ₹10 each fully paid up<br>(Market value not ascertained as there was no trading) | 879.67                       | 879.67                       |
| HDFC Bank Limited (quoted)   | 0.05                         | 0.05                         |
| 2,500 (As at 31.03.2013 : 2,500) equity shares of ₹2 each fully paid up<br>(Market value of ₹ 18.70 lakh (As at 31.03.2013: ₹ 15.40 lakh)  |                              |                              |
|  | 969.72                       | 969.72                       |
| <b>Investments in Government or Trust securities (unquoted)</b>  | 0.01                         | 0.01                         |
|  | 969.73                       | 969.73                       |
| Less : Provision for diminution in the value of Investments  | 969.67                       | 969.67                       |
|  | 0.06                         | 0.06                         |
| Aggregate amount of quoted investments   | 0.05                         | 0.05                         |
| Aggregate market value of quoted investments   | 18.70                        | 15.40                        |
| Aggregate amount of unquoted investments   | 0.01                         | 0.01                         |

## Note 11 - Long-term loans and advances

|   |                 |                 |
|---|-----------------|-----------------|
| Capital advances (Unsecured and considered good)                | 310.33          | 146.28          |
| Security deposits (unsecured and considered good)               | 334.51          | 313.43          |
| Tax payments, net of provisions (unsecured and considered good) | 2,620.58        | 1,163.48        |
| MAT credit entitlement (Unsecured and considered good)          | 60.00           | 60.00           |
| Pre-paid expenses (Unsecured and considered good)               | 1.33            | -               |
| Advances for strategic alliance                                 |                 |                 |
| - Secured and considered good                                   | 600.00          | 600.00          |
| - Unsecured and considered good                                 | 2,216.60        | 1,982.07        |
|   | 2,816.60        | 2,582.07        |
| <b>Total</b>  | <b>6,143.35</b> | <b>4,265.26</b> |

## Note 12 - Other non-current assets

|   |               |               |
|---|---------------|---------------|
| Deposits against guarantee with maturity of more than 12 months from the balance sheet date (Refer note 16) | 536.86        | 550.32        |
| Interest accrued on deposits  | -             | 25.05         |
| <b>Total</b>  | <b>536.86</b> | <b>575.37</b> |





## Notes Forming Part of the Consolidated Financial Statements

### Note 13 - Current investments

|   | As at 31.03.2014<br>(₹ lakh) |          |        | As at 31.03.2013<br>(₹ lakh) |          |        |
|---|------------------------------|----------|--------|------------------------------|----------|--------|
|   | Quoted                       | Unquoted | Total  | Quoted                       | Unquoted | Total  |
| <b>Investments in Mutual Funds<br/>(At lower of cost and fair value)</b>  |                              |          |        |                              |          |        |
| Franklin Templeton Fixed Tenure Fund -Series XIV-3Yrs-Plan B Growth<br>Nil units (As at 31.03.2013 : 1,750,000) of ₹10 each   | -                            | -        | -      | 175.00                       | -        | 175.00 |
| TATA Fixed Tenure Fund Series 1-Growth<br>Nil units (As at 31.03.2013 : 4,000,000) of ₹10 each                                | -                            | -        | -      | 400.00                       | -        | 400.00 |
| Reliance Dual Advantage Fixed Tenure Fund-Plan B-Growth Plan<br>Nil units (As at 31.03.2013 : 1,250,000) of ₹10 each          | -                            | -        | -      | 125.00                       | -        | 125.00 |
| Birla Sun Life Capital Protection Oriented Fund Series 3 - Growth<br>Nil units (As at 31.03.2013 : 1,500,000) of ₹10 each     | -                            | -        | -      | 150.00                       | -        | 150.00 |
| Religare Capital Protection Oriented Fund Series I - Growth Plan<br>Nil units (As at 31.03.2013 : 2,000,000) of ₹10 each      | -                            | -        | -      | 200.00                       | -        | 200.00 |
| Sundaram Capital Protection Oriented Fund Series 3-3 Growth<br>1,000,000 units (As at 31.03.2013 : 1,000,000) of ₹10 each     | 100.00                       | -        | 100.00 | 100.00                       | -        | 100.00 |
| ICICI Prudential Multiple Yield Fund Plan A Cumulative<br>1,000,000 units (As at 31.03.2013 : 1,000,000) of ₹10 each          | 100.00                       | -        | 100.00 | 100.00                       | -        | 100.00 |
| Sundaram Capital Protection Oriented Fund 2 YRS SR1 Growth<br>Nil units (As at 31.03.2013 : 5,000,000) of ₹10 each            | -                            | -        | -      | 500.00                       | -        | 500.00 |
| Sundaram Capital Protection Oriented Fund 3 YRS SR4 Growth<br>1,000,000 units (As at 31.03.2013 : 1,000,000) of ₹10 each      | 100.00                       | -        | 100.00 | 100.00                       | -        | 100.00 |
| Tata Capital Protection Oriented Fund - Series I - Growth<br>1,500,000 units (As at 31.03.2013 : 1,500,000 units) of ₹10 each | 150.00                       | -        | 150.00 | 150.00                       | -        | 150.00 |
| Reliance Floating Rate Fund - Short Term Plan-Weekly Dividend Plan<br>Nil (As at 31.03.2013 : 5,108,245 units) of ₹10.08 each | -                            | -        | -      | 514.98                       | -        | 514.98 |

## Notes Forming Part of the Consolidated Financial Statements

### Note 13 - Current investmen (Contd.)

|   | As at 31.03.2014<br>(₹ lakh) |          |        | As at 31.03.2013<br>(₹ lakh) |          |        |
|---|------------------------------|----------|--------|------------------------------|----------|--------|
|   | Quoted                       | Unquoted | Total  | Quoted                       | Unquoted | Total  |
| DSP BlackRock Income Opportunities Fund - Regular Plan - Growth<br>1,159,529 units (As at 31.03.2013 : 2,708,060 units) of ₹18.46 each    | 200.00                       | -        | 200.00 | 500.00                       | -        | 500.00 |
| Pramerica Credit Opportunities Fund Growth Option<br>61,181 units (As at 31.03.2013 : 61,181 units) of ₹1,144.15 each                     | 700.00                       | -        | 700.00 | 700.00                       | -        | 700.00 |
| DSP BlackRock Dual Advantage Fund -S11-36 Month Regular Plan - Growth<br>3,000,000 units (As at 31.03.2013 : 3,000,000 units) of ₹10 each | 300.00                       | -        | 300.00 | 300.00                       | -        | 300.00 |
| ICICI Prudential Regular Savings Fund Plan<br>4,030,665 units (As at 31.03.2013 : Nil) of ₹12.40 each                                     | 500.00                       | -        | 500.00 | -                            | -        | -      |
| Arthaveda Star Fund<br>19,775 units (As at 31.03.2013 : Nil) of ₹1000 each  | -                            | 197.75   | 197.75 | -                            | -        | -      |
| DWS Hybrid Fixed Term Fund-Series 14- Regular Plan Growth<br>1,000,000 units (As at 31.03.2013 : Nil units) of ₹10 each                   | 100.00                       | -        | 100.00 | -                            | -        | -      |
| Templeton India corporate Bond Opportunities Fund - Growth<br>4,206,807 units (As at 31.03.2013 : Nil units) of ₹11.89 each               | 500.00                       | -        | 500.00 | -                            | -        | -      |
| Edelweiss Stressed & Troubled assets revival Fund<br>150 units (As at 31.03.2013 : Nil units) of ₹10,000 each                             | -                            | 15.00    | 15.00  | -                            | -        | -      |
| ICICI Pru Corporate Bond PlanA (G)<br>2,784,259 units (As at 31.03.2013 : Nil units) of ₹17.96 each                                       | 500.00                       | -        | 500.00 | -                            | -        | -      |
| ICICI Pru MultiYield-Sr.5-PIA-RegG<br>1,000,000 units (As at 31.03.2013 : Nil units) of ₹10 each  | 100.00                       | -        | 100.00 | -                            | -        | -      |
| Birla Sun Life Cash Manager - Daily Dividend - Regular plan<br>707,088 units (As at 31.03.2013 : Nil units) of ₹100.43 each               | 709.16                       | -        | 709.16 | -                            | -        | -      |



## Notes Forming Part of the Consolidated Financial Statements

### Note 13 - Current investment (Contd.)

|   | As at 31.03.2014<br>(₹ lakh) |               |                 | As at 31.03.2013<br>(₹ lakh) |          |                 |
|---|------------------------------|---------------|-----------------|------------------------------|----------|-----------------|
|   | Quoted                       | Unquoted      | Total           | Quoted                       | Unquoted | Total           |
| HSBC FT S -Series 106 (G)<br>1,000,000 units (As at 31.03.2013 : Nil units) of ₹10 each | 100.00                       | -             | 100.00          | -                            | -        | -               |
| ICICI Pru CPO V-B Reg (G)<br>1,700,000 units (As at 31.03.2013 : Nil units) of ₹10 each | 170.00                       | -             | 170.00          | -                            | -        | -               |
| <b>Total</b>  | <b>4,329.16</b>              | <b>212.75</b> | <b>4,541.91</b> | <b>4,014.98</b>              | <b>-</b> | <b>4,014.98</b> |
| Aggregate amount of quoted investments  |                              |               | 4,329.16        |                              |          | 4,014.98        |
| Aggregate market value of listed and quoted investments                                 |                              |               | 4,689.87        |                              |          | 4,276.92        |
| Aggregate value of listed but not quoted investments                                    |                              |               | -               |                              |          | -               |
| Aggregate amount of unquoted investments  |                              |               | 212.75          |                              |          | -               |

### Note 14 - Inventories

|  | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| (At lower of cost and net realisable value)  |                              |                              |
| Raw Materials and components (includes ₹2,183 lakh (As at 31.03.2013 ₹168.14 lakh) of material in transit) | 2,285.87                     | 867.49                       |
| Work-in-progress (Refer note below)  | -                            | 15.11                        |
| Finished goods   | 3,198.40                     | 2,898.35                     |
| Stores and spares  | 429.30                       | 204.13                       |
| <b>Total</b>   | <b>5,913.57</b>              | <b>3,985.08</b>              |
| Note : Details of inventories of work-in-progress  |                              |                              |
| Silico Manganese   | -                            | 4.91                         |
| TMT Bars   | -                            | 10.20                        |
|  | -                            | 15.11                        |

### Note 15 - Trade receivables

|   |                 |                 |
|---|-----------------|-----------------|
| (Unsecured)   |                 |                 |
| Trade receivables outstanding for a period exceeding more than six months from the due date |                 |                 |
| Considered good   | 428.42          | 1,065.94        |
| Considered doubtful   | 37.43           | 37.31           |
|   | 465.85          | 1,103.25        |
| Less: Provision for doubtful trade receivables  | 37.43           | 37.31           |
|   | 428.42          | 1,065.94        |
| Other trade receivable (considered good)  | 3,663.68        | 774.82          |
|   | 3,663.68        | 774.82          |
| <b>Total</b>  | <b>4,092.10</b> | <b>1,840.76</b> |

# Notes Forming Part of the Consolidated Financial Statements

## Note 16 - Cash and bank balances

|   | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|---|------------------------------|------------------------------|
| <b>Cash and cash equivalents</b>  |                              |                              |
| Cash on hand  | 5.64                         | 2.98                         |
| Balances with banks   |                              |                              |
| - In current accounts   | 1,780.62                     | 990.63                       |
| - In deposit accounts   | 60.00                        | 92.00                        |
|   | 1,846.26                     | 1,085.61                     |
| <b>Other bank balances</b>  |                              |                              |
| Deposits against guarantees with maturity of more than 12 months<br>from the balance sheet date | 779.12                       | 650.32                       |
| Less: Amount disclosed under non-current assets (Note 12)                                       | (536.86)                     | (550.32)                     |
|   | 242.26                       | 100.00                       |
| <b>Total</b>  | <b>2,088.52</b>              | <b>1,185.61</b>              |

## Note 17 - Short-term loans and advances

|   | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|---|------------------------------|------------------------------|
| Security deposits (unsecured and considered good)                   | 14.39                        | 16.19                        |
| Loans and advances with employees (unsecured and considered good)   | 25.67                        | 27.97                        |
| Prepaid expenses (unsecured and considered good)                    | 15.92                        | 14.19                        |
| Balance with government authorities (unsecured and considered good) | 383.60                       | 183.63                       |
| Advance to suppliers (unsecured)                                    |                              |                              |
| Considered good   | 2,368.84                     | 2,200.74                     |
| Considered doubtful   | 0.63                         | 0.04                         |
| Less: Provision for doubtful advances                               | 0.63                         | 0.04                         |
| <b>Total</b>  | <b>2,808.42</b>              | <b>2,442.72</b>              |

## Note 18 - Other current assets

|                              |               |              |
|------------------------------|---------------|--------------|
| Interest accrued on deposits | 48.93         | 15.00        |
| Unbilled revenue             | 169.18        | -            |
| Others                       | 22.28         | -            |
| <b>Total</b>                 | <b>240.39</b> | <b>15.00</b> |



## Notes Forming Part of the Consolidated Financial Statements

### Note 19 - Revenue from operations

|  | 2013-14<br>(₹ lakh) | 2012-13<br>(₹ lakh) |
|--|---------------------|---------------------|
| Sale of products (Refer note (i) below)  | 34,986.48           | 22,136.67           |
| Other operating revenues (Refer note (ii) below)   | 410.65              | 130.35              |
| Revenue from operations (gross)  | 35,397.11           | 22,267.02           |
| Less : Excise duty   | 702.55              | 358.43              |
| Revenue from operations (net) <b>Total</b>   | <b>34,694.56</b>    | <b>21,908.59</b>    |
| <b>Notes :</b>   |                     |                     |
| (i) Sale of products comprises:  |                     |                     |
| (a) Manganese ore  | 3,489.65            | 3,932.36            |
| (b) Iron ore (includes ₹4,289.20 lakh (previous year ₹ Nil lakh) from sale of waste dumps) | 17,193.51           | 7,690.90            |
| (c) Silicomanganese  | 9,711.29            | 4,755.75            |
| (d) TMT steel  | -                   | 0.53                |
| (e) Power  | 4,592.01            | 5,757.13            |
|  | <b>34,986.48</b>    | <b>22,136.67</b>    |
| (ii) Other operating revenues comprises:   |                     |                     |
| (a) Sale of scrap/ waste   | 30.97               | 35.79               |
| (b) Other miscellaneous receipts   | 379.68              | 94.56               |
|  | <b>410.65</b>       | <b>130.35</b>       |

### Note 20 - Other income

|   |               |              |
|---|---------------|--------------|
| Interest income                           |               |              |
| - On fixed deposits with banks            | 76.33         | 55.46        |
| - On deposits                             | 6.32          | 4.13         |
| - On income-tax refunds                   | 2.40          | 0.40         |
| - On long-term investments                | -             | 1.13         |
|   | <b>85.05</b>  | <b>61.12</b> |
| Dividend income                           |               |              |
| - On current investments                  | 91.42         | 81.18        |
| - On long-term investments                | 207.86        | 0.11         |
|   | <b>299.28</b> | <b>81.29</b> |
| Gain on sale of current investments (net) | 2.80          | 0.90         |
| Rental income from operating lease        | -             | 0.60         |
| Foreign currency fluctuations (net)       | -             | 0.97         |

# Notes Forming Part of the Consolidated Financial Statements

## Note 20 - Other income (Contd.)

|   | 2013-14<br>(₹ lakh) | 2012-13<br>(₹ lakh) |
|---|---------------------|---------------------|
| Profit on sale of fixed asset (net)   | -                   | 1.26                |
| Other non operating income  |                     |                     |
| - Duty drawback/ other schemes  | 135.14              | -                   |
| - Provisions/ liabilities no longer required written back   | 1,200.78            | 2,140.31            |
| - Sale of petroleum products (Net of consumption of ₹1,798.64 lakh<br>previous year : ₹1,624.17 lakh) | 34.07               | 5.65                |
| -Miscellaneous income   | 1.70                | 1.88                |
|   | 1,371.69            | 2,147.84            |
| <b>Total</b>  | <b>1,758.82</b>     | <b>2,293.98</b>     |

## Note 21 - Cost of materials consumed

|                              |                 |                 |
|------------------------------|-----------------|-----------------|
| Material consumed comprises: |                 |                 |
| Manganese ore                | 373.98          | 54.20           |
| Coke                         | 1,122.85        | 702.16          |
| Charcoal                     | 203.79          | 158.67          |
| Other materials              | 224.70          | 130.94          |
| <b>Total</b>                 | <b>1,925.32</b> | <b>1,045.97</b> |

## Note 22 - Changes in inventories of finished goods and work-in-progress

|  |                 |                 |
|--|-----------------|-----------------|
| Inventories at the beginning of the year |                 |                 |
| Finished goods                           | 2,898.35        | 4,359.36        |
| Work-in-progress                         | 15.11           | 41.03           |
|  | 2,913.46        | 4,400.39        |
| Inventories at the end of the year       |                 |                 |
| Finished goods                           | 3,198.40        | 2,898.35        |
| Work-in-progress                         | -               | 15.11           |
|  | 3,198.40        | 2,913.46        |
| <b>Net (increase)/ decrease</b>          | <b>(284.94)</b> | <b>1,486.93</b> |





## Notes Forming Part of the Consolidated Financial Statements

### Note 23 - Employee benefits expense

|   | 2013-14<br>(₹ lakh) | 2012-13<br>(₹ lakh) |
|---|---------------------|---------------------|
| Salaries, wages and bonus                                 | 2,512.68            | 1,290.56            |
| Contribution to provident and other funds (Refer note 28) | 177.25              | 207.75              |
| Gratuity (unfunded) (Refer note 28)                       | 8.14                | 5.24                |
| Employee welfare expenses                                 | 1,090.78            | 899.56              |
| Subsidy on food grains                                    | 440.78              | 416.39              |
| <b>Total</b>  | <b>4,229.63</b>     | <b>2,819.50</b>     |

### Note 24 - Finance costs

|   |             |               |
|---|-------------|---------------|
| Interest expense on delayed payment of income tax/ tax deducted at source | -           | 235.97        |
| Interest expense on taxes   | 1.72        | 1.67          |
| Interest expense on trade payables  | -           | 1.17          |
| <b>Total</b>  | <b>1.72</b> | <b>238.81</b> |

### Note 25 - Other expenses

|   |                  |                  |
|---|------------------|------------------|
| Operation and maintenance charges                               | 337.08           | 336.34           |
| Coal consumed for power generation                              | 6,898.11         | 6,833.22         |
| Stores and spares consumed (including water and consumables)    | 378.31           | 201.47           |
| Subcontracting  | 329.71           | 260.78           |
| Power and fuel  | 588.49           | 72.65            |
| Rent (Refer note 31)  | 38.10            | 51.43            |
| Repairs and maintenance to:                                     |                  |                  |
| Plant and machinery   | 148.28           | 351.00           |
| Building  | 234.39           | 114.22           |
| Others  | 263.85           | 226.68           |
|   | 646.52           | 691.90           |
| Mine running expenses   | 7,866.04         | 1,521.60         |
| Insurance   | 42.75            | 44.32            |
| Rates and taxes   | 2,245.66         | 1,730.90         |
| Travelling and conveyance                                       | 598.82           | 485.84           |
| Freight loading and siding charges                              | 521.17           | 187.27           |
| Advertisement and selling expenses                              | 273.34           | 45.25            |
| Donations and contributions                                     | 7.00             | 3.80             |
| Legal and professional (Refer note 34)                          | 493.66           | 573.02           |
| Assets discarded  | 5.55             | -                |
| Bad trade receivables and advances written off                  | 36.11            | -                |
| Foreign exchange fluctuation (net)                              | 108.25           | 0.27             |
| Security charges  | 279.55           | 273.38           |
| Provision for doubtful trade receivables and loans and advances | 0.71             | 37.35            |
| Expenses on corporate social responsibility                     | 926.48           | 491.91           |
| Miscellaneous expenses  | 584.98           | 141.54           |
| <b>Total</b>  | <b>23,206.43</b> | <b>13,984.24</b> |

# 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 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| Stamp Duty on net present value includes maximum penalty of ₹4,545.00 Lakh (relating to applicability of duty) | -                            | 5,454.00                     |
| Income Tax (relating to disallowance of deduction)   | 924.10                       | 924.10                       |
| Service Tax (relating to applicability of tax)   | 316.64                       | 316.64                       |
| Electricity tax (relating to applicability of tax)   | 169.98                       | 169.98                       |
| Customs duty (relating to applicability of tax)  | 232.06                       | -                            |
| Others (relating to applicability of forest lease rental and other matters)                                    | 4.29                         | 2,144.60                     |

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.

| Particulars  | As at 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| i) 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 31.03.2014<br>(₹ lakh) | As at 31.03.2013<br>(₹ lakh) |
|--|------------------------------|------------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 466.48                       | 556.80                       |

## 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 - Employee Benefits :

### a) Defined Contribution Plan

The Group makes Provident Fund, Superannuation Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised ₹131.10 lakh (2012-13 - ₹122.56 lakh) for provident fund contributions, ₹30.14 lakh (2012-13 ₹29.06 lakh) for superannuation fund contributions (included as part contribution to provident and other funds in note 23) and ₹0.68 lakh (2012-13 ₹0.67 lakh) for employee state insurance scheme contributions (included as part of employee welfare expenses in note 23). The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.



## Notes Forming Part of the Consolidated Financial Statements

### Note 28 - Employee Benefits : (Contd.)

The Group makes contributions at predetermined rates to SMIORE Provident Fund Trust and to the regional Provident Fund commissioner in respect of Employee Provident Fund and to the Life Insurance Corporation of India in respect of Superannuation Fund.

In case of SMIORE Provident Fund Trust interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Group has an obligation to make good the short fall, between the return from the investments of trust and the notified interest rate and recognise such shortfall as an expense. Based on 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

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  | 2013-14      |             | 2012-13      |             |
|--|--------------|-------------|--------------|-------------|
|  | Funded       | Unfunded    | Funded       | Unfunded    |
| I Net asset/ (liability) recognised in the balance sheet   |              |             |              |             |
| 1 Present value of obligations - A   | 1,370.96     | 15.61       | 1,369.17     | 8.32        |
| 2 Fair value of plan Asset - B   | 1,354.96     | -           | 1,313.12     | -           |
| 3 (Deficit)/surplus (B-A)  | (16.00)      | (15.61)     | (56.05)      | (8.32)      |
| 4 Net asset/(liability)  |              |             |              |             |
| - Asset  | -            | -           | -            | -           |
| - Liability  |              |             |              |             |
| Current  | 16.00        | 9.82        | 56.05        | 2.22        |
| Non-current  | -            | 5.79        | -            | 6.10        |
|  | 16.00        | 15.61       | 56.05        | 8.32        |
| II Expenses recognised to the statement of profit and loss as part of contribution to provident and other funds in Note - 23 |              |             |              |             |
| 1 Current service cost   | 46.63        | 2.01        | 44.22        | 1.21        |
| 2 Interest on defined benefit obligation   | 87.80        | 0.72        | 91.80        | 0.25        |
| 3 Expected return on plan assets   | (84.13)      | -           | (75.39)      | -           |
| 4 Net actuarial losses/(gains) recognised during the year  | (34.29)      | 5.41        | (4.50)       | 3.78        |
| 5 Past service cost  | -            | -           | -            | -           |
| 6 Losses/(gains) on "curtailments & settlements"   | -            | -           | -            | -           |
| <b>Total</b>   | <b>16.01</b> | <b>8.14</b> | <b>56.13</b> | <b>5.24</b> |

# Notes Forming Part of the Consolidated Financial Statements

## Note 28 - Employee Benefits : (Contd.)

(₹ lakh)

|      | Particulars   | 2013-14  |          | 2012-13  |          |
|------|---|----------|----------|----------|----------|
|      |   | Funded   | Unfunded | Funded   | Unfunded |
| III  | Actual return on plan Assets  | 58.67    | -        | 123.91   | -        |
| IV   | Change in present value of obligation   |          |          |          |          |
| 1    | Opening defined benefit obligation  | 1,369.17 | 8.32     | 1,260.59 | 3.08     |
| 2    | Service cost  | 46.63    | 2.01     | 44.22    | 1.21     |
| 3    | Interest cost   | 87.80    | 0.72     | 91.80    | 0.25     |
| 4    | Actuarial losses/ (gains)   | (59.75)  | 5.41     | 44.02    | 3.78     |
| 5    | Actuarial losses/ (gains) due to curtailment  | -        | -        | -        | -        |
| 6    | Benefits paid   | (72.89)  | (0.85)   | (71.46)  | -        |
| 7    | Closing defined benefit obligation  | 1,370.96 | 15.61    | 1,369.17 | 8.32     |
| V    | Change in fair value of plan assets   |          |          |          |          |
| 1    | Opening fair value of plan assets   | 1,313.12 | -        | 1,149.67 | -        |
| 2    | Expected return   | 84.13    | -        | 75.39    | -        |
| 3    | Actuarial gains /(losses)   | (25.46)  | -        | 48.52    | -        |
| 4    | Assets distributed on settlements   | -        | -        | -        | -        |
| 5    | Contributions by employer   | 56.06    | -        | 111.00   | -        |
| 6    | Benefits paid   | (72.89)  | -        | (71.46)  | -        |
| 7    | Closing fair value of plan assets   | 1,354.96 | -        | 1,313.12 | -        |
| VI   | The major categories of plan assets as a percentage of total plan assets:   |          |          |          |          |
| 1    | Government of India Securities  | 48.95%   | NA       | 29.74%   | NA       |
| 2    | Corporate Bonds   | 44.63%   | NA       | 44.32%   | NA       |
| 3    | Others  | 6.42%    | NA       | 25.94%   | NA       |
| VII  | Principal actuarial assumptions:  |          |          |          |          |
| 1    | Discount Rate   | 9.30% pa | 8.00%    | 7.95%    | 8.60%    |
| 2    | Expected Rate of Return on Plan Assets  | 8.00% pa | NA       | 8.00%    | NA       |
| 3    | Salary escalation   | 6.00% pa | 5.00%    | 6.00%    | 5.00%    |
| 4    | Attrition rate  | 2.00% pa | 5.00%    | 2.00%    | 5.00%    |
| VIII | Estimate of amount of contribution in the immediate next year   | 16.00    | NA       | 56.05    | 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. |          |          |          |          |



## Notes Forming Part of the Consolidated Financial Statements

### Note 28 - Employee Benefits : (Contd.)

| XI |  | Summary of defined benefit obligation/plan assets and experience adjustments (₹ In lakhs) |          |          |          |          |
|----|--|---|----------|----------|----------|----------|
|    |  | 31.03.14  | 31.03.13 | 31.03.12 | 31.03.11 | 31.03.10 |
| 1  | Defined Benefit Obligation                 | 1,386.57  | 1,377.49 | 1,263.67 | 1,132.05 | 765.01   |
| 2  | Plan Assets                                | 1,354.96  | 1,313.12 | 1,149.67 | 830.41   | 741.93   |
| 3  | Surplus / (Deficit)                        | (31.61)   | (64.37)  | (114.00) | (301.64) | (23.08)  |
| 4  | Experience adjustments on Plan Liabilities | 19.27   | (0.71)   | 35.69    | 334.69   | (1.18)   |
| 5  | Experience adjustments on Plan Assets      | (25.46)   | 48.52    | 46.21    | (5.39)   | 27.49    |

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

#### c) Other long term benefits - Unfunded

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

|                      | (₹ lakh)                      |                               |
|----------------------|-------------------------------|-------------------------------|
|                      | Liability as at<br>31.03.2014 | Liability as at<br>31.03.2013 |
| Compensated absences |                               |                               |
| -Current             | 184.44                        | 163.54                        |
| -Non Current         | 167.09                        | 167.67                        |
| <b>Total</b>         | <b>351.53</b>                 | <b>331.21</b>                 |
| Pension              |                               |                               |
| -Current             | 114.32                        | 162.88                        |
| -Non Current         | 787.13                        | 807.36                        |
| <b>Total</b>         | <b>901.45</b>                 | <b>970.24</b>                 |

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

#### Name of related parties and description of relationship

|   |                                |   |
|---|--------------------------------|---|
| 1 | Holding Company                | None  |
| 2 | Key Management Personnel (KMP) | i) S. Y. Ghorpade, Chairman & Managing Director<br>ii) Nazim Sheikh, Joint Managing Director<br>iii) S.H. Mohan, Technical Director<br>iv) S.R.Sridhar, Director (Mines)<br>v) U. R. Acharya, Director (Commercial)<br>vi) K. Raman, Director (Finance) |
| 3 | Relative of KMP                | Aditya Shivrao Ghorpade<br>Dhananjaya Shivarao Ghorpade<br>Mubeen A. Sheriff  |

# Notes Forming Part of the Consolidated Financial Statements

## Note 29 - Related party disclosures (Contd.)

### a) Key Management Personnel (KMP)

(₹ lakh)

| Sl No. | Name of KMP    | Remuneration  |               | Commission   |          | Total Remuneration |               |
|--------|----------------|---------------|---------------|--------------|----------|--------------------|---------------|
|        |                | 31.03.14      | 31.03.13      | 31.03.14     | 31.03.13 | 31.03.14           | 31.03.13      |
| 1      | S. Y. Ghorpade | 94.99         | 84.93         | 5.30         | -        | 100.29             | 84.93         |
| 2      | Nazim Sheikh   | 86.94         | 78.85         | 5.30         | -        | 92.24              | 78.85         |
| 3      | S. H. Mohan    | 85.61         | 76.54         | 5.30         | -        | 90.91              | 76.54         |
| 4      | S. R. Sridhar  | 55.35         | 49.82         | 5.30         | -        | 60.65              | 49.82         |
| 5      | U.R. Acharya   | 50.27         | 45.20         | 5.30         | -        | 55.57              | 45.20         |
| 6      | K. Raman       | 49.49         | 44.47         | 5.30         | -        | 54.79              | 44.47         |
|        | <b>Total</b>   | <b>422.65</b> | <b>379.81</b> | <b>31.80</b> | <b>-</b> | <b>454.45</b>      | <b>379.81</b> |

### a) Key Management Personnel (KMP) (contd.)

(₹ lakh)

| Sl No. | Name of KMP    | Amounts payable at the year end |              |
|--------|----------------|---------------------------------|--------------|
|        |                | 31.03.14                        | 31.03.13     |
| 1      | S. Y. Ghorpade | 8.78                            | 4.48         |
| 2      | Nazim Sheikh   | 7.85                            | 5.65         |
| 3      | S. H. Mohan    | 8.66                            | 4.09         |
| 4      | S. R. Sridhar  | 6.38                            | 2.96         |
| 5      | U.R. Acharya   | 4.81                            | 3.15         |
| 6      | K. Raman       | 4.73                            | 3.44         |
|        | <b>Total</b>   | <b>41.21</b>                    | <b>23.77</b> |

### c) Relative of KMP

(₹ lakh)

| Sl No. | Name of KMP                  | Remuneration |          | Amounts payable at the year end |          |
|--------|------------------------------|--------------|----------|---------------------------------|----------|
|        |                              | 31.03.14     | 31.03.13 | 31.03.14                        | 31.03.13 |
| 1      | Aditya Shivrao Ghorpade      | 14.08        | 9.15     | 2.72                            | 0.63     |
| 2      | Dhanunjaya Shivarao Ghorpade | 10.62        | 7.64     | 0.88                            | 0.43     |
| 3      | Mubeen A. Sheriff            | 9.68         | 10.56    | 0.74                            | 1.39     |





## Notes Forming Part of the Consolidated Financial Statements

### Note 30 - Segment reporting

#### a) Primary segments (business segments)

(₹ lakh)

| Particulars   | Mining           |                  | Ferroalloy & Power |                  | Steel       |             | Unallocable  |           | Elimination       |                 | Total            |                  |
|---|------------------|------------------|--------------------|------------------|-------------|-------------|--------------|-----------|-------------------|-----------------|------------------|------------------|
|   | 2013-14          | 2012-13          | 2013-14            | 2012-13          | 2013-14     | 2012-13     | 2013-14      | 2012-13   | 2013-14           | 2012-13         | 2013-14          | 2012-13          |
| <b>REVENUE</b>  |                  |                  |                    |                  |             |             |              |           |                   |                 |                  |                  |
| External sales  | 21,036.70        | 11,706.55        | 13,631.53          | 10,200.18        | 0.19        | 1.86        | 26.14        | -         | -                 | -               | 34,694.56        | 21,908.59        |
| Inter segment revenue                                   | 1,007.54         | 601.34           | -                  | -                | -           | -           | -            | -         | (1,007.54)        | (601.34)        | -                | -                |
| <b>Total revenue</b>                                    | <b>22,044.24</b> | <b>12,307.89</b> | <b>13,631.53</b>   | <b>10,200.18</b> | <b>0.19</b> | <b>1.86</b> | <b>26.14</b> | <b>-</b>  | <b>(1,007.54)</b> | <b>(601.34)</b> | <b>34,694.56</b> | <b>21,908.59</b> |
| <b>RESULT</b>   |                  |                  |                    |                  |             |             |              |           |                   |                 |                  |                  |
| Segment   | 4,566.04         | 3,841.14         | 1,417.04           | (534.37)         | (11.44)     | (1.86)      | -            | -         | -                 | -               | 5,971.64         | 3,304.91         |
| Unallocated corporate (expense) / income (net)          | -                | -                | -                  | -                | -           | -           | (373.70)     | (375.85)  | -                 | -               | (373.70)         | (375.85)         |
| Operating profit  | 4,566.04         | 3,841.14         | 1,417.04           | (534.37)         | (11.44)     | (1.86)      | (373.70)     | (375.85)  | -                 | -               | 5,597.94         | 2,929.06         |
| Interest expense  | -                | -                | -                  | -                | -           | -           | (1.72)       | (238.81)  | -                 | -               | (1.72)           | (238.81)         |
| Profit/ (loss) before tax                               | 4,566.04         | 3,841.14         | 1,417.04           | (534.37)         | (11.44)     | (1.86)      | (375.42)     | (614.66)  | -                 | -               | 5,596.22         | 2,690.25         |
| Tax expenses  | -                | -                | -                  | -                | -           | -           | (1,960.00)   | (382.00)  | -                 | -               | (1,960.00)       | (382.00)         |
| Net profit/ (loss) before minority interest             | 4,566.04         | 3,841.14         | 1,417.04           | (534.37)         | (11.44)     | (1.86)      | (2,335.42)   | (996.66)  | -                 | -               | 3,636.22         | 2,308.25         |
| <b>OTHER INFORMATION</b>                                |                  |                  |                    |                  |             |             |              |           |                   |                 |                  |                  |
| Segment assets  | 12,203.28        | 10,258.24        | 19,625.52          | 19,915.67        | 2,865.19    | 2,641.53    | 16,701.70    | 13,912.69 | -                 | -               | 51,395.69        | 46,728.06        |
| Segment liabilities                                     | 9,598.91         | 9,529.24         | 7,460.36           | 6,610.11         | 0.31        | 0.73        | 605.87       | 231.69    | -                 | -               | 17,665.45        | 16,372.17        |
| Capital expenditure                                     |                  |                  |                    |                  |             |             |              |           |                   |                 |                  |                  |
| including capital work-in-progress                      | 175.42           | 191.99           | 116.17             | 206.09           | -           | -           | 116.59       | 903.13    | -                 | -               | 408.18           | 1,301.21         |
| Depreciation/ amortisation                              | 801.15           | 1,037.84         | 882.74             | 837.45           | -           | -           | 95.15        | 61.58     | -                 | -               | 1,779.04         | 1,936.87         |
| Non-cash expense other than depreciation / amortisation | 41.66            | -                | 0.71               | 37.35            | -           | -           | -            | -         | -                 | -               | 42.37            | 37.35            |

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 | 2013-14          | 2012-13          |
|-----------------------|------------------|------------------|
| India                 | 32,234.27        | 21,558.40        |
| Rest of world         | 2,460.29         | 350.19           |
| <b>Total</b>          | <b>34,694.56</b> | <b>21,908.59</b> |

# Notes Forming Part of the Consolidated Financial Statements

## Note 30 - Segment reporting (Contd.)

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

|                    | (₹ lakh)         |                  |
|--------------------|------------------|------------------|
| Location of Assets | 2013-14          | 2012-13          |
| India              | 51,389.69        | 46,728.06        |
| Rest of world      | 6.00             | -                |
| <b>Total</b>       | <b>51,395.69</b> | <b>46,728.06</b> |

**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 | 2013-14       | 2012-13         |
| India              | 408.18        | 1,301.20        |
| Rest of world      | -             | -               |
| <b>Total</b>       | <b>408.18</b> | <b>1,301.20</b> |

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

## 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 ₹38.10 lakh (Previous year ₹51.43 lakh)

## Note 32 - Earnings per share

| Particulars                              | 2013-14   | 2012-13   |
|--|-----------|-----------|
| Net profit/(loss) after tax - ₹ Lakh     | 3,681.46  | 2,492.72  |
| 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 - ₹ | 42.07     | 28.49     |

## Note 33 - Deferred tax (liability) / asset

|  | (₹ lakh)          |                         |                   |
|--|-------------------|-------------------------|-------------------|
| Particulars  | Opening balance   | Tax effect for the year | As at 31.03.2014  |
| <b>Deferred tax (liability)</b>                      |                   |                         |                   |
| Fixed assets   | (1,933.41)        | (320.91)                | (1,612.50)        |
| <b>Sub total</b>                                     | <b>(1,933.41)</b> | <b>(320.91)</b>         | <b>(1,612.50)</b> |
| <b>Deferred tax asset</b>                            |                   |                         |                   |
| Provision for employee benefits                      | 438.98            | 19.21                   | 419.77            |
| Unabsorbed depreciation, allowance and business loss | 1,673.89          | 145.68                  | 1,528.21          |
| Others   | 2,560.54          | 526.02                  | 2,034.52          |
| <b>Sub total</b>                                     | <b>4,673.41</b>   | <b>690.91</b>           | <b>3,982.50</b>   |
| <b>Net deferred tax asset / (liability)</b>          | <b>2,740.00</b>   | <b>370.00</b>           | <b>2,370.00</b>   |



## Notes Forming Part of the Consolidated Financial Statements

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

|                                | (₹ lakh) |         |
|--------------------------------|----------|---------|
| Auditor's remuneration         | 2013-14  | 2012-13 |
| Statutory audit                | 30.50    | 27.00   |
| Tax audit                      | 6.50     | 6.00    |
| Audit of consolidated accounts | 4.00     | 3.50    |
| Fees for other services        | 21.15    | 18.50   |
| Reimbursement of               |          |         |
| - out of pocket expenses       | 0.58     | 0.02    |
| - levies                       | 7.92     | 8.05    |
|                                | 70.65    | 63.07   |

### Note 35

- (a) Figures pertaining to SMPPL have been reclassified, where necessary, to bring them in line with the financial statements.
- (b) The figures of the previous year have been regrouped / recast, where necessary, to conform to the current year's classification.

Signatures 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*

**MD. ABDUL SALEEM**  
*CS & CGM (Mines)*

**K. RAMAN**  
*Director (Finance)*

Place: Bangalore

Date : 28 May, 2014

# 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, 2014, 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 the 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) 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, 2014;
- (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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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)

**BANGALORE**  
May 27, 2014

**S. Sundaresan**  
Partner  
(Membership No. 25776)



## 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 (vi), (xii), (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 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.
  - (c) During the year, the Company has not disposed off any of the fixed assets.
- (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. 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 Act.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that most 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) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in the Register maintained in pursuance of section 301 of the Companies Act.
- (vi) 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.
- (vii) 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 Act and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (viii) 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, 2014 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have been deposited as on 31st March, 2014 on account of disputes.
- (ix) 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 in the immediately preceeding financial year but has not incurred cash losses during the financial year covered by our audit.
- (x) 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.
- (xi) According to the information and explanations given to us, the Company has not given guarantees 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) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

S. Sundaresan  
Partner

BANGALORE  
May 27, 2014

(Membership No. 25776)



## Balance Sheet as at 31 March 2014

(₹)

|   | Note No.     | As at 31.03.2014      | As at 31.03.2013      |
|---|--------------|-----------------------|-----------------------|
| <b>A EQUITY AND LIABILITIES</b>                                 |              |                       |                       |
| <b>1 Shareholders' funds:</b>                                   |              |                       |                       |
| (a) Share capital   | 3            | 92,61,50,000          | 92,61,50,000          |
| (b) Reserves and surplus  | 4            | 50,66,68,366          | 53,07,78,766          |
|   |              | 1,43,28,18,366        | 1,45,69,28,766        |
| <b>2 Non-current liabilities</b>                                |              |                       |                       |
| (a) Other long-term liabilities                                 | 5            | 13,86,85,407          | 13,86,85,407          |
| (b) Long-term provisions  | 6            | 13,44,721             | 11,95,915             |
|   |              | 14,00,30,128          | 13,98,81,322          |
| <b>3 Current liabilities</b>                                    |              |                       |                       |
| (a) Trade payables  |              | 51,62,70,337          | 24,17,21,657          |
| (b) Other current liabilities                                   | 7            | 4,12,73,432           | 4,74,67,673           |
| (c) Short-term provisions                                       | 8            | 20,14,328             | 6,31,439              |
|   |              | 55,95,58,097          | 28,98,20,769          |
|   | <b>TOTAL</b> | <b>2,13,24,06,591</b> | <b>1,88,66,30,857</b> |
| <b>B ASSETS</b>   |              |                       |                       |
| <b>1 Non-current assets</b>                                     |              |                       |                       |
| (a) Fixed assets  |              |                       |                       |
| (i) Tangible assets   | 9            | 1,60,26,79,280        | 1,60,07,40,189        |
| (ii) Capital work-in-progress                                   |              | 1,01,85,749           | 9,18,84,678           |
|   |              | 1,61,28,65,029        | 1,69,26,24,867        |
| (b) Long-term loans and advances                                | 10           | 5,21,56,255           | 3,80,65,552           |
| (c) Other non-current assets                                    | 11           | 2,08,76,461           | 1,93,39,662           |
|   |              | 1,68,58,97,745        | 1,75,00,30,081        |
| <b>2 Current assets</b>   |              |                       |                       |
| (a) Inventories   | 12           | 24,65,71,602          | 5,85,64,686           |
| (b) Trade receivables   | 13           | 7,13,862              | 1,50,68,542           |
| (c) Cash and bank balances                                      | 14           | 12,88,32,649          | 3,80,26,770           |
| (d) Short-term loans and advances                               | 15           | 4,98,84,810           | 2,40,40,668           |
| (e) Other current assets  | 16           | 2,05,05,923           | 9,00,110              |
|   |              | 44,65,08,846          | 13,66,00,776          |
|   | <b>TOTAL</b> | <b>2,13,24,06,591</b> | <b>1,88,66,30,857</b> |
| 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  
Director

P Sridaran  
Director (Operations)

Subrahmanya Hegde  
Company Secretary

Place: Bangalore

Date : May 27, 2014



# Statement of Profit and Loss for the year ended 31 March 2014

(₹)

|   | Note No. | 2013-14        | 2012-13       |
|---|----------|----------------|---------------|
| 1 Revenue from operations                                       | 17       | 1,25,58,41,219 | 85,90,60,031  |
| 2 Other income  | 18       | 1,76,37,827    | 30,05,842     |
| 3 Total revenue (1 + 2)   |          | 1,27,34,79,046 | 86,20,65,873  |
| 4 Expenses  |          |                |               |
| (a) Cost of materials consumed                                  | 27 a)    | 92,99,839      | 1,04,24,512   |
| (b) Purchases of stock-in-trade                                 | 27 b)    | 23,59,40,000   | 56,16,000     |
| (c) Changes in inventories of finished goods                    | 19       | -              | 2,618         |
| (d) Employee benefits expense                                   | 20       | 3,46,71,026    | 2,26,74,158   |
| (e) Finance costs   | 21       | 15,011         | 2,84,052      |
| (f) Depreciation  | 9        | 8,98,54,669    | 8,51,27,031   |
| (g) Other expenses  | 22       | 92,78,08,901   | 83,62,67,555  |
| Total expenses  |          | 1,29,75,89,446 | 96,03,95,926  |
| 5 Loss before tax (3 - 4)                                       |          | (2,41,10,400)  | (9,83,30,053) |
| 6 Tax expense:  |          |                |               |
| (a) Current tax   |          | -              | -             |
| (b) Deferred tax  | 34       | -              | -             |
|   |          | -              | -             |
| 7 Loss after tax (5 - 6)  |          | (2,41,10,400)  | (9,83,30,053) |
| 8 Earnings per share of ₹10 each                                | 33       |                |               |
| Basic and Diluted   |          | (0.26)         | (1.06)        |
| 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

Director

P Sridaran

Director (Operations)

Subrahmanya Hegde

Company Secretary

Place: Bangalore

Date : May 27, 2014



## Cash Flow Statement for the year ended 31 March 2014

(₹)

| Particulars   | 2013-14              | 2012-13              |
|---|----------------------|----------------------|
| <b>A. Cash flow from operating activities</b>   |                      |                      |
| Net loss before tax   | (2,41,10,400)        | (9,83,30,053)        |
| Adjustments for:  |                      |                      |
| - Depreciation  | 8,98,54,669          | 8,51,27,031          |
| - Finance costs   | 15,011               | 2,84,052             |
| - Provision for doubtful trade receivables and advances   | 70,728               | 37,34,989            |
| - Bad trade receivables written off   | 1,217                | -                    |
| - Interest income   | (39,54,079)          | (26,60,653)          |
| <b>Operating profit / (loss) before working capital changes</b>   | <b>6,18,77,146</b>   | <b>(1,18,44,634)</b> |
| <b>Changes in working capital:</b>  |                      |                      |
| Adjustments for (increase) / decrease in operating assets:  |                      |                      |
| Inventories   | (18,80,06,916)       | (1,25,91,248)        |
| Trade receivables   | 1,43,41,006          | 5,19,42,408          |
| Short-term loans and advances   | (2,59,02,413)        | 1,28,93,145          |
| Other current assets  | (1,91,45,483)        | -                    |
| Long-term loans and advances  | 43,428               | (27,46,965)          |
| Adjustments for increase / (decrease) in operating liabilities:   |                      |                      |
| Trade payables  | 27,45,48,680         | 3,31,43,868          |
| Short-term provisions   | 13,82,889            | 4,57,601             |
| Long-term provisions  | 1,48,806             | 3,82,388             |
| Other current liabilities   | (28,56,391)          | 29,89,718            |
|   | 5,45,53,606          | 8,64,70,915          |
| <b>Cash generated from operations</b>   | <b>11,64,30,752</b>  | <b>7,46,26,281</b>   |
| Net income tax paid   | (77,64,839)          | (37,56,735)          |
| <b>Net cash flow from operating activities (A)</b>  | <b>10,86,65,913</b>  | <b>7,08,69,546</b>   |
| <b>B. Cash flow from investing activities</b>   |                      |                      |
| Capital expenditure on fixed assets (including capital work in progress and advance on capital account) | (1,95,62,283)        | (4,24,60,402)        |
| Bank balances not considered as cash and cash equivalents   | (66,36,799)          | (1,50,20,662)        |
| Interest received   | 32,54,059            | 38,03,819            |
| <b>Net cash flow used in investing activities (B)</b>   | <b>(2,29,45,023)</b> | <b>(5,36,77,245)</b> |

## Cash Flow Statement for the year ended 31 March 2014 (Contd...)

(₹)

| Particulars   | 2013-14            | 2012-13            |
|---|--------------------|--------------------|
| <b>C. Cash flow from financing activities</b>                   |                    |                    |
| Finance cost  | (15,011)           | (2,84,052)         |
| <b>Net cash flow used in financing activities (C)</b>           | <b>(15,011)</b>    | <b>(2,84,052)</b>  |
| <b>Net cash flow during the year (A+B+C)</b>                    | <b>8,57,05,879</b> | <b>1,69,08,249</b> |
| Cash and cash equivalents at the beginning of the year          | 2,80,26,770        | 1,11,18,521        |
| Cash and cash equivalents at the end of the year                | 11,37,32,649       | 2,80,26,770        |
| Increase in cash and cash equivalents                           | 8,57,05,879        | 1,69,08,249        |
| <b>Note:</b>  |                    |                    |
| Cash and bank balances as per balance sheet                     | 12,88,32,649       | 3,80,26,770        |
| Less: Deposits against guarantee                                | 1,51,00,000        | 1,00,00,000        |
| Cash and cash equivalents as reported above                     | 11,37,32,649       | 2,80,26,770        |
| 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  
Director

P Sridaran  
Director (Operations)

Subrahmanya Hegde  
Company Secretary

Place: Bangalore  
Date : May 27, 2014



## Notes Forming Part of the Financial Statements

### Note 1 - Corporate information

The Company is a subsidiary of The Sandur Manganese & Iron Ores Ltd (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.

### Note 2 - Significant accounting policies

#### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ the 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 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 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 1956 Act, 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.

#### 2.6 Inventories

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

# Notes Forming Part of the Financial Statements

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 on accrual basis based on the power generated and supplied per applicable rates from time to time and includes unbilled revenues accrued up to the end of the accounting year.

Revenue from conversion of Manganese Ore into Silico Manganese is recognised at the time of dispatch of goods to the contractor.

## 2.8 Foreign currency transactions and translations

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.



## Notes Forming Part of the Financial Statements

### 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 is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences.

Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

### 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 1956 Act. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.

# Notes Forming Part of the Financial Statements

## Note 3 - Share capital

|   | As at 31.03.2014 |                | As at 31.03.2013 |                |
|---|------------------|----------------|------------------|----------------|
|   | Number of shares | ₹              | Number of shares | ₹              |
| <b>(a) Authorised</b>                           |                  |                |                  |                |
| Equity shares of ₹10 each with voting rights    | 10,00,00,000     | 1,00,00,00,000 | 10,00,00,000     | 1,00,00,00,000 |
| <b>(b) Issued, subscribed and fully paid up</b> |                  |                |                  |                |
| Equity shares of ₹10 each with voting rights    | 9,26,15,000      | 92,61,50,000   | 9,26,15,000      | 92,61,50,000   |
|   | 9,26,15,000      | 92,61,50,000   | 9,26,15,000      | 92,61,50,000   |

### 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/<br>Conversion/Buy back | Closing balance |
|----------------------------------|-----------------|-------------|------------------------------------|-----------------|
| Equity shares with voting rights |                 |             |                                    |                 |
| As at 31st March, 2014           |                 |             |                                    |                 |
| - Number of shares               | 9,26,15,000     | -           | -                                  | 9,26,15,000     |
| - Amount (₹)                     | 92,61,50,000    | -           | -                                  | 92,61,50,000    |
| As at 31 March, 2013             |                 |             |                                    |                 |
| - Number of shares               | 9,26,15,000     | -           | -                                  | 9,26,15,000     |
| - Amount (H lakh)                | 92,61,50,000    | -           | -                                  | 92,61,50,000    |

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

| Name of shareholders  | As at 31.03.2014      | As at 31.03.2013      |
|---|-----------------------|-----------------------|
|   | Number of shares held | Number of shares held |
| Equity shares with voting rights                              |                       |                       |
| The Sandur Manganese & Iron Ores Limited, the Holding Company | 7,52,40,000           | 7,52,40,000           |
| Euro Industrial Enterprises Private Limited                   | 1,73,45,000           | 1,48,45,000           |

(ii) 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.





## Notes Forming Part of the Financial Statements

### Note 4 - Reserves and surplus

|   | As at 31.03.2014<br>(₹) | As at 31.03.2013<br>(₹) |
|---|-------------------------|-------------------------|
| Securities premium account              | 92,51,50,000            | 92,51,50,000            |
| Deficit in statement of profit and loss |                         |                         |
| Opening balance                         | (39,43,71,234)          | (29,60,41,181)          |
| Add: Loss for the year                  | (2,41,10,400)           | (9,83,30,053)           |
| Closing balance                         | (41,84,81,634)          | (39,43,71,234)          |
|   | 50,66,68,366            | 53,07,78,766            |

### Note 5 - Other long-term liabilities

|  |              |              |
|--|--------------|--------------|
| Interest accrued but not due on borrowings | 13,86,85,407 | 13,86,85,407 |
|  | 13,86,85,407 | 13,86,85,407 |

### Note 6 - Long-term provisions

|   |           |           |
|---|-----------|-----------|
| Provision for gratuity ( Refer note 29A)            | 5,78,904  | 6,09,681  |
| Provision for compensated absences (Refer note 29B) | 7,65,817  | 5,86,234  |
|   | 13,44,721 | 11,95,915 |

### Note 7 - Other current liabilities

|                                      |             |             |
|--------------------------------------|-------------|-------------|
| Statutory remittances                | 15,62,523   | 45,27,941   |
| Payables on purchase of fixed assets | 3,18,38,080 | 4,26,20,960 |
| Advances from customers              | 3,27,799    | 2,18,772    |
| Trade / Security deposits received   | 1,00,000    | 1,00,000    |
| Retention money payable              | 74,45,030   | -           |
|                                      | 4,12,73,432 | 4,74,67,673 |

### Note 8 - Short-term provisions

|   |           |          |
|---|-----------|----------|
| Provision for gratuity (Refer note 29A)             | 9,81,735  | 2,22,343 |
| Provision for compensated absences (Refer note 29B) | 10,32,593 | 4,09,096 |
|   | 20,14,328 | 6,31,439 |

# Notes Forming Part of the Financial Statements

## Note 9 - Fixed assets

| Description **         | Gross block                        |                              |           | Accumulated depreciation           |                                |                              | Net block    |                                    |                                    |
|------------------------|------------------------------------|------------------------------|-----------|------------------------------------|--------------------------------|------------------------------|--------------|------------------------------------|------------------------------------|
|                        | Balance as at 01 April, 2013       | Additions / adjustments      | Disposals | Balance as at 31 March, 2014       | Balance as at 01 April, 2013   | For the year                 | On disposals | Balance as at 31 March, 2014       | Balance as at 31 March, 2013       |
| <b>Tangible assets</b> |                                    |                              |           |                                    |                                |                              |              |                                    |                                    |
| Freehold land *        | 13,83,39,089<br>(13,83,39,089)     | -<br>(-)                     | -<br>(-)  | 13,83,39,089<br>(13,83,39,089)     | -<br>(-)                       | -<br>(-)                     | -<br>(-)     | 13,83,39,089<br>(13,83,39,089)     | 13,83,39,089<br>(13,83,39,089)     |
| Buildings and roads    | 18,89,21,762<br>(17,20,45,428)     | 4,43,562<br>(1,68,76,334)    | -<br>(-)  | 18,93,65,324<br>(18,89,21,762)     | 1,52,73,289<br>(83,46,574)     | 72,19,314<br>(69,26,715)     | -<br>(-)     | 16,68,72,721<br>(17,36,48,473)     | 17,36,48,473<br>(16,36,98,854)     |
| Plant and machinery    | 1,47,09,76,431<br>(1,46,79,13,050) | 8,83,79,956<br>(30,63,381)   | -<br>(-)  | 1,55,93,56,387<br>(1,47,09,76,431) | 19,01,97,628<br>(11,27,51,435) | 8,15,00,349<br>(7,74,46,193) | -<br>(-)     | 1,28,76,58,410<br>(1,28,07,78,803) | 1,28,07,78,803<br>(1,35,51,61,615) |
| Vehicles               | 20,61,398<br>(20,61,398)           | -<br>(-)                     | -<br>(-)  | 20,61,398<br>(20,61,398)           | 7,21,002<br>(5,25,169)         | 1,95,833<br>(1,95,833)       | -<br>(-)     | 11,44,563<br>(13,40,396)           | 13,40,396<br>(15,36,229)           |
| Computers systems      | 10,66,195<br>(8,68,814)            | 8,06,150<br>(1,97,381)       | -<br>(-)  | 18,72,345<br>(10,66,195)           | 5,18,929<br>(3,62,078)         | 2,45,160<br>(1,56,851)       | -<br>(-)     | 11,08,256<br>(5,47,266)            | 5,47,266<br>(5,06,736)             |
| Office equipments      | 26,65,326<br>(18,28,412)           | 6,42,231<br>(8,36,914)       | -<br>(-)  | 33,07,557<br>(26,65,326)           | 3,28,539<br>(2,08,170)         | 1,47,429<br>(1,20,369)       | -<br>(-)     | 28,31,589<br>(23,36,787)           | 23,36,787<br>(16,20,242)           |
| Furniture and fixtures | 44,56,988<br>(44,39,813)           | 15,21,861<br>(17,175)        | -<br>(-)  | 59,78,849<br>(44,56,988)           | 7,07,613<br>(4,26,543)         | 5,46,584<br>(2,81,070)       | -<br>(-)     | 47,24,652<br>(37,49,375)           | 37,49,375<br>(40,13,270)           |
|                        | 1,80,84,87,189<br>(1,78,74,96,004) | 9,17,93,760<br>(2,09,91,185) | -<br>(-)  | 1,90,02,80,949<br>(1,80,84,87,189) | 20,77,47,000<br>(12,26,19,969) | 8,98,54,669<br>(8,51,27,031) | -<br>(-)     | 1,60,26,79,280<br>(1,60,07,40,189) | 1,60,07,40,189<br>(1,66,48,76,035) |

\* includes land given on operating lease amounting to ₹ Nil (As at March 31, 2013 ₹2,286,093)

\*\* Represents owned assets, unless otherwise stated.

Note: Previous year figures are in brackets



## Notes Forming Part of the Financial Statements

### Note 10 - Long-term loans and advances

|                              | As at 31.03.2014<br>(₹) | As at 31.03.2013<br>(₹) |
|------------------------------|-------------------------|-------------------------|
| (Unsecured, considered good) |                         |                         |
| Capital advances             | 61,29,602               | -                       |
| Security deposits            | 2,41,11,927             | 2,42,88,000             |
| Advance income tax           | 2,17,82,081             | 1,37,77,552             |
| Prepaid expenses             | 1,32,645                | -                       |
|                              | 5,21,56,255             | 3,80,65,552             |

### Note 11 - Other non-current assets

|  |             |             |
|--|-------------|-------------|
| Deposits against guarantees with maturity of more than 12 months from the balance sheet date (Refer note 14) | 2,08,76,461 | 1,93,39,662 |
|  | 2,08,76,461 | 1,93,39,662 |

### Note 12 - Inventories

| (At lower of cost and net realisable value)  |              |             |
|--|--------------|-------------|
| Raw materials (includes ₹218,287,930 (As at 31 March, 2013 ₹16,814,536) of materials-in-transit) | 22,10,81,846 | 4,93,68,957 |
| Stores and spares  | 2,54,89,756  | 91,95,729   |
|  | 24,65,71,602 | 5,85,64,686 |

### Note 13 - Trade receivables

| (Unsecured, considered good, unless otherwise stated)                         |           |             |
|---|-----------|-------------|
| Trade receivables outstanding for a period exceeding six months from due date |           |             |
| Considered good   | 84,049    | 33,122      |
| Considered doubtful   | 37,43,032 | 37,30,575   |
|   | 38,27,081 | 37,63,697   |
| Less: Provision for doubtful trade receivables                                | 37,43,032 | 37,30,575   |
|   | 84,049    | 33,122      |
| Other trade receivables   |           |             |
| Considered good   | 6,29,813  | 1,50,35,420 |
|   | 6,29,813  | 1,50,35,420 |
|   | 7,13,862  | 1,50,68,542 |

# Notes Forming Part of the Financial Statements

## Note 14 - Cash and bank balances

|  | As at 31.03.2014<br>(₹) | As at 31.03.2013<br>(₹) |
|--|-------------------------|-------------------------|
| <b>Cash and cash equivalents</b>   |                         |                         |
| Cash on hand   | 52,748                  | 49,974                  |
| Balances with banks  |                         |                         |
| - In current accounts  | 10,76,79,901            | 1,87,76,796             |
| - In deposit accounts  |                         |                         |
| - Original maturity of 3 months or less                                  | 60,00,000               | 92,00,000               |
|  | 11,37,32,649            | 2,80,26,770             |
| <b>Other bank balances</b>   |                         |                         |
| Deposits against guarantees with original maturity of more than 3 months | 3,59,76,461             | 2,93,39,662             |
| Less: Amount disclosed under non-current assets (Refer note 11)          | (2,08,76,461)           | (1,93,39,662)           |
|  | 1,51,00,000             | 1,00,00,000             |
|  | 12,88,32,649            | 3,80,26,770             |

## Note 15 - Short-term loans and advances

|   |             |             |
|---|-------------|-------------|
| (Unsecured, considered good, unless otherwise stated) |             |             |
| Loans and advances to employees                       | 46,250      | 1,62,709    |
| Prepaid expenses                                      | 15,92,080   | 14,19,128   |
| Balances with government authorities                  | 2,14,59,431 | 76,79,199   |
| Security deposits                                     | -           | 1,50,000    |
|   | 2,30,97,761 | 94,11,036   |
| Advance to suppliers                                  |             |             |
| <b>Considered good</b>                                | 2,67,87,049 | 1,46,29,632 |
| <b>Considered doubtful</b>                            | 62,685      | 4,414       |
|   | 2,68,49,734 | 1,46,34,046 |
| Less: Provision for doubtful advances                 | 62,685      | 4,414       |
|   | 2,67,87,049 | 1,46,29,632 |
|   | 4,98,84,810 | 2,40,40,668 |

## Note 16 - Other current assets

|                              |             |          |
|------------------------------|-------------|----------|
| Interest accrued on deposits | 13,60,440   | 9,00,110 |
| Unbilled revenue             | 1,69,17,983 | -        |
| Others                       | 22,27,500   | -        |
|                              | 2,05,05,923 | 9,00,110 |



## Notes Forming Part of the Financial Statements

### Note 17 - Revenue from operations

|  | 2013-14<br>(₹)        | 2012-13<br>(₹)      |
|--|-----------------------|---------------------|
| <b>(a) Sales</b>                       |                       |                     |
| Sale of Power                          | 45,92,01,044          | 57,57,12,897        |
| Sale of traded goods (Silicomanganese) | 24,60,28,357          | 57,28,806           |
| <b>Total (a)</b>                       | <b>70,52,29,401</b>   | <b>58,14,41,703</b> |
| <b>(b) Other operating revenues</b>    |                       |                     |
| - Conversion charges                   | 54,14,14,488          | 26,82,51,865        |
| - Sale of raw materials                | 61,19,522             | 59,27,853           |
| - Sale of scrap                        | 30,77,808             | 34,38,610           |
| <b>Total (b)</b>                       | <b>55,06,11,818</b>   | <b>27,76,18,328</b> |
| <b>Revenue from operations (a+b)</b>   | <b>1,25,58,41,219</b> | <b>85,90,60,031</b> |

### Note 18 - Other income

|   |                    |                  |
|---|--------------------|------------------|
| Interest on                               |                    |                  |
| - Bank fixed deposits                     | 35,01,149          | 23,95,985        |
| - Security deposits                       | 2,13,240           | 2,24,640         |
| - Income tax refund                       | 2,39,690           | 40,028           |
|   | <b>39,54,079</b>   | <b>26,60,653</b> |
| Net gain on foreign currency transactions | -                  | 96,715           |
| Other non-operating income                |                    |                  |
| -Duty drawback / other schemes            | 1,35,14,325        | -                |
| -Rental Income from operating lease       | -                  | 60,000           |
| -Miscellaneous income                     | 1,69,423           | 1,88,474         |
|   | <b>1,36,83,748</b> | <b>2,48,474</b>  |
|   | <b>1,76,37,827</b> | <b>30,05,842</b> |

### Note 19 - Changes in inventories of finished goods

|  |   |              |
|--|---|--------------|
| Inventories at the end of the year       | - | -            |
| Inventories at the beginning of the year | - | 2,618        |
|  | - | <b>2,618</b> |

### Note 20 - Employee benefits expense

|  |                    |                    |
|--|--------------------|--------------------|
| Salaries, wages and bonus                        | 3,13,51,005        | 2,06,19,172        |
| Contribution to provident fund (Refer note 29 C) | 10,70,259          | 6,46,911           |
| Gratuity (Refer note 29 A)                       | 8,13,710           | 5,23,897           |
| Staff welfare expenses                           | 14,36,052          | 8,84,178           |
|  | <b>3,46,71,026</b> | <b>2,26,74,158</b> |

# Notes Forming Part of the Financial Statements

## Note 21 - Finance costs

|  | 2013-14<br>(₹) | 2012-13<br>(₹) |
|--|----------------|----------------|
| Interest expense on:                           |                |                |
| -Trade payables                                | -              | 1,16,787       |
| -Delayed payment of income tax and other taxes | 15,011         | 1,67,265       |
|  | 15,011         | 2,84,052       |

## Note 22 - Other expenses

|  |              |              |
|--|--------------|--------------|
| Operation and maintenance charges                            | 3,37,08,000  | 3,36,33,675  |
| Coal consumed for power generation                           | 68,98,10,513 | 68,33,21,973 |
| Stores and spares consumed (including water and consumables) | 3,41,86,288  | 1,98,12,515  |
| Increase / (decrease) of excise duty on inventory            | -            | (244)        |
| Power and fuel   | 5,74,24,442  | 68,47,908    |
| Rent (Refer note 32)   | 16,31,481    | 34,71,972    |
| Repairs and maintenance                                      |              |              |
| - Plant and machinery  | 1,14,46,482  | 2,96,25,453  |
| - Buildings  | 1,50,612     | 18,96,553    |
| - Others   | 62,69,826    | 29,49,325    |
|  | 1,78,66,920  | 3,44,71,331  |
| Insurance  | 25,00,377    | 24,78,106    |
| Rates and taxes  | 18,26,417    | 33,80,207    |
| Travelling and conveyance                                    | 17,20,979    | 13,71,917    |
| Vehicle expenses   | 28,94,365    | 22,28,638    |
| Advertisement and selling expenses                           | 2,73,33,765  | 43,19,334    |
| Legal and professional charges                               | 24,36,908    | 19,16,570    |
| Payments to auditors (Refer note below)                      | 15,41,005    | 14,78,100    |
| Sub-contracting charges                                      | 3,29,70,735  | 2,60,77,738  |
| Security charges   | 47,34,815    | 42,54,105    |
| Administrative and general expenses                          | 44,11,684    | 34,68,721    |
| Net loss on foreign currency transactions                    | 1,07,38,262  | -            |
| Provision for doubtful trade receivables and advances        | 70,728       | 37,34,989    |
| Bad trade receivables written off                            | 1,217        | -            |
|  | 92,78,08,901 | 83,62,67,555 |
| Note:  |              |              |
| Statutory audit  | 11,50,000    | 10,00,000    |
| Tax audit  | 2,00,000     | 2,00,000     |
| Reimbursement of out of pocket expenses and levies           | 1,91,005     | 2,78,100     |
|  | 15,41,005    | 14,78,100    |



## Notes Forming Part of the Financial Statements

### Note 23 - Contingent liabilities and commitments (to the extent not provided for)

|  | As at 31.03.2014<br>(₹) | As at 31.03.2013<br>(₹) |
|--|-------------------------|-------------------------|
| (i) Contingent liabilities (Claims against the company not acknowledged as debt)   |                         |                         |
| Electricity tax (relating to applicability of tax)   | 1,69,98,467             | 1,69,98,467             |
| 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   | 42,22,277               | 1,07,94,786             |

### Note 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.

### Note 25 - Value of imports calculated on CIF basis

|   | For the year<br>ended 31 March,<br>2014 (₹) | For the year<br>ended 31 March,<br>2013 (₹) |
|---|---|---|
| Stores and spares (including coal, water and consumables) | 55,27,24,981                                | 21,26,35,789                                |
|   | 55,27,24,981                                | 21,26,35,789                                |

### Note 26 - Expenditure in Foreign currency

|   |   |           |
|---|---|-----------|
| Travelling & Conveyance and Membership & Subscription | - | 82,275    |
| Repairs and maintenance                               | - | 37,75,753 |
|   | - | 38,58,028 |



## Notes Forming Part of the Financial Statements

### Note 27

#### a) Cost of materials consumed

| Particulars            | %   | For the year ended 31 March, 2014 (₹) | %   | For the year ended 31 March, 2013 (₹) |
|------------------------|-----|---------------------------------------|-----|---------------------------------------|
| <b>For production:</b> |     |                                       |     |                                       |
| Manganese Ore          |     | -                                     |     | -                                     |
| Dolomite               |     | 7,54,760                              |     | 19,11,761                             |
| Quartz                 |     | 26,62,092                             |     | 41,28,721                             |
| Other Materials        |     | 9,66,076                              |     | -                                     |
|                        |     | 43,82,928                             |     | 60,40,482                             |
| <b>For sale:</b>       |     |                                       |     |                                       |
| Coal                   |     | 49,16,911                             |     | 43,84,030                             |
|                        |     | 49,16,911                             |     | 43,84,030                             |
| <b>Total</b>           |     | 92,99,839                             |     | 1,04,24,512                           |
| <b>Whereof:</b>        |     |                                       |     |                                       |
| Imported               | -   | -                                     | -   | -                                     |
| Indigenous             | 100 | 92,99,839                             | 100 | 1,04,24,512                           |
|                        | 100 | 92,99,839                             | 100 | 1,04,24,512                           |

#### 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.

| Particulars   | %   | For the year ended 31 March, 2014 (₹) | %   | For the year ended 31 March, 2013 (₹) |
|---|-----|---------------------------------------|-----|---------------------------------------|
| <b>b) Purchases of stock-in-trade</b>                               |     |                                       |     |                                       |
| Silicomanganese   |     | 23,59,40,000                          |     | 56,16,000                             |
| <b>Total</b>  |     | 23,59,40,000                          |     | 56,16,000                             |
| <b>c) Stores and spares (including coal, water and consumables)</b> |     |                                       |     |                                       |
| Imported  | 76  | 55,27,24,981                          | 37  | 26,36,21,249                          |
| Indigenous  | 24  | 17,12,71,820                          | 63  | 43,95,13,239                          |
|   | 100 | 72,39,96,801                          | 100 | 70,31,34,488                          |

#### Note 28 - Earnings in foreign exchange

|   | For the year ended 31 March, 2014 (₹) | For the year ended 31 March, 2013 (₹) |
|---|---------------------------------------|---------------------------------------|
| Export of goods calculated on F.O.B basis | 24,60,28,357                          | 57,28,806                             |
|   | 24,60,28,357                          | 57,28,806                             |



## Notes Forming Part of the Financial Statements

### Note 29 - Employee benefits:

#### A) Defined Benefit Plan - Unfunded:

|  | For the year<br>ended 31 March,<br>2014 (₹) | For the year<br>ended 31 March,<br>2013 (₹) |
|--|---|---|
| Details of post retirement gratuity plan are as follows:   |   |   |
| <b>a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:</b>   |   |   |
| Obligations at the beginning of the year   | 8,32,024                                    | 3,08,127                                    |
| Add: Current service cost  | 2,01,183                                    | 1,20,962                                    |
| Add: Interest cost   | 71,842                                      | 24,650                                      |
| Add/ (Less): Actuarial losses/(gains) on obligations   | 5,40,685                                    | 3,78,285                                    |
| (Less): Benefits paid during the year  | (85,095)                                    | -   |
| Obligations at the end of the year   | 15,60,639                                   | 8,32,024                                    |
| <b>b) Reconciliation of opening and closing balances of the fair value of plan assets:</b>   |   |   |
| 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   | -   | -   |
| <b>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:</b> |   |   |
| Present value of obligation  | 15,60,639                                   | 8,32,024                                    |
| (Less): Fair value of plan assets  | -   | -   |
| Amount recognised in the balance sheet   |   |   |
| - Current  | 9,81,735                                    | 2,22,343                                    |
| - Non-current  | 5,78,904                                    | 6,09,681                                    |
|  | 15,60,639                                   | 8,32,024                                    |
| <b>d) Expenses recognised in the statement of profit and loss under "Gratuity" in Note 20:</b>   |   |   |
| Current service cost   | 2,01,183                                    | 1,20,962                                    |
| Add: Interest cost   | 71,842                                      | 24,650                                      |
| (Less): Expected return on plan assets   | -   | -   |
| Add: Actuarial losses/(gains) recognised during the year   | 5,40,685                                    | 3,78,285                                    |
|  | 8,13,710                                    | 5,23,897                                    |
| <b>e) Principal actuarial assumptions:</b>   |   |   |
| Discount rate per annum  | 9.10%                                       | 8.00%                                       |
| Salary escalation rate   | 5.00%                                       | 5.00%                                       |
| Attrition rate   | 5.00%                                       | 5.00%                                       |
| Retirement age   | 60 years                                    | 60 years                                    |

## Notes Forming Part of the Financial Statements

### Note 29 - Employee benefits: (Contd.)

|   | 2013-14     | 2012-13    | 2011-12    | 2010-11    | 2009-10    |
|---|-------------|------------|------------|------------|------------|
| <b>f) Summary of defined benefit obligation / plan assets and experience adjustments:</b> |             |            |            |            |            |
| Defined benefit obligation  | 15,60,639   | 8,32,024   | 3,08,127   | 1,82,968   | 1,05,931   |
| Plan assets   | -           | -          | -          | -          | -          |
| Surplus / (deficit)   | (15,60,639) | (8,32,024) | (3,08,127) | (1,82,968) | (1,05,931) |
| Experience adjustments on plan liabilities – (loss) / gain                                | (3,24,005)  | (3,52,912) | (19,880)   | 29,530     | 1,48,520   |
| Experience adjustments on plan assets – (loss) / gain                                     | -           | -          | -          | -          | -          |

### B. Other long term benefit – Unfunded

|  | As at<br>31 March, 2014<br>(₹) | As at<br>31 March, 2013<br>(₹) |
|--|--------------------------------|--------------------------------|
| The defined benefit obligation which is provided for but not funded is as under. |                                |                                |
| Liability for compensated absence at the year end                                |                                |                                |
| - Current  | 10,32,593                      | 4,09,096                       |
| - Non-current  | 7,65,817                       | 5,86,234                       |
|  | 17,98,410                      | 9,95,330                       |

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 ₹1,070,259 (year ended 31 March, 2013 ₹646,911) for contribution to provident fund in note 20 in the statement of profit and loss (as part of Contribution to provident fund). 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.



## Notes Forming Part of the Financial Statements

### Note 30 - Segment reporting

a) Primary segments (Business segments)

| Particulars  | Ferroalloys                       |                                   | Power                             |                                   | Unallocable                       |                                   | Elimination                       |                                   | Total                             |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  | For the year ended 31 March, 2014 | For the year ended 31 March, 2013 | For the year ended 31 March, 2014 | For the year ended 31 March, 2013 | For the year ended 31 March, 2014 | For the year ended 31 March, 2013 | For the year ended 31 March, 2014 | For the year ended 31 March, 2013 | For the year ended 31 March, 2014 | For the year ended 31 March, 2013 |
| <b>Revenue :</b>   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |
| External sales   | 79,37,68,187                      | 28,13,88,325                      | 46,20,73,032                      | 57,76,71,706                      | -                                 | -                                 | -                                 | -                                 | 1,25,58,41,219                    | 85,90,60,031                      |
| Inter segment sales                                      | -                                 | -                                 | 38,17,25,400                      | 20,96,59,503                      | -                                 | -                                 | (38,17,25,400)                    | (20,96,59,503)                    | -                                 | -                                 |
| <b>Total revenue</b>                                     | <b>79,37,68,187</b>               | <b>28,13,88,325</b>               | <b>84,37,98,432</b>               | <b>78,73,31,209</b>               | -                                 | -                                 | <b>(38,17,25,400)</b>             | <b>(20,96,59,503)</b>             | <b>1,25,58,41,219</b>             | <b>85,90,60,031</b>               |
| <b>Result :</b>  |                                   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |
| Segment loss   | 37,77,820                         | (2,96,23,280)                     | (2,36,74,902)                     | (6,42,56,305)                     | -                                 | -                                 | -                                 | -                                 | (1,98,97,082)                     | (9,38,79,585)                     |
| Unallocated net (expense) / income                       | -                                 | -                                 | -                                 | -                                 | (41,98,307)                       | (41,66,416)                       | -                                 | -                                 | (41,98,307)                       | (41,66,416)                       |
| Operating loss   | 37,77,820                         | (2,96,23,280)                     | (2,36,74,902)                     | (6,42,56,305)                     | (41,98,307)                       | (41,66,416)                       | -                                 | -                                 | (2,40,95,389)                     | (9,80,46,001)                     |
| Finance costs  | -                                 | -                                 | -                                 | -                                 | 15,011                            | 2,84,052                          | -                                 | -                                 | 15,011                            | 2,84,052                          |
| Loss before taxes  | 37,77,820                         | (2,96,23,280)                     | (2,36,74,902)                     | (6,42,56,305)                     | (42,13,318)                       | (44,50,468)                       | -                                 | -                                 | (2,41,10,400)                     | (9,83,30,053)                     |
| Taxes  | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 | -                                 |
| <b>Net loss</b>  | <b>37,77,820</b>                  | <b>(2,96,23,280)</b>              | <b>(2,36,74,902)</b>              | <b>(6,42,56,305)</b>              | <b>(42,13,318)</b>                | <b>(44,50,468)</b>                | -                                 | -                                 | <b>(2,41,10,400)</b>              | <b>(9,83,30,053)</b>              |
| <b>Other Information</b>                                 |                                   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |
| Segment assets   | 36,82,92,885                      | 36,74,70,597                      | 1,61,82,49,154                    | 1,48,88,19,033                    | 14,58,64,552                      | 3,03,41,227                       | -                                 | -                                 | 2,13,24,06,591                    | 1,88,66,30,857                    |
| Segment liabilities                                      | 19,98,36,878                      | 16,62,46,873                      | 49,37,97,532                      | 25,96,88,435                      | 59,53,815                         | 37,66,783                         | -                                 | -                                 | 69,95,88,225                      | 42,97,02,091                      |
| Capital expenditure including capital work - in progress | 45,32,949                         | 24,09,021                         | 55,61,882                         | 1,82,00,159                       | -                                 | 1,64,15,141                       | -                                 | -                                 | 1,00,94,831                       | 3,70,24,321                       |
| Depreciation   | 1,65,45,007                       | 1,61,20,844                       | 7,30,42,095                       | 6,90,05,454                       | 2,67,567                          | 733                               | -                                 | -                                 | 8,98,54,669                       | 8,51,27,031                       |
| Non-cash expense other than depreciation                 | 2,443                             | 37,30,575                         | 69,502                            | 4,414                             | -                                 | -                                 | -                                 | -                                 | 71,945                            | 37,34,989                         |

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.

# Notes Forming Part of the Financial Statements

## Note 30 - Segment reporting (Contd.)

### b) Secondary segments (Geographical segments)

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

| Geographical Segments | 2013-14               | 2012-13             |
|-----------------------|-----------------------|---------------------|
| India                 | 1,00,98,12,862        | 85,33,31,225        |
| Rest of world         | 24,60,28,357          | 57,28,806           |
| <b>Total</b>          | <b>1,25,58,41,219</b> | <b>85,90,60,031</b> |

#### (ii) Total Carrying amount of assets, by geographical location

| Location of Assets | 2013-14               | 2012-13               |
|--------------------|-----------------------|-----------------------|
| India              | 2,13,18,21,962        | 1,88,66,30,857        |
| Rest of world      | 5,84,629              | -                     |
| <b>Total</b>       | <b>2,13,24,06,591</b> | <b>1,88,66,30,857</b> |

**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)

| Location of Assets | 2013-14            | 2012-13            |
|--------------------|--------------------|--------------------|
| India              | 1,00,94,831        | 3,70,24,321        |
| Rest of world      | -                  | -                  |
| <b>Total</b>       | <b>1,00,94,831</b> | <b>3,70,24,321</b> |

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

## Note 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 - Director<br>P Sridaran - Director (Operations) (w.e.f September 16, 2013)<br>A G Suresh - Director (Projects) (w.e.f September 16, 2013) |
| d       | Relative of a Director                  | Mubeen A Sheriff, relative of Nazim Sheikh (up to May 31, 2013)  |



## Notes Forming Part of the Financial Statements

### Note 31 - Related party disclosures (Contd.)

#### 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 | Key Management Personnel | Relative of a Director | Total          |
|---------|--|-----------------|---|--------------------------|------------------------|----------------|
| 1       | Salaries and Wages:                            |                 |   |                          |                        |                |
|         | - Mubeen A Sheriff                             | -               | -                                       | -                        | 1,88,222               | 1,88,222       |
|         |  | (-)             | (-)                                     | (-)                      | (10,55,905)            | (10,55,905)    |
|         | - P. Sridaran                                  | -               | -                                       | 18,14,189                | -                      | 18,14,189      |
|         |  | (-)             | (-)                                     | (-)                      | (-)                    | (-)            |
|         | - A. G. Suresh                                 | -               | -                                       | 16,36,556                | -                      | 16,36,556      |
|         |  | (-)             | (-)                                     | (-)                      | (-)                    | (-)            |
| 2       | Sale of Materials                              |                 |   |                          |                        |                |
|         | - SMIORE                                       | 64,25,789       | -                                       | -                        | -                      | 64,25,789      |
|         |  | (62,25,782)     | (-)                                     | (-)                      | (-)                    | (62,25,782)    |
| 3       | Purchase of materials                          | 23,59,40,000    | -                                       | -                        | -                      | 23,59,40,000   |
|         | - SMIORE                                       | (56,16,000)     | (-)                                     | (-)                      | (-)                    | (56,16,000)    |
| 4       | Conversion charges                             |                 |   |                          |                        |                |
|         | - SMIORE                                       | 54,14,14,488    | -                                       | -                        | -                      | 54,14,14,488   |
|         |  | (26,82,51,865)  | (-)                                     | (-)                      | (-)                    | (26,82,51,865) |
| 5       | Rental income                                  |                 |   |                          |                        |                |
|         | - EIEPL  | -               | -                                       | -                        | -                      | -              |
|         |  | (-)             | (60,000)                                | (-)                      | (-)                    | (60,000)       |
|         | Balances as at the year end:                   |                 |   |                          |                        |                |
| 6       | Sundry creditors (Including interest accrued): |                 |   |                          |                        |                |
|         | - SMIORE                                       | 29,61,46,401    | -                                       | -                        | -                      | 29,61,46,401   |
|         |  | (25,92,52,724)  | (-)                                     | (-)                      | (-)                    | (25,92,52,724) |
|         | - EIEPL  | -               | 2,98,78,256                             | -                        | -                      | 2,98,78,256    |
|         |  | (-)             | (2,98,18,256)                           | (-)                      | (-)                    | (2,98,18,256)  |
| 7       | Salary payable                                 |                 |   |                          |                        |                |
|         | - Mubeen A Sheriff                             | -               | -                                       | -                        | -                      | -              |
|         |  | (-)             | (-)                                     | (-)                      | (1,39,291)             | (1,39,291)     |
|         | - P. Sridaran                                  | -               | -                                       | 1,42,368                 | -                      | 1,42,368       |
|         |  | (-)             | (-)                                     | (-)                      | (-)                    | (-)            |
|         | - A. G. Suresh                                 | -               | -                                       | 1,52,793                 | -                      | 1,52,793       |
|         |  | (-)             | (-)                                     | (-)                      | (-)                    | (-)            |

## Notes Forming Part of the Financial Statements

### Note 31 - Related party disclosures (Contd.)

| Sl. No. | Nature of Transactions / Balances outstanding          | Holding Company | Enterprise having significant influence | Key Management Personnel | Relative of a Director | Total          |
|---------|--|-----------------|---|--------------------------|------------------------|----------------|
| 8       | Corporate guarantee issued on behalf of the Company by |                 |   |                          |                        |                |
|         | - SMIORE   | 10,50,00,000    | -                                       | -                        | -                      | 10,50,00,000   |
|         |  | (10,50,00,000)  | (-)                                     | (-)                      | (-)                    | (10,50,00,000) |

#### Notes:

- 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.
- 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.
- Previous year figures are in brackets.

### Note 32 - Operating leases:

|   | For the year ended 31 March, 2014 (₹) | For the year ended 31 March, 2013 (₹) |
|---|---------------------------------------|---------------------------------------|
| Lease payments recognised in the statement of profit and loss | 16,31,481                             | 34,71,972                             |

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.

### Note 33 - Earnings per share

|  | For the year ended 31 March, 2014 (₹) | For the year ended 31 March, 2013 (₹) |
|--|---------------------------------------|---------------------------------------|
| Nominal value of equity share (₹)  | 10                                    | 10                                    |
| Weighted average number of equity shares outstanding                                       | 9,26,15,000                           | 9,26,15,000                           |
| Loss after taxation considered for calculation of basic and diluted earnings per share (₹) | (2,41,10,400)                         | (9,83,30,053)                         |
| Earnings Per Share – Basic and Diluted (₹)   | (0.26)                                | (1.06)                                |





## Notes Forming Part of the Financial Statements

### Note 34 - Deferred tax

The net Deferred tax as at 31 March, 2014 amounting to ₹ Nil (as at 31 March, 2013: ₹ Nil) has been arrived at as follows:

|  | For the year<br>ended 31 March,<br>2014 (₹) | For the year<br>ended 31 March,<br>2013 (₹) |
|--|---|---|
| A Deferred tax assets arising from:  |   |   |
| Unabsorbed depreciation allowance *  | 15,28,20,893                                | 16,73,89,298                                |
|  | 15,28,20,893                                | 16,73,89,298                                |
| B Deferred tax liabilities arising from:   |   |   |
| Difference between carrying amount of fixed assets in the financial statements and the Income tax return | 15,28,20,893                                | 16,73,89,298                                |
|  | 15,28,20,893                                | 16,73,89,298                                |
| Net deferred tax asset / (liability) (A-B)   | -   | -   |
| Net deferred tax charge for the year   | -   | -   |

\* 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.

### Note 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  
Director

P Sridaran  
Director (Operations)

Subrahmanya Hegde  
Company Secretary

Place: Bangalore  
Date : May 27, 2014



*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 60th Annual General Meeting of the Company to be held on Saturday, the 27th day of September 2014 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:

*ganes & Iron Ores Limited*

| RESOLUTIONS | FOR | AGAINST |
|-------------|-----|---------|
| Item No.1   |     |         |
| Item No.2   |     |         |
| Item No.3   |     |         |
| Item No.4   |     |         |
| Item No.5   |     |         |
| Item No.6   |     |         |
| Item No.7   |     |         |

Number of Shares held.....

Signed this.....day of..... 2014

Folio No.

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.

