

# STAR METALLICS AND POWER PRIVATE LIMITED

(A subsidiary of The Sandur Manganese & Iron Ores Ltd)

## 9<sup>th</sup> ANNUAL REPORT 2015-16

### DIRECTORS

S. Y. Ghorpade, Chairman & Non-Executive Director  
Nazim Sheikh, Director  
S. H. Mohan, Director  
N. S. Lakshmanan, Director  
A. G. Suresh, Director  
B. Ananda Kumar, Nominee Director  
V. Balasubramanian, Independent Director  
S. S. Rao, Independent Director  
Dr. H. R. Halambi, Independent Director

### COMPANY SECRETARY

V. Murali

### CHIEF FINANCIAL OFFICER

Sachin Dattatray Sanu

### AUDITORS

M/S. Deloitte Haskins & Sells, Bengaluru

### BANKERS

State Bank of Mysore

### AUDIT COMMITTEE

S. S. Rao, Chairman  
N. S. Lakshmanan, Member  
V. Balasubramanian, Member  
Dr. H. R. Halambi, Member

### NOMINATION & REMUNERATION COMMITTEE

V. Balasubramanian, Chairman  
N. S. Lakshmanan, Member  
S. S. Rao, Member  
Dr. H. R. Halambi, Member  
B. Ananda Kumar, Member

### CORPORATE SOCIAL RESPONSIBILITY CHIEF

S. Y. Ghorpade, Chairman  
V. Balasubramanian, Member  
S. S. Rao, Member  
B. Ananda Kumar, Member  
Dr. H. R. Halambi, Member

### Registered Office:

Metal and Ferroalloys Plant, Vyasankere, Mariyammanahalli - 583 222  
Hospet Taluk, Ballari District, Karnataka State  
Phone: 08394-244450

### Corporate Office:

No. 2C, Redifice Signature, No. 6, Hospital Road, Shivaji Nagar, Bengaluru - 560 001,  
Karnataka, India, Tel : 080-41520176-180, Fax: 080-41520182

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# STAR METALLICS AND POWER PRIVATE LIMITED

(A subsidiary of The Sandur Manganese & Iron Ores Ltd)

**CIN:U40102KA2007PTC043446**

**Registered Office:** Metal & Ferroalloys Plant, Vyasankere,  
Mariyammanahalli - 583 222, Hospet Taluk, Ballari Dist., Karnataka  
Telephone: +91 8394 244450

## NOTICE

**Notice** is hereby given that the Ninth Annual General Meeting of the Members of the Company will be held on Wednesday, the 14<sup>th</sup> day of September 2016 at 3.00 P. M. at the Registered office of the Company at Metal & Ferroalloys Plant, Vyasankere, Mariyammanahalli - 583 222, to transact, the following business:

### ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the report of Auditors and Directors' thereon.
2. To appoint a Director in place of Mr. S. Y Ghorpade (DIN - 00080477), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. A. G. Suresh (DIN - 00065014), who retires by rotation and being eligible, offers himself for reappointment.
4. To consider and if thought fit to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

**“RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of Deloitte Haskins & Sells, Chartered Accountants, (ICAI Registration No. 008072S), Bengaluru as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting at such a remuneration as may be mutually agreed to between the Board of Directors and the Auditors.”

### SPECIAL BUSINESS

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

**“RESOLVED THAT** pursuant to the provisions of 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 approval of the shareholders by way of a special resolution and such other approvals as may be required, consent of the Board be and is hereby accorded for the reappointment of A. G. Suresh (DIN 00065014) as Director (Projects) for a period of three years with effect from 16 September 2016 upon the terms and conditions, recommended by the Nomination and Remuneration Committee at its meeting held on 27 May 2016 including remuneration and otherwise, as contained in the draft agreement expressed to be made between the Company of the one part and the said A. G. Suresh of the other part which draft is available for inspection by the members at the Registered Office of the Company and initialed by the Chairman 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 A. G. Suresh, in the best interest of the Company and as may be permissible by law and the stamped engrossments of the said agreement in duplicate thereof, if any as aforesaid when finalised, be executed in the manner authorised by the Article of Association of the Company.”

By order of the Board  
for **Star Metallics and Power Private Limited**

Place : Bengaluru  
Date : 27 May 2016

**V. Murali**  
Company Secretary

#### **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 PER CENT 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. Corporate member intending to send its authorised representative to attend the meeting is requested to send to the company an authority letter authorizing their representative to attend and vote on its behalf at the meeting together with a certified copy of the board resolution passed by it.
3. The statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of special business set out in the Notice is annexed.
4. The route map showing directions to reach the venue of the 9<sup>th</sup> Annual General Meeting is annexed.

## 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.

### Item No. 5

A. G. Suresh, Director (Projects) was appointed for a three year tenure with effect from 16 September 2013, vide resolutions passed at the 28<sup>th</sup> Board Meeting held on 16 September 2013 and 7<sup>th</sup> Annual General Meeting held on 27 September 2014. His current tenure is due to expire on 15 September 2016.

A. G. Suresh holds a degree in Electrical Engineering. He has over 36 years' of experience in various industries. He has been associated with the Company since its inception. His contribution to the Company especially during setting up and successful commissioning of Company's 32 MW thermal power plant at Vyasankere is commendable. It is proposed to reappoint him as Director (Projects) for another three years in order to continue to avail his rich experience in power plant and projects.

He is a Director on the Boards of Sandur Fluid Controls Private Limited, Sandur Laminates Limited and Harishankar Power Projects Private Limited.

He is not holding any shares of the Company.

The Nomination and Remuneration Committee, at its meeting held on 27 May 2016, has recommended the reappointment of A. G. Suresh as Director (Projects) for a period of three years with effect from 16 September 2016 on the following terms:

- a) Basic Salary: ₹97500/- per month in the scale of ₹75000-7500-112500-12500-175000-20000-275000.
- b) Allowances, Perquisites, benefits etc., not exceeding twice the salary per month.
- c) Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leave, including its encashment, shall be in accordance with the provisions of paragraph 1 of Section IV of Part II of Schedule V to the Companies Act, 2013 read with applicable rules of the Company. If there is a difference in the aforesaid provisions and the rules of the Company, he shall be entitled for the higher value.
- d) Transport facility with driver, telephone at residence, mobile phones, etc., shall be provided for office use and the same shall not be forming part of remuneration.

**Minimum Remuneration:** In the event of loss or inadequacy of profits in any financial year during the period of appointment of A. G. Suresh as Director (Projects), the monthly salary, allowances, perquisites and other benefits shall be in accordance with and subject to the provisions of sub-section (3) of Section 197 of the Companies Act, 2013 and clause (A) of Section II of Part II of Schedule V to the Companies Act, 2013.

Further, A. G. Suresh shall not be paid any sitting fee for attending the meetings of the Board or any Committee thereof.

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

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

The Special Resolution at Item No. 5 for his appointment as Director (projects) are proposed and accordingly commended for approval.

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

None of the Directors, Key Managerial Personnel and their relatives is / are, in any way, concerned or interested in this item except, A. G. Suresh, the proposed appointee.

By order of the Board  
for Star Metallics and Power Private Limited

V. Murali  
Company Secretary

Place : Bengaluru  
Date : 27 May 2016

**ANNEXURE (REFER ITEM NO. 5 OF NOTICE OF AGM)**  
**APPOINTMENT OF MANAGERIAL PERSONNEL – SECTIONS 196, 197 & 203**  
**OF THE COMPANIES ACT, 2013**

**(STATEMENT PURSUANT TO PROVISIO (iv) SECTION II OF PART II OF**  
**SCHEDULE V TO THE COMPANIES ACT, 2013)**

**I. General Information**

(1)	Nature of Industry	Generation of Electricity and manufacture of Ferroalloys	
(2)	Date or expected date of commencement of commercial production	Already commenced	
(3)	In case of new companies, expected date of commencement of activities as per project approved by financing institutions appearing in the prospectus	Not applicable	
(4)	Financial performance based on given indicators	₹	₹
		<b>2015-16</b>	<b>2014-15</b>
(i)	Revenue from operations	813,815,917	1,479,281,792
(ii)	Other Income	8,651,638	13,998,800
(iii)	Total Income	822,467,555	1,493,280,592
(iv)	(Loss)/Profit before Interest, Depreciation and Tax	31,708,667	182,757,362
(v)	Interest	2,882,304	102,275
(vi)	Depreciation	50,805,052	50,923,509
(vii)	(Loss)/Profit before tax	(21,978,698)	131,731,578
(viii)	Tax	-	-
(ix)	(Loss)/Profit after tax	(21,978,698)	131,731,578
(5)	Foreign Investments or collaborations, if any	None	None

**II. Information about the appointee Mr. A. G. Suresh**

Sl.No	Information required	Information provided
(1)	Back ground details	This information is provided under Explanatory Statement for Item No. 5 of AGM Notice
(2)	Past remuneration	For the financial year 2015-16, he was paid a salary of ₹35.24 lakh (Including perquisites and contribution to Provident Fund)
(3)	Recognition or awards	None
(4)	Job profile and its suitability	He has been working as General Manager (Power Plant) before he was elevated as Director (Projects) with effect from 16 September 2013 and is responsible for operations of Power Plant and also engaged in upcoming projects of the group subject to the direction and supervision of the Board of Directors.
(5)	Remuneration proposed	This information is provided under Explanatory Statement for Item No. 5

(6)	Comparative remuneration profile with respect to the Industry, size of the company, profile and position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration proposed is much lower than the prevailing levels in the industry for comparable positions. Detailed justification for the proposed remuneration is given in the Explanatory Statement of the proposed special resolution
(7)	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any.	A. G. Suresh has no pecuniary relationship with the Company other than receiving remuneration as Director (Projects). He is neither related to promoters nor other managerial personnel of the Company.

### III. Other information

Sl.No	Information required	Information provided
(1)	Reasons for loss or inadequate profits	The company's operations turned profitable in FY 2014-15. However, due to adverse market conditions globally in steel industry, the company could not get conversion orders regularly to utilize the capacity fully in FY 2015-16, resulting in loss from operations. The sale of energy, through energy exchange also not profitable due to general downward in power tariff in the country. However, sale of power to State Government under Section 11 of the Electricity Act and supply of energy to Power Corporation of Karnataka Ltd coupled with reduction in coal price internationally enabled the company to contain the loss to ₹219.79 lakh during the year.
(2)	Steps taken or proposed to be taken for improvement	To improve the profitability, the company entered into a lease agreement with SMIORE for a period of 3 years from February 2016, leasing its entire facilities to SMIORE and the employees have also been transferred to SMIORE. Under this arrangement the company would receive a fixed monthly lease income. With limited expenditure, the company expects reasonable profit from FY 2016-17 for the next three years. Due to thrust given for infrastructure by the Government, the demand for company's products is also expected to improve gradually.
(3)	Expected increase in productivity and profit in measurable terms	The step proposed under serial no.2 above will result in improved profitability in the years to come and it will be difficult to quantify the same.

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

**DIRECTORS' REPORT**

Your Directors are pleased to present their 9<sup>th</sup> Annual Report and Audited Statement of Accounts for the year ended 31 March 2016.

**FINANCIAL RESULTS**

(Amount in ₹)

Particulars	Current Year ended 31.03.2016	Previous Year ended 31.03.2015
<b>Income</b>		
Revenue from Operations	81,38,15,917	1,47,92,81,792
Other Income	86,51,638	1,39,98,800
<b>TOTAL</b>	<b>82,24,67,555</b>	1,49,32,80,592
<b>Expenditure</b>		
(Increase) / Decrease in finished goods	-	-
Operating and Other Expenses	79,07,58,888	1,31,05,23,230
Finance Cost	28,82,304	1,02,275
Depreciation	5,08,05,052	5,09,23,509
<b>TOTAL</b>	<b>84,44,46,244</b>	1,36,15,49,014
<b>(Loss)/Profit before Tax</b>	<b>(2,19,78,689)</b>	13,17,31,578
Tax expenses	-	-
<b>(Loss)/Profit after Tax</b>	<b>(2,19,78,689)</b>	13,17,31,578
Loss brought forward from previous year	(28,73,08,643)	(41,90,40,221)
Loss carried to Balance Sheet	(30,92,87,332)	(28,73,08,643)
Paid-up equity shares (₹10 per equity share)	9,26,15,000	9,26,15,000
Weighted average number of equity shares outstanding	9,26,15,000	9,26,15,000
<b>Earnings Per Share (₹)</b>		
- Basic & Diluted	(0.24)	1.42

**Note:** Previous year's figures have been regrouped, wherever necessary, in line with the figures of the current financial year.

Due to adverse market conditions, affecting the turnover, your Company incurred a loss of ₹219.79 lakh for the year (after charging ₹508.05 lakh towards depreciation on fixed assets) as against a Profit of ₹1317.32 lakh earned during the previous year.

During the year, your Company generated 140.87 mu (Previous Year 229.97 mu) of energy including 15.92 mu (Previous Year 26.51 mu) towards auxiliary consumption. Energy sold during the year stands at 93.37 mu (Previous Year 91.40 mu) and the captive consumption at the Ferroalloys Plant was 28.46 mu (Previous Year 98.27 mu).



Your Company has also produced **6757** tonnes (Previous Year 23050 tonnes) of Silico-manganese during the year for its holding company on job work basis and earned a conversion fee of **₹2375.17** lakh (Previous Year ₹7669.66 lakh). Income earned during the year include income from lease rentals of ₹170.00 lakhs.

#### **FUTURE PROSPECTS**

The Power and Ferroalloy Plants of your company have been leased to The Sandur Manganese & Iron Ores Ltd (SMIORE), the Holding Company temporarily for a period of 3 Years w.e.f. 1 February 2016. This arrangement is expected to be beneficial to your company.

Based on the current economic environment, the demand for steel is expected to pick-up gradually in line with the projected growth in GDP of Indian Economy, which will aid your company's operations in the years to come.

#### **SUBSIDIARY**

The Company has no subsidiaries.

#### **DIVIDEND**

In the absence of profit, no dividend is proposed for the year

#### **TRANSFER TO RESERVES**

There is no transfer to reserves due to losses incurred.

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

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

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

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

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

During the year no loans, guarantees or investments were made by the Company attracting the provisions of Section 186 of the Companies Act, 2013.

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

The Company entered into a Facility Lease Agreement with 'The Sandur Manganese & Iron Ores Limited' (SMIORE), the holding company, under which, the power and ferroalloy plants of the company have been temporarily Leased to SMIORE for a period of three years from 1 February 2016.

The Company has entered into an agreement for a period of two years with Mrs. Yashodara S. Ghorpade w/o Mr. S. Y. Ghorpade and a member of the S. Y. Ghorpade [Hindu Un-divided Family] for taking on lease 6 flats and a three bedroom penthouse for a period of two years.

Pursuance to the provisions of clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contract entered into by the Company with SMIORE, and Mrs. Yashodara S. Ghorpade, being related parties are given in the prescribed format (AOC- 2) vide **ANNEXURE 'A'**.

#### **EXTRACT OF ANNUAL RETURN**

As part of this Annual Report and as stipulated under Section 134(3)(a) & 92(3) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules 2014, an extract of the annual return in form MGT 9 is attached vide **ANNEXURE 'B'**.

## **BOARD MEETINGS**

The Board of Directors met 5 times during this financial year on 26 May 2015, 7 August 2015, 13 November 2015, 11 February 2016 and 26 March 2016. The intervening gap between any two consecutive meetings of the Board did not exceed one hundred and twenty days as specified under the Companies Act, 2013.

## **DIRECTORS & KEY MANAGERIAL PERSONNEL**

The Board is constituted of four non-executive directors, one whole time director, one nominee director and three independent directors. The Chairman of the Board is a non-executive director. There has been a change in the composition of the Board in the year 2015-16 due to resignation of Mr. P Sridaran, Director on 7 August 2015.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. S. Y. Ghorpade and Mr. A. G. Suresh, Directors, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Resolutions for their reappointment are being proposed in the accompanying notice of the meeting.

The Company has a Company Secretary and a Chief Financial Officer who along with the Whole Time Director constitute the Key Managerial Personnel.

## **DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 confirming that he or she meets the criteria of Independence as laid down in Section 149(6).

## **DIRECTORS' RESPONSIBILITY STATEMENT**

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2015-16 and of the profit of the company for the financial year 2015-16;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

## **BOARD EVALUATION**

The Companies Act, 2013 vide Section 134(3)(p) read with Rule 8 of Companies (Accounts) Rules 2014, requires the Board to carry out formal annual evaluation of its own performance, of Committees and of individual directors.

Further, as per Rule No. 8 of the Companies (Accounts) Rules 2014, all the listed companies and public companies with paid-up share capital of ₹25 crore or more, as at the end of the preceeding financial year, are required to indicate the manner & criteria of formal Board evaluation in Board's Report.

Also, Schedule IV of the Companies Act, 2013 requires performance evaluation of Independent Directors to be done by the entire Board of Directors, excluding the director being evaluated (based on the criteria laid down by

the Nomination and Remuneration Committee). Further, on the basis of the report of performance evaluation, it is required to be determined whether to extend or continue the term of appointment of the Independent Director.

Your company, being a subsidiary of a public company are required to comply with the said provisions.

Accordingly and as mandated by the aforementioned provisions, a mechanism for formal annual evaluation has been devised by the Company. The mechanism provides for annual evaluation at the end of each year. The performance of the Board, Committees and individual directors are evaluated based on reviews / feedback of the directors. A Report, prepared based on completed feedback form, is then placed before the Board for its review.

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

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

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

Further, at the time of appointment, the Company appraises Independent Director of his/her functions, duties, roles and responsibilities as a director.

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

Currently, the Board has three committees namely, Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

#### **COMPOSITION OF AUDIT COMMITTEE**

The Company has duly constituted an Audit Committee consisting of Mr. V. Balasubramanian, Mr. S. S. Rao and Dr. H. R. Halambi, Independent Directors and Mr. N. S. Lakshmanan, Non-Executive Director.

#### **AUDITORS**

At the 7<sup>th</sup> Annual General Meeting of the Company held on 27 September 2014, M/s. Deloitte Haskins & Sells, Chartered Accountants, Bengaluru have been appointed as Statutory Auditors of the Company for a period of 5 years to hold office until the conclusion of 12<sup>th</sup> AGM to be ratified at each Annual General Meeting, in pursuance of Section 139 of the Companies Act, 2013. Accordingly, the Board seeks members' ratification for the appointment of Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors at the ensuing 9<sup>th</sup> Annual General Meeting.

#### **AUDITORS' REPORT**

Auditors' Report on the financial statements of the Company is forming part of this Annual Report. There is no qualification, reservation or adverse remark or disclaimer made by the auditors in their report.

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

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

#### **COST AUDITORS**

Company entered into a lease arrangement with SMIORE under which the entire facility will be utilized by SMIORE, the Lessee. Company will be receiving only monthly lease charges as per the said arrangement and hence cost audit would not be applicable for the year 2016-17 in respect of lease rentals. Moreover, the threshold turnover limit of the Company would also be below the minimum turnover prescribed for cost audit. Your Company is therefore not required to appoint Cost Auditors for the Financial Year 2016-17.

## **SECRETARIAL AUDIT REPORT**

Mr. Sathya Prasad Yadav, Practicing Company Secretary (ICSI Membership No.18755 and Certificate of Practice No.6775) was appointed to conduct the secretarial audit of the Company for Financial Year 2015-16, as required under section 204 of the Companies Act, 2013 and rules thereunder.

The secretarial audit report for Financial Year 2015-16 forms the part of the annual report as **ANNEXURE- 'D'** of the Board's report.

With reference to Secretarial Auditors observation / remarks:

Boards reply:

- Filing of returns with the Registrar of Companies:

Every effort is being made by the company to file the returns on time with Registrar of Companies. In case of delay for unavoidable reasons, the process of filing the returns with additional fee as stipulated under the Companies Act 2013 has been followed.

- Requirements of Section 177:

The draft audit report along with the audited financial statements were reviewed by the Audit Committee as stipulated. Inadvertently it was not recorded in the minutes of the Audit Committee. Nevertheless, the Audit Report was also considered and approved by the Board along with the financial statements in which the members of Audit Committee were also present. The omission shall be taken care in future.

- Annual General Meeting Minutes:

Audit observation noted and from the EGM held on 16 December 2015 the opening remarks of Chairman for each agenda item is being recorded.

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

## **ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Your Company's internal financial controls are deployed through an internally evolved framework that address material risks in your Company's operations and financial reporting objectives, through a combination of entity level controls (including Enterprise Risk Management, Legal Compliance Framework and Anti-fraud Mechanism such as Ethics Framework, Code of Conduct, etc.), process controls (both manual and automated), information technology based controls, period end financial reporting and closing controls and through internal audit.

It is an irrefutable presumption that internal financial controls, no matter how well conceived and operated, cannot provide absolute assurance of achieving financial, operational and compliance reporting objectives because of its inherent limitations. Also, projections of any evaluation of the internal financial controls to future periods are subject to the risk that the internal financial control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

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

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

The Board is committed to maintain its independence and accordingly, one third of the Board is constituted by Independent Directors; thereby, ensuring separation of governance and management.

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

#### **CORPORATE SOCIAL RESPONSIBILITY**

Pursuant to the provisions of Section 135 of the Companies Act, 2013, read with subsequent clarifications given by Ministry of Corporate Affairs, every company having a net worth of ₹500 crore or more, or turnover of ₹1000 crore or more or a net profit of ₹5 crore or more during any of three preceding financial years shall constitute a Corporate Social Responsibility Committee consisting of three or more directors, out of which at least one director shall be an Independent Director. The Board's report under sub-section (3) of section 134 of the Companies Act, 2013, shall disclose the composition of the Corporate Social Responsibility.

Company constituted a Corporate Responsibility Committee on 7 August 2015. The Committee has been reconstituted on 11 February 2016 with the following Directors

(a) Mr. S. Y. Ghorpade - Chairman, (b) Mr. V. Balasubramanian - Member, (c) Mr. S. S. Rao – Member, (d) Mr. B. Ananda Kumar - Member (e) Dr. H. R. Halambi - Member.

As stipulated under section 135 of the Companies Act 2013, company complied with the stipulation by making the required contribution to the said activity.

The Annual Report on Company's CSR activities of the Company undertaken during the year under are furnished in **ANNEXURE – 'F'**.

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

Your Company has adopted a risk management framework to ensure early identification and management of various critical risks, which accrue to its business model and the risk management framework adopted by the Company ensures continuous focus on identifying, assessment & evaluation, and adequate mitigation of various risks affecting the Company.

The Audit committee reviews the Company's critical risks, overall risk exposure and timely changes to overall exposure and status of various risk mitigation plans on a periodic basis.

#### **DEPOSITS**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

#### **PARTICULARS OF EMPLOYEES**

During the period, there were no employees whose particulars are required to be disclosed in terms of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **ACKNOWLEDGEMENTS**

The Directors wish to thank the Board of The Sandur Manganese & Iron Ores Ltd, the holding company, Government Authorities, Banks and other stakeholders for their support. The Directors also wish to place on record their appreciation of the good work put in by the employees of the Company.

By order of the Board  
for **Star Metallics and Power Private Limited**

Place : Bengaluru  
Date : 27 May 2016

**S. Y. Ghorpade**  
Chairman

**Form No. AOC-2**

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

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

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

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

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

Name(s) of the related party and nature of relationship	Nature of contracts /arrangements /transactions	Duration of the contracts / arrangements /transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
The Sandur Manganese & Iron Ores Limited	Amendment of Conversion Contract	Three years agreement entered on 29 September 2010, which was further renewed/ amended on 24 April 2014, 20 October 2013, 24 April 2014 and 5 May 2015.	Deletion of Clause 13(e) of Conversion contract which had become redundant. Addition of new Clause 13(i) which reads as follows: A norm of 3750 units of power consumption shall be fixed for SiMn grades 50/55 and 4000 units of power consumption for SiMn 60 grade	-	Nil
Holding Company	Leasing of Ferro-alloy Plant and Power Plant	3 years	1. Leasing of Ferro –Alloy Plant and Power Plant to SMIORE at a rent of ₹85 Lakh p.m 2. Ownership of the asset remains with SMPPL 3. All Capital expenditure shall be met by SMPPL 4. Repairs & Maintenance will be the onus of SMIORE 5. SMIORE shall directly enter into contract with the existing O & M and other contracts on the present terms & conditions.	13 November 2015	Nil
Mrs. Y. S. Ghorpade (Wife of Mr. S. Y. Ghorpade – Director)	Agreement for taking on lease 6 flats and a three bedroom penthouse.	Two years agreement from 10 September 2011 to 31 August 2013, which was further renewed from 1 September 2013 to 31 August 2015 and from 1 September 2015 to 31 August 2017.	Agreement for a period of 2 years commencing from 1 September 2015 on a monthly rental of ₹90,000/- for 6 flats (₹15,000/- each) & ₹30,000/- for a penthouse. Total amount being ₹1,20,000/-p.m.	11 February 2016	Advance of ₹12,00,000/-

**for Star Metallics and Power Private Limited**

Place : Bengaluru  
Date : 27 May 2016

**S. Y. Ghorpade**  
Chairman

**Form MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31 March 2016**

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

**I REGISTRATION AND OTHER DETAILS:**

(i)	CIN	U40102KA2007PTC043446
(ii)	Registration date	23 July 2007
(iii)	Name of the Company	Star Metallics and Power Private Limited
(iv)	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
(v)	Address of the Registered Office & contact details	Metal & Ferro Alloys Plant P.O. Mariyammanahalli, Vyasankere, Karnataka - 583222 Email: muraliv@sandurgroup.com Website: NA
(vi)	Whether Listed Company	No
(vii)	Name address and contact details of the Registrar and Transfer Agent, if any	Not Applicable

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name & Description of Main Products/ Services	NIC code of the Product/ Service	% to total turnover of the Company
1.	Conversion Services	NA	29
2.	Electricity	35102	56
3.	Raw Materials & Stores and Spares (Traded)	NA	12

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

Sl. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary/ Associate Company	% of Shares held	Applicable section
1	<b>The Sandur Manganese &amp; Iron Ores Limited</b> Regd. Office: Lakshmipur, Sandur Ballari Dist. Karnataka-583119	L85110KA1954PLC000759	Holding Company	81.24	2(87)(ii) of the Companies Act, 2013

#### IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

<b>(i) Category-wise Share Holding</b>										
	Category of Shareholder	Number of shares held at the beginning of the year				Number of shares held at the end of the year				%change during the year
		Number of shares held in dematerialized form	Number of shares held in physical form	Total	% of total shares	Number of shares held in dematerialized form	Number of shares held in physical form	Total	% of total shares	
<b>A</b>	<b>Promoters</b>									
<b>1</b>	<b>Indian</b>									
(a)	Individuals/ Hindu Undivided Family	--	30,000	30,000	0.03	--	30,000	30,000	0.03	--
(b)	Central Government	--	--	--	--	--	--	--	--	--
(c)	State Government(s)	--	--	--	--	--	--	--	--	--
(d)	Bodies Corporate	--	7,52,40,000	7,52,40,000	81.24	--	7,52,40,000	7,52,40,000	81.24	--
(e)	Financial Institutions/ Banks	--	--	--	--	--	--	--	--	--
(f)	Any Others(Specify)	--	--	--	--	--	--	--	--	--
	<b>Sub Total(A)(1)</b>	--	<b>7,52,70,000</b>	<b>7,52,70,000</b>	<b>81.27</b>	--	<b>7,52,70,000</b>	<b>7,52,70,000</b>	<b>81.27</b>	--
<b>2</b>	<b>Foreign</b>									
a	NRIs - Individuals	--	--	--	--	--	--	--	--	--
b	others - Individuals	--	--	--	--	--	--	--	--	--
c	Bodies Corporate	--	--	--	--	--	--	--	--	--
d	Banks/Financials Institutions	--	--	--	--	--	--	--	--	--
e	Any Others(Specify)	--	--	--	--	--	--	--	--	--
	<b>Sub Total(A)(2)</b>	--	--	--	--	--	--	--	--	--
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	--	<b>7,52,70,000</b>	<b>7,52,70,000</b>	<b>81.27</b>	--	<b>7,52,70,000</b>	<b>7,52,70,000</b>	<b>81.27</b>	--
<b>B</b>	<b>Public Shareholding</b>									
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds/ UTI	--	--	--	--	--	--	--	--	--
(b)	Financial Institutions / Banks	--	--	--	--	--	--	--	--	--
(c)	Central Government	--	--	--	--	--	--	--	--	--
(d)	State Government(s)	--	--	--	--	--	--	--	--	--
(e)	Venture Capital Funds	--	--	--	--	--	--	--	--	--
(f)	Insurance Companies	--	--	--	--	--	--	--	--	--
(g)	Foreign Institutional Investors	--	--	--	--	--	--	--	--	--
(h)	Foreign Venture Capital Investors	--	--	--	--	--	--	--	--	--
(i)	Any Other (specify)	--	--	--	--	--	--	--	--	--
	<b>Sub-Total (B)(1)</b>	--	--	--	--	--	--	--	--	--
<b>2</b>	<b>Non-institutions</b>									
(a)	Bodies Corporate	--	1,73,45,000	1,73,45,000	18.73	--	1,73,45,000	1,73,45,000	18.73	--
(b)	Individuals	--	--	--	--	--	--	--	--	--
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	--	--	--	--	--	--	--	--	--
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	--	--	--	--	--	--	--	--	--
(c)	Any Other (specify)									
	i. Clearing members	--	--	--	--	--	--	--	--	--
	ii. Non Resident Individuals	--	--	--	--	--	--	--	--	--
	iii. Trust	--	--	--	--	--	--	--	--	--
	iv.Foreign Portfolio Investor - Corporate	--	--	--	--	--	--	--	--	--
	<b>Sub-Total (B)(2)</b>	--	<b>1,73,45,000</b>	<b>1,73,45,000</b>	<b>18.73</b>	--	<b>1,73,45,000</b>	<b>1,73,45,000</b>	<b>18.73</b>	--
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	--	<b>1,73,45,000</b>	<b>1,73,45,000</b>	<b>18.73</b>	--	<b>1,73,45,000</b>	<b>1,73,45,000</b>	<b>18.73</b>	--
	<b>TOTAL (A)+(B)</b>	--	<b>9,26,15,000</b>	<b>9,26,15,000</b>	<b>100.00</b>	--	<b>9,26,15,000</b>	<b>9,26,15,000</b>	<b>100.00</b>	--
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA
	<b>GRAND TOTAL (A)+(B)+(C)</b>	--	<b>9,26,15,000</b>	<b>9,26,15,000</b>	<b>100.00</b>	--	<b>9,26,15,000</b>	<b>9,26,15,000</b>	<b>100.00</b>	--



<b>(ii) Shareholding of Promoters</b>								
SI No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of shares	% of shares of the Company	% of pledged /encumbered shares	No. of shares	% of shares of the Company	% of pledged /encumbered shares	% change in shareholding during the year
1	N S Lakshmanan	10,000	0.01	0.00	10,000	0.01	0.00	0.00
2	Mohammed Shafiulla	10,000	0.01	0.00	10,000	0.01	0.00	0.00
3	Ahamed Shakir	10,000	0.01	0.00	10,000	0.01	0.00	0.00
4	The Sandur Manganese & Iron Ores Limited	7,52,40,000	81.24	0.00	7,52,40,000	81.24	0.00	0.00
	<b>TOTAL</b>	<b>7,52,70,000</b>	<b>81.27</b>	<b>0.00</b>	<b>7,52,70,000</b>	<b>81.27</b>	<b>0.00</b>	<b>0.000</b>

<b>(iii) Change in Promoter's Shareholding</b>				
Name of the shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of shares of the Company	No. of shares	% of shares of the Company
<b>N S Lakshmanan</b>				
At the beginning of the year	10,000	0.01	10,000	0.01
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year			10,000	0.01
<b>Mohammed Shafiulla</b>				
At the beginning of the year	10,000	0.01	10,000	0.01
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year			10,000	0.01
<b>Ahamed Shakir</b>				
At the beginning of the year	10,000	0.01	10,000	0.01
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year			10,000	0.01
<b>The Sandur Manganese &amp; Iron Ores Limited</b>				
At the beginning of the year	7,52,40,000	81.24	7,52,40,000	81.24
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year			7,52,40,000	81.24

<b>(iv) Shareholding Pattern of Top Ten Shareholders other than Promoters and Directors</b>				
Name of the shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of shares of the Company	No. of shares	% of shares of the Company
<b>EURO INDUSTRIAL ENTERPRISES PRIVATE LIMITED</b>				
At the beginning of the year	1,73,45,000	18.73	1,73,45,000	18.73
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year			1,73,45,000	18.73

<b>(v) Shareholding of Directors &amp; Key Managerial Personnel</b>				
Name of the shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of shares of the Company	No. of shares	% of shares of the Company
<b>S Y Ghorpade: Director</b>				
At the beginning of the year	--	--	--	--
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year			--	--
<b>NS Lakshmanan: Director</b>				
At the beginning of the year	10,000	0.01	10,000	0.01
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year			10,000	0.01
<b>Nazim Sheikh: Director</b>				
At the beginning of the year	--	--	--	--
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year			--	--

S H. Mohan : Director				
At the beginning of the year	--	--	--	--
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year	--	--	--	--
B. Ananda Kumar : Director				
At the beginning of the year	--	--	--	--
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year	--	--	--	--
P. Sridaran: Director (Operations)				
At the beginning of the year	--	--	--	--
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year	--	--	--	--
A.G. Suresh : Director (Projects)				
At the beginning of the year	--	--	--	--
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year	--	--	--	--
Md. Abdul Saleem : Company Secretary				
At the beginning of the year	--	--	--	--
Purchase during the year	--	--	--	--
Sale during the year	--	--	--	--
At the end of the year	--	--	--	--

## V INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	--	--	--	--
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	1,68,78,256	--	1,68,75,256
<b>Total (i+ii+iii)</b>	--	<b>1,68,78,256</b>	--	<b>1,68,75,256</b>
Change in Indebtedness during the financial year				
• Addition	--	--	--	--
• Reduction	--	--	--	--
<b>Net Change</b>	--	--	--	--
Indebtedness at the end of the financial year				
i) Principal Amount	--	--	--	--
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	1,68,78,256	--	1,68,78,256
<b>Total (i+ii+iii)</b>	--	<b>1,68,78,256</b>	--	<b>1,68,78,256</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:				₹ in lakhs
Sl. no.	Particulars of Remuneration	P. Sridaran Director (Operations)	A.G. Suresh Director (Projects)	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.18	33.95	50.13
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission - as % of profit - others, specify...	--	--	--
5	Others, please specify (Contributions)	0.58	1.30	1.88
	<b>Total (A)</b>	<b>16.76</b>	<b>35.25</b>	<b>52.01</b>
	<b>Overall ceiling of 10% of net profit calculated in accordance with Section 198 of the Companies Act, 2013 for managerial remuneration payable to all its Whole-time directors</b>			<b>Not Applicable due to loss incurred during the financial year</b>
	<b>Limit as per Schedule V of the Companies Act, 2013 in case of inadequate profits or no profits</b>	<b>120.00</b>	<b>120.00</b>	<b>240.00</b>

B. Remuneration to other directors							
Particulars of remuneration ₹ in Lakhs	N. S. Lakshmanan	S. H. Mohan	B. Ananda Kumar	V. Balasubramanian	S. S. Rao	Dr. H. R. Halambi	Total Amount
<b>3. Independent Directors</b>							
Fee for attending board/committee meeting**	-	-	0.55	0.95	0.75	0.95	<b>3.20</b>
commission	-	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-	-
<b>Total (1)</b>	<b>0.00</b>		<b>0.55</b>	<b>0.95</b>	<b>0.75</b>	<b>0.95</b>	<b>3.20</b>
<b>4. Other Non-Executive directors</b>			-				
Fee for attending board/committee meeting	0.7	0.3	-	-	-	-	<b>1.00</b>
commission	0.00	-	-	-	-	-	<b>0.00</b>
Others, please specify	-	-	-	-	-	-	-
<b>Total (2)</b>	<b>0.70</b>	<b>0.30</b>	<b>0.00</b>	<b>0.00</b>	-	-	<b>1.00</b>
<b>Total(B) = (1)+(2)</b>							<b>4.20</b>
<b>Total Managerial Remuneration</b>							<b>4.20</b>
<b>Overall ceiling as per the Companies Act, 2013 (1% of net profit calculated in accordance with Section 198, exclusive of sitting fees payable to directors)</b>							<b>Not Applicable due to loss incurred during the Financial Year*</b>

\*Overall ceiling not applicable since no commission was paid during the FY 2015-16

\*\*Exclusive of Service Tax

C. Remuneration to Key Managerial Personnel other than Managing Director/ Manager/WTD		
Sl. no.	Particulars of Remuneration	₹ in lakhs
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19.58
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--
2	Stock Option	--
3	Sweat Equity	--
4	Commission - as % of profit - others, specify...	--
5	Others, please specify (Contributions) - Employer contribution to PF	0.66
	<b>Total (C)</b>	<b>20.24*</b>

\*With effect from 6th July 2015

## VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

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

**A. CONSERVATION OF ENERGY:**

- (i) Energy conservation measures taken : Auxiliary power consumption of existing Power Plant reduced from 12.50 % to 10.50 % by improving energy efficiency measures under full load operation.
- (ii) Steps taken by the Company for utilization of alternate sources of energy : Use of soft starters and Variable Frequency Drive Units for variable load operations
- (iii) Capital Investment on energy Conservation Equipment : NIL

**B. TECHNOLOGY ABSORPTION:**

- (i) Efforts made in technology absorption : Products manufactured by the Company are based on the indigenous technology, which is fully absorbed.
- (ii) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. : 1) Use of manganese ore fines as sinter  
2) Use of Manganese slag to reduce use of manganese ore
- (iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: : NA  
(a) Details of technology imported.  
(b) Year of import.  
(c) Whether the technology been fully absorbed  
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore.
- (iv) Expenditure incurred on Research and Development : NIL

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

- 1 Foreign Exchange Earnings : Please refer to Note No.28 to Notes to Accounts.
- 2 Foreign Exchange Outgo : Please refer to Note No 25 & 26 to Accounts.

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

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

To  
The Members  
**STAR METALLICS AND POWER PRIVATE LIMITED**  
P.O. Mariyammanahalli,  
Vyasankere  
Karnataka – 583 222

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **STAR METALLICS AND POWER PRIVATE LIMITED**, (hereinafter called the Company) bearing CIN U40102KA2007PTC043446, which is a subsidiary of a public listed company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has in general, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2016**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on, **31<sup>st</sup> March, 2016** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.  
**(Not applicable during the audit period)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.  
**(Not applicable during the audit period)**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.  
**(Not applicable during the audit period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.  
**(Not applicable during the audit period)**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.  
**(Not applicable during the audit period)**
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.  
**(Not applicable during the audit period)**

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.  
**(Not applicable during the audit period)**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.  
**(Not applicable during the audit period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.  
**(Not applicable during the audit period)**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.  
**(Not applicable during the audit period and**
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998.  
**(Not applicable during the audit period)**

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements.  
**(Not applicable during the audit period)**

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

- a) *In few circumstances that there has been delays in filing of returns/e-forms with the Registrar of Companies*
- b) *As per requirements of Section 177, Audit Committee did not review Auditor's Report for the financial year 2014-15;*

During the period under review based on the explanations and representations made by the management, the Company has generally complied with the provisions of the Secretarial Standards (SS) on or after 1<sup>st</sup> July, 2015 (the day on which the SS are made applicable) except the following:

*Summary of the opening remarks of the Chairman for each agenda items not recorded in the Minutes of General Meeting held on 19<sup>th</sup> September, 2015 as per the provisions of clause of 17.2.2.1.(h) of SS- 2.*

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

- (i) The Electricity Act, 2003
- (ii) Indian Boilers Act, 1923

During the period under review based on the explanations and representations made by the management, the Company has generally complied with the provisions of The Electricity Act, 2003 and Indian Boilers Act, 1923, as mentioned above except in few circumstances that there has been delays in filing of returns under The Electricity Act, 2003 in Form F & G with the Deputy Electrical Inspector, Ballari.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance to the directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meeting, as represented by Management, were taken unanimously.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Bengaluru  
Date: 27 May 2016

Name and Signature : Sathya Prasad T  
Designation : Practicing Company Secretary  
Stamp : ACS No. 18755; CP No.6775

Note: This report is to be read with my letter of evendate which is annexed as **Annexure D-1** and forms an integral part of this report.

To  
The Members  
**STAR METALLICS AND POWER PRIVATE LIMITED**  
P.O. Mariyammanahalli,  
Vyasankere  
Karnataka – 583 222

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

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

Place: Bengaluru  
Date: 27 May 2016

Name and Signature : Sathya Prasad T  
Designation : Practicing Company Secretary  
Stamp : ACS No. 18755; CP No.6775



**Policy on Nomination and Remuneration  
of  
Directors, Key Managerial Personnel (KMPs) and other employees**

**PREAMBLE**

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

**DEFINITIONS**

'Board' means Board of Directors of the Company.

'Directors' means Directors of the Company.

'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Companies Act, 2013.

'Company' means The Star Metallics and Power Private Limited.

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

'Key Managerial Personnel (KMP)' means-

- i) the Managing Director or the Chief Executive Officer or the Manager and in their absence, all Whole-time Director;
- ii) the Company Secretary; and
- iii) the Chief Financial Officer
- iv) the Chief Operating Officer

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

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

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

**Constitution of the Nomination and Remuneration Committee**

The Board constituted the 'Nomination and Remuneration Committee' (NRC) at its 35th Meeting held on 28 March 2015.

The constitution shall be in line with the requirements under the Companies Act, 2013. The Board has authority to reconstitute the NRC from time to time.

**Role of the Nomination and Remuneration Committee**

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

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

Devising a policy on Board diversity;

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

### **Scope of Policy**

This Policy is divided in three parts: -

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

Part – B covers the appointment and nomination; and

Part – C covers performance evaluation and remuneration.

### **Object of Policy**

This Policy has been formulated with a view to;

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

### **‘Part – A’**

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

The following matters shall be dealt by the Committee:-

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

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

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

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

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

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

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

#### **Performance Evaluation:**

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

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

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

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

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

## ‘Part – B’

### APPOINTMENT AND NOMINATION

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

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

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

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

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

#### **Term / Tenure**

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

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

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

An Independent Director shall hold office for a term not exceeding five consecutive years on the Board of the Company and will be eligible for re-appointment for another term not exceeding five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

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

No retirement age has been fixed for Independent Director except that no person who has attained the age of 75 years shall be appointed as an Independent Director. An independent director who was appointed prior to attainment of 75 years of age will continue his first full term for which he is appointed. Similarly, an Independent Director who was appointed for a second term prior to attainment of 75 years of age will continue his office till he completes his full term. Subject to the above, an Independent Director be allowed to hold office for two consecutive terms of five years each, as stipulated in Sections 149(10) and 149(11) of the Companies Act, 2013.

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

### **Removal**

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

### **Retirement**

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

Further, the Key Managerial Personnel (other than Whole Time Directors) and the Senior Management Personnel shall retire at the age of 60 years which may be extended up to a maximum of 65 years under exceptional circumstances to be recorded in writing and duly approved by the NRC.

## **'Part – C'**

### **PERFORMANCE EVALUATION AND REMUNERATION**

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

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

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

The evaluation criterion for Directors shall be broadly based on:

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

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

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

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

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

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

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

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

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

### **Remuneration to Directors**

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

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

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

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

#### *Remuneration to Executive Directors*

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

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

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

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

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

<b>Remuneration Structure for Independent Directors</b>	
<b>Particulars</b>	<b>Amount</b>
Sitting fee for Board Meeting	₹10,000/- per meeting, per director including the Independent Directors meetings
Sitting fee for Committee Meeting	₹5,000/- for Audit Committee and ₹5,000/- for each of the other committees
Travel fee	Reimbursement of Air, Car, Rail, Bus fare etc.,

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

*Remuneration to KMPs and other employees*

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

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

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

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

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

**Policy review**

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder.

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

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

\*\*\*\*\*

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility policy of the Company is as mandated in Section 135 of the Companies Act, 2013 and rules thereunder.

During the year, your Company has contributed to Karnataka Seva Sangha, a social service organization towards construction of public toilets. During the previous Financial Year 2014-15 your Company could not contribute towards CSR activity in absence of profits.

### Composition of the CSR Committee:

In terms of Section 135 of the Companies Act, 2013, the Board of Directors of the Company constituted the CSR Committee at its meeting held on 7 August 2015. The Committee has been reconstituted on 11 February 2016. Presently, the Committee comprises of the following Directors:

S. Y. Ghorpade, Chairman & Non-Executive Director	Chairman
V. Balasubramanian, Independent Director	Member
S. S. Rao, Independent Director	Member
B. Ananda Kumar, Nominee Director	Member
Dr. H. R. Halambi, Independent Director	Member

### Average net profit of the Company for previous three financial years:

The Company's average net profit for previous three financial years 2012-13, 2013-14 and 2014-15 amounts to ₹30.97 lakh.

### Prescribed CSR Expenditure (two percent of the average net profit amounting to ₹0.62 lakh):

The Company is required to spend ₹0.62 lakh during the financial year 2015-16.

### Details of CSR spent for the financial year:

- (a) Total amount spent for the financial year: ₹0.62 lakh  
 (b) Amount unspent, if any: Nil  
 (c) Manner in which the amount spent during the financial year is detailed below:

₹ in Lakh

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (Location)	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or program	Cumulative Expenditure Upto reporting period	Amount spent: Direct or through implementing agency
1	SMPPL Health & Sanitation Programme	Health & Sanitation	Kammathuru	0.62	0.62	0.62	Karnataka Seva Sangha (Implementing Agency)

### Reasons for not spending the prescribed amount:

Not Applicable

### Responsibility Statement of the CSR Committee:

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

**for and on behalf of the Board and CSR Committee**

Place : Bengaluru  
Date: 27 May 2016

**S. Y. Ghorpade**  
Chairman & Non-Executive Director,  
Chairman, CSR Committee

**A. G. Suresh**  
Director

## **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 March 31, 2016, 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 Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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

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

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### **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, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.



### **Report on Other Legal and Regulatory Requirements**

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

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

**Monisha Parikh**  
Partner  
(Membership No. 47840)

**BENGALURU**, May 27, 2016

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

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

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

We have audited the internal financial controls over financial reporting of **STAR METALLICS AND POWER PRIVATE LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company as of and for the year ended on that date.

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

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

#### **Auditor’s Responsibility**

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

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

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

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

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

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

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

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

**Monisha Parikh**  
Partner  
(Membership No. 47840)

**BENGALURU**, May 27, 2016

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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management, in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed of such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148 (1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

<b>Name of statute</b>	<b>Nature of Dues</b>	<b>Forum where dispute is pending</b>	<b>Period to which the amount relates</b>	<b>Amount involved (₹ lakh)</b>
The Customs Act, 1962	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal	2012-13	28,527,908#

# Net of Rs.851,046 paid under protest.

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

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

**Monisha Parikh**  
Partner  
(Membership No.47840)

**Bengaluru, May 27, 2016**

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

**BALANCE SHEET AS AT 31 MARCH, 2016**

Particulars	Note No.	As at 31 March, 2016 ₹	As at 31 March, 2015 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	926,150,000	926,150,000
(b) Reserves and surplus	4	615,862,668	637,841,357
		<u>1,542,012,668</u>	<u>1,563,991,357</u>
<b>2 Non-current liabilities</b>			
(a) Other long-term liabilities	5	-	115,882,336
(b) Long-term provisions	6	180,744	3,704,586
		<u>180,744</u>	<u>119,586,922</u>
<b>3 Current liabilities</b>			
(a) Trade payables			
Total outstanding dues of Micro and Small Enterprises	23	-	-
Total outstanding dues to creditors other than Micro and Small Enterprises		90,905,420	249,358,881
		<u>90,905,420</u>	<u>249,358,881</u>
(b) Other current liabilities	7	40,630,480	112,815,195
(c) Short-term provisions	8	1,406,072	1,595,482
		<u>132,941,972</u>	<u>363,769,558</u>
<b>TOTAL</b>		<u>1,675,135,384</u>	<u>2,047,347,837</u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	1,513,627,339	1,561,845,209
(ii) Capital work-in-progress		11,898,115	6,500,252
		<u>1,525,525,454</u>	<u>1,568,345,461</u>
(b) Long-term loans and advances	10	37,006,391	50,668,121
(c) Other non-current assets	11	18,189,349	16,880,473
		<u>1,580,721,194</u>	<u>1,635,894,055</u>
<b>2 Current assets</b>			
(a) Inventories	12	778,202	185,658,888
(b) Trade receivables	13	21,087,693	27,535,414
(c) Cash and bank balances	14	47,968,732	156,977,859
(d) Short-term loans and advances	15	23,974,131	40,229,638
(e) Other current assets	16	605,432	1,051,983
		<u>94,414,190</u>	<u>411,453,782</u>
<b>TOTAL</b>		<u>1,675,135,384</u>	<u>2,047,347,837</u>

See accompanying notes forming part of the financial statements

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

For and on behalf of the Board of Directors

**Monisha Parikh**  
Partner

**Nazim Sheikh**  
Director

**A G Suresh**  
Director

Place : Bengaluru  
Date : 27 May, 2016

**V. Murali**  
Company Secretary

**Sachin Sanu**  
Chief Financial Officer

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

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016**

Particulars	Note No.	For the year ended 31 March, 2016 ₹	For the year ended 31 March, 2015 ₹
1 Revenue from operations	17	813,815,917	1,479,281,792
2 Other income	18	8,651,638	13,998,800
3 <b>Total revenue (1 + 2)</b>		<u>822,467,555</u>	<u>1,493,280,592</u>
4 <b>Expenses</b>			
(a) Cost of coal consumed for power generation	27 c)	598,080,658	935,508,377
(b) Cost of materials consumed	27 a)	3,681,964	11,994,476
(c) Purchases of stock-in-trade	27 b)	-	147,966,000
(d) Employee benefits expense	19	40,533,004	38,066,994
(e) Finance costs	20	2,882,304	102,275
(f) Depreciation	9	50,805,052	50,923,509
(g) Other expenses	21	148,463,262	176,987,383
<b>Total expenses</b>		<u>844,446,244</u>	<u>1,361,549,014</u>
5 <b>(Loss) / Profit before tax (3 - 4)</b>		<b>(21,978,689)</b>	131,731,578
6 Tax expense			
(a) Current tax		-	-
(b) Deferred tax	34	-	-
7 <b>(Loss) / Profit after tax (5 - 6)</b>		<b>(21,978,689)</b>	131,731,578
8 Earnings per share of ₹ 10 each	33		
Basic and Diluted		(0.24)	1.42

See accompanying notes forming part of the financial statements

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

**Monisha Parikh**  
Partner

Place : Bengaluru  
Date : 27 May, 2016

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

**Nazim Sheikh**  
Director

**V. Murali**  
Company Secretary

**A G Suresh**  
Director

**Sachin Sanu**  
Chief Financial Officer

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016**

Particulars	For the year ended 31 March, 2016 ₹	For the year ended 31 March, 2015 ₹
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before tax	(21,978,689)	131,731,578
Adjustments for:		
- Depreciation	50,805,052	50,923,509
- Finance costs	2,882,304	102,275
- Provision for doubtful trade receivables and advances	-	1,448,159
- Bad trade receivables, loans & advances written off	616,155	225,000
- Foreign currency fluctuations (net)	167,703	-
- Provision no longer required written back	(819,779)	-
- Loss on scrapping of fixed assets	-	36,580
- Interest income	(4,011,668)	(5,068,292)
<b>Operating profit before working capital changes</b>	<b>27,661,078</b>	<b>179,398,809</b>
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	184,880,686	60,912,714
Trade receivables	5,831,566	(28,269,711)
Short-term loans and advances	16,255,507	9,430,172
Other current assets	-	19,145,483
Long-term loans and advances	19,497,954	122,145
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(157,801,385)	(266,911,456)
Short-term provisions	(189,410)	(418,846)
Long-term provisions	(3,523,842)	2,359,865
Other long-term liabilities	(99,004,080)	(22,803,071)
Other current liabilities	(89,060,653)	88,346,900
	<b>(123,113,657)</b>	<b>(138,085,805)</b>
<b>Cash (used in) / generated from operations</b>	<b>(95,452,579)</b>	<b>41,313,004</b>
Net income tax (paid) / refund	(5,836,224)	1,914,123
Net cash flow (used in) / from operating activities (A)	<b>(101,288,803)</b>	<b>43,227,127</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets (including capital work in progress and advance on capital account)	(7,987,363)	(23,481,994)
Bank balances not considered as cash and cash equivalents	15,686,016	409,972
Interest received	3,149,343	4,506,364
Net cash flow from / (used in) investing activities (B)	<b>10,847,996</b>	<b>(18,565,658)</b>
<b>C. Cash flow from financing activities</b>		
Finance cost	(2,882,304)	(102,275)
Net cash flow (used in) / from financing activities (C)	<b>(2,882,304)</b>	<b>(102,275)</b>
<b>Net (decrease) / increase in Cash and cash equivalents (A+B+C)</b>	<b>(93,323,111)</b>	<b>24,559,194</b>
Cash and cash equivalents at the beginning of the year	138,291,843	113,732,649
Cash and cash equivalents at the end of the year	44,968,732	138,291,843
<b>Reconciliation for Cash and cash equivalents</b>		
Cash and bank balances (Refer note 14)	47,968,732	156,977,859
Less: Deposits against guarantee not considered as Cash and cash equivalents	3,000,000	18,686,016
	<b>44,968,732</b>	<b>138,291,843</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Monisha Parikh**  
Partner

Place : Bengaluru  
Date : 27 May, 2016

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

**Nazim Sheikh**  
Director

**V. Murali**  
Company Secretary

**A G Suresh**  
Director

**Sachin Sanu**  
Chief Financial Officer



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

**Notes forming part of the financial statements**

**1 Corporate information**

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

**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 specified under Section 133 of the Companies (Accounts) Rules, 2014, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / the Companies Act, 1956 ("the 1956 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 Fixed assets**

Fixed assets are capitalised at acquisition cost including attributable cost of bringing the asset to its working condition for the intended use.

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.

**2.4 Depreciation**

Depreciation amount for assets is the cost of an asset or the amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the 2013 Act.

**2.5 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.

**2.6 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 or value in use.

**2.7 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.

**2.8 Inventories**

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

The costs are, in general, ascertained as under:

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

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

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

**Notes forming part of the financial statements**

**2.9 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 as per applicable rates from time to time and includes unbilled revenues accrued up to the end of the accounting year.

Revenue from leasing is recognised on accrual basis.

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

**2.10 Foreign currency transactions**

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

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

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

**2.11 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 services are rendered by the employees.

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.

**2.12 Cash flow statement**

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

**2.13 Leases**

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

**2.14 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.

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

**Notes forming part of the financial statements**

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.

**2.15 Taxes on income**

**Current tax**

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

**Minimum Alternate Tax (MAT)**

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

**Deferred tax**

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

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

**2.16 Earnings per share**

The basic earnings / (loss) per share is computed by dividing the net profit / (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

**2.17 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.

**2.18 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 III of the 2013 Act. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.

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

**Notes forming part of the financial statements**

**3 Share capital**

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	₹	Number of shares	₹
(a) Authorised Equity shares of ₹10 each with voting rights	100,000,000	1,000,000,000	100,000,000	1,000,000,000
(b) Issued, subscribed and fully paid up Equity shares of ₹10 each with voting rights	92,615,000	926,150,000	92,615,000	926,150,000
	<b>92,615,000</b>	<b>926,150,000</b>	92,615,000	926,150,000

**Notes:**

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

Particulars	Opening Balance	Fresh issue	Bonus / other changes	Closing Balance
Equity shares with voting rights				
As at 31 March, 2016				
- Number of shares	92,615,000	-	-	92,615,000
- Amount (₹)	926,150,000	-	-	926,150,000
As at 31 March, 2015				
- Number of shares	92,615,000	-	-	92,615,000
- Amount (₹)	926,150,000	-	-	926,150,000

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

The Company has only one class of equity share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by 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.

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

Name of shareholder	As at 31 March 2016		As at 31 March, 2015	
	Number of shares held	% of share holding	Number of shares held	% of share holding
<b>Equity shares with voting rights</b>				
The Sandur Manganese & Iron Ores Limited, the Holding Company	75,240,000	81.24	75,240,000	81.24
Euro Industrial Enterprises Private Limited	17,345,000	18.73	17,345,000	18.73

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

**Notes forming part of the financial statements**

	As at 31 March, 2016	As at 31 March, 2015
	₹	₹
<b>4 Reserves and surplus</b>		
Securities premium reserve	925,150,000	925,150,000
Deficit in statement of profit and loss		
Opening balance	(287,308,643)	(418,481,634)
Less: Depreciation adjustment on transition to Schedule II of the 2013 Act on tangible fixed assets (Refer note 36)	-	(558,587)
Add : Profit / (Loss) for the year	(21,978,689)	131,731,578
	<u>(309,287,332)</u>	<u>(287,308,643)</u>
	<u>615,862,668</u>	<u>637,841,357</u>
<b>5 Other long-term liabilities</b>		
Trade payables to holding company	-	99,004,080
Interest accrued but not due on borrowings	-	16,878,256
	<u>-</u>	<u>115,882,336</u>
<b>6 Long-term provisions</b>		
Provision for gratuity (Refer note 29A)	66,133	2,201,007
Provision for compensated absences (Refer note 29B)	114,611	1,503,579
	<u>180,744</u>	<u>3,704,586</u>
<b>7 Other current liabilities</b>		
Statutory remittances	1,131,807	961,207
Interest accrued on borrowings	16,878,256	-
Payables on purchase of fixed assets	15,030,625	15,032,943
Advances from customers	44,762	89,176,015
Security / other deposits received	100,000	200,000
Retention money payable	7,445,030	7,445,030
	<u>40,630,480</u>	<u>112,815,195</u>
<b>8 Short-term provisions</b>		
Provision for gratuity (Refer note 29A)	553,341	128,411
Provision for compensated absences (Refer note 29B)	852,731	1,467,071
	<u>1,406,072</u>	<u>1,595,482</u>

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

Notes forming part of the financial statements

**9 Fixed Assets**

₹

Description Note (1)	Gross block (₹)				Accumulated depreciation (₹)				Net block (₹)		
	Balance as at 01 April, 2015	Additions / adjustments	Disposals	Balance as at 31 March, 2016	Balance as at 01 April, 2015	For the year	On disposals	Transition adjustment recorded against balance in deficit in Statement of Profit and Loss (Refer note 36)	Balance as at 31 March, 2016	Balance as at 31 March, 2016	Balance as at 31 March, 2015
<b>Tangible assets</b>											
Freehold land	138,339,089	-	-	138,339,089	-	-	-	-	-	138,339,089	138,339,089
	(138,339,089)	(-)	(-)	(138,339,089)	(-)	(-)	(-)	(-)	(-)	(138,339,089)	(138,339,089)
Buildings and roads	189,393,949	441,737	-	189,835,686	29,280,636	6,790,990	-	-	36,071,626	153,764,060	160,113,313
	(189,365,324)	(28,625)	(-)	(189,393,949)	(22,492,603)	(6,788,033)	(-)	(-)	(29,280,636)	(160,113,313)	(166,872,721)
Plant and machinery	1,567,532,227	1,877,754	-	1,569,409,981	313,330,918	41,873,546	-	-	355,204,464	1,214,205,517	1,254,201,309
	(1,559,356,387)	(8,175,840)	(-)	(1,567,532,227)	(271,697,977)	(41,632,941)	(-)	(-)	(313,330,918)	(1,254,201,309)	(1,287,658,410)
Vehicles	3,701,054	-	-	3,701,054	1,371,711	508,754	-	-	1,880,465	1,820,589	2,329,343
	(2,061,398)	(1,639,656)	(-)	(3,701,054)	(916,835)	(454,876)	(-)	(-)	(1,371,711)	(2,329,343)	(1,144,563)
Computer systems	1,987,890	68,850	-	2,056,740	1,237,189	391,821	-	-	1,629,010	427,730	750,701
	(1,872,345)	(262,795)	(147,250)	(1,987,890)	(764,089)	(512,179)	(110,670)	(71,591)	(1,237,189)	(750,701)	(1,108,256)
Office equipments	3,859,059	198,841	-	4,057,900	1,871,880	611,064	-	-	2,482,944	1,574,956	1,987,179
	(3,307,557)	(551,502)	(-)	(3,859,059)	(475,968)	(908,916)	(-)	(486,996)	(1,871,880)	(1,987,179)	(2,831,589)
Furniture and fixtures	6,005,036	-	-	6,005,036	1,880,761	628,877	-	-	2,509,638	3,495,398	4,124,275
	(5,978,849)	(26,187)	(-)	(6,005,036)	(1,254,197)	(626,564)	(-)	(-)	(1,880,761)	(4,124,275)	(4,724,652)
	1,910,818,304	2,587,182	-	1,913,405,486	348,973,095	50,805,052	-	-	399,778,147	1,513,627,339	1,561,845,209
	(1,900,280,949)	(10,684,605)	(147,250)	(1,910,818,304)	(297,601,669)	(50,923,509)	(110,670)	(558,587)	(348,973,095)	(1,561,845,209)	(1,602,679,280)

Notes:

(1) Represents owned assets, unless otherwise stated.

(2) Previous years figures are in brackets

(3) All the assets are given on operating lease w.e.f. 01 February, 2016. The depreciation recognised in the statement of profit and loss for these assets are ₹ 8,316,235.

	As at 31 March, 2016	As at 31 March, 2015
	₹	₹
<b>10 Long-term loans and advances</b>		
(Unsecured, considered good)		
Capital advances	5,807,351	5,807,351
Security deposits	4,624,473	24,122,427
Advance income tax	26,574,567	20,738,343
	<u>37,006,391</u>	<u>50,668,121</u>
<b>11 Other non-current assets</b>		
Deposits against guarantees with maturity of more than 12 months from the balance sheet date (Refer note 14)	16,407,000	16,407,000
Interest accrued but not due on deposits	1,782,349	473,473
	<u>18,189,349</u>	<u>16,880,473</u>
<b>12 Inventories</b>		
(At lower of cost and net realisable value)		
Raw materials (includes ₹ Nil (As at 31 March 2015, ₹ 76,965,265) of materials-in-transit)	-	147,715,834
Stores and spares	778,202	37,943,054
	<u>778,202</u>	<u>185,658,888</u>

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

	As at 31 March, 2016	As at 31 March, 2015
	₹	₹
<b>13 Trade receivables</b>		
(Unsecured)		
Trade receivables outstanding for a period exceeding six months from due date		
Considered doubtful	<u>4,957,377</u>	<u>4,957,377</u>
	<u>4,957,377</u>	<u>4,957,377</u>
Less : Provisions for doubtful trade receivables	<u>4,957,377</u>	<u>4,957,377</u>
	-	-
Other trade receivables		
Considered good	<u>21,087,693</u>	<u>27,535,414</u>
	<u>21,087,693</u>	<u>27,535,414</u>
<b>14 Cash and bank balances</b>		
Cash and cash equivalents		
Cash on hand	55,195	48,837
Balances with banks		
In current accounts	22,843,323	46,961,567
In EEFC accounts	63,036	52,881,439
Deposit accounts	<u>22,007,178</u>	<u>38,400,000</u>
	<u>44,968,732</u>	138,291,843
Other bank balances		
Deposits against guarantees	19,407,000	35,093,016
Less: Amount disclosed under non-current assets (Refer note 11)	<u>16,407,000</u>	<u>16,407,000</u>
	<u>3,000,000</u>	<u>18,686,016</u>
	<u>47,968,732</u>	<u>156,977,859</u>
<b>15 Short-term loans and advances</b>		
(Unsecured, considered good, unless otherwise stated)		
Loans and advances to employees	-	33,750
Prepaid expenses	879,961	1,740,989
Security deposit	3,438,000	-
Balances with government authorities	10,239,350	17,905,357
Advance to suppliers		
Considered good	9,416,820	20,549,542
Considered doubtful	<u>296,499</u>	<u>296,499</u>
	<u>9,713,319</u>	<u>20,846,041</u>
Less: Provision for doubtful advances	<u>296,499</u>	<u>296,499</u>
	<u>9,416,820</u>	<u>20,549,542</u>
	<u>23,974,131</u>	<u>40,229,638</u>
<b>16 Other current assets</b>		
Interest accrued but not due on deposits	<u>605,432</u>	<u>1,051,983</u>
	<u>605,432</u>	<u>1,051,983</u>

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Notes forming part of the financial statements

	For the year ended 31 March, 2016 ₹	For the year ended 31 March, 2015 ₹
<b>17 Revenue from operations</b>		
<b>(a) Sale of products</b>		
Sale of power	463,098,236	545,695,938
Sale of traded goods (Silico-manganese)	-	156,054,807
<b>Total (a)</b>	<b>463,098,236</b>	<b>701,750,745</b>
<b>(b) Other operating revenues</b>		
Leasing income	17,000,000	-
Conversion charges	237,517,351	766,966,094
Sale of raw materials / stores and spares	95,850,007	5,153,875
Sale of scrap	350,323	5,411,078
<b>Total (b)</b>	<b>350,717,681</b>	<b>777,531,047</b>
<b>Revenue from operations (a+b)</b>	<b>813,815,917</b>	<b>1,479,281,792</b>
<b>18 Other income</b>		
Interest on		
Fixed deposits with banks	3,798,428	3,972,123
Security deposits	213,240	225,784
Income tax refund	-	870,385
	<b>4,011,668</b>	<b>5,068,292</b>
Foreign exchange fluctuation (net)	<b>3,579,947</b>	-
Other non-operating income		
Provision no longer required written back	819,779	-
Duty drawback / other schemes	-	8,348,448
Miscellaneous income	240,244	582,060
	<b>1,060,023</b>	<b>8,930,508</b>
	<b>8,651,638</b>	<b>13,998,800</b>
<b>19 Employee benefits expense</b>		
Salaries, wages and bonus	36,389,552	33,781,200
Contribution to provident fund (Refer note 29C)	1,345,755	1,257,621
Gratuity expense (Refer note 29A)	757,855	931,905
Staff welfare expenses	2,039,842	2,096,268
	<b>40,533,004</b>	<b>38,066,994</b>
<b>20 Finance costs</b>		
Interest expense on		
Trade payables	2,874,846	97,322
Delayed payment of income tax and other taxes	7,458	4,953
	<b>2,882,304</b>	<b>102,275</b>



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

	<b>For the year ended 31 March, 2016</b>	<b>For the year ended 31 March, 2015</b>
	<b>₹</b>	<b>₹</b>
<b>21 Other expenses</b>		
Operation and maintenance charges	<b>29,465,290</b>	34,213,620
Stores and spares consumed (Refer note 27(d))	<b>55,512,964</b>	32,948,525
Power and fuel	<b>7,335,062</b>	1,146,891
Rent (Refer note 32) (net of recoveries ₹ 267,682, 31 March, 2015 ₹ Nil)	<b>1,488,960</b>	1,496,705
Repairs and maintenance		
Plant and machinery	<b>3,509,045</b>	3,401,922
Buildings	<b>230,943</b>	1,111,822
Others	<b>2,499,805</b>	2,728,529
	<b>6,239,793</b>	7,242,273
Insurance	<b>2,491,760</b>	2,681,777
Rates and taxes (Net of recoveries ₹ 11,515,982, 31 March, 2015 ₹ 24,251,563)	<b>5,167,920</b>	1,642,576
Travelling and conveyance	<b>768,939</b>	999,638
Vehicle expenses	<b>1,809,707</b>	3,286,557
Selling expenses	<b>2,188,897</b>	19,191,175
Legal and professional charges	<b>2,852,926</b>	570,327
Payments to auditors (Refer note 35)	<b>1,873,779</b>	1,529,893
Sub-contracting charges	<b>20,058,367</b>	43,334,035
Security charges	<b>4,865,946</b>	5,880,381
Loss on scraping of fixed assets	-	36,580
Foreign exchange fluctuation (net)	-	5,255,161
Provision for doubtful trade receivables and advances	-	1,448,159
Bad trade receivables, loans and advances written off	<b>616,155</b>	225,000
Prior period expense (represents exchange fluctuation in current year and repairs and maintenance in previous year)	<b>3,282,094</b>	9,126,909
Miscellaneous expenses	<b>2,444,703</b>	4,731,201
	<b>148,463,262</b>	176,987,383
<b>22 Contingent liabilities and commitments (to the extent not provided for)</b>		
(i) Contingent liabilities (Claims against the company not acknowledged as debt)		
Customs duty (relating to demand towards differential duty payable on import of coal)	<b>29,378,954</b>	-
(ii) Capital commitments		
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	<b>1,422,901</b>	1,422,901

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**Notes forming part of the financial statements**

**23 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	₹	₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end on the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**24 Derivative disclosures**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amount payable in foreign currency on account of the following:

Particulars	For the year ended 31st March, 2016		For the year ended, 31st March, 2015	
	Amount in	Foreign Currency	Amount in	Foreign Currency
	₹	\$	₹	\$
Trade Payable	2,415,939	45,325	2,248,236	45,325

**25 Value of imports calculated on C.I.F basis**

	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	₹	₹
Raw materials	326,270,836	605,044,541
Stores and spares	817,171	128,278
Plant and Machinery	3,558,669	-
	<u>330,646,676</u>	<u>605,172,819</u>

**26 Expenditure in foreign currency**

	For the year ended	For the year ended
	31 March, 2016	31 March, 2015
	₹	₹
Repairs and maintenance	-	9,126,909
	-	<u>9,126,909</u>

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

**27 a) Cost of materials consumed**

Particulars	For the year ended 31 March, 2016 ₹	For the year ended 31 March, 2015 ₹
<b>For production:</b>		
Dolomite	427,945	222,534
Quartz	2,417,526	6,457,371
Other Materials	98,950	-
	<u>2,944,421</u>	<u>6,679,905</u>
<b>For sale:</b>		
Coal	199,650	5,314,571
Quartz	363,038	-
Other materials	174,855	-
	<u>737,543</u>	<u>5,314,571</u>
<b>Total</b>	<u>3,681,964</u>	<u>11,994,476</u>

Particulars	%	For the year ended 31 March, 2016 ₹	%	For the year ended 31 March, 2015 ₹
<b>Whereof:</b>				
Imported	-	-	-	-
Indigenous	100	3,681,964	100	11,994,476
	<u>100</u>	<u>3,681,964</u>	<u>100</u>	<u>11,994,476</u>

**Note:**

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

**b) Purchases of stock-in-trade**

Particulars	For the year ended 31 March, 2016 ₹	For the year ended 31 March, 2015 ₹
Silico-manganese	-	147,966,000
<b>Total</b>	<u>-</u>	<u>147,966,000</u>

**c) Cost of coal consumption for power generation**

Particulars	%	For the year ended 31 March, 2016 ₹	%	For the year ended 31 March, 2015 ₹
Imported	55	330,646,676	70	657,888,131
Indigenous *	45	267,433,982	30	277,620,246
	<u>100</u>	<u>598,080,658</u>	<u>100</u>	<u>935,508,377</u>

\* Includes coal sold costing ₹59,733,638 (for the year ended 31 March 2015 : ₹Nil)

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Notes forming part of the financial statements

**d) Consumption of stores and spares**

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	%	₹	%	₹
Imported	1	817,171	0	128,278
Indigenous *	99	54,695,793	100	32,820,247
	<b>100</b>	<b>55,512,964</b>	<b>100</b>	<b>32,948,525</b>

\* Includes stores and spares sold costing ₹35,378,826 (for the year ended 31 March 2015 : ₹Nil)

**28 Earnings in foreign exchange**

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	₹	₹
Export of goods calculated on F.O.B basis	-	156,054,807
	-	156,054,807

**29 Employee benefit plan:**

A. Defined Benefit Plan - Unfunded:

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	₹	₹
Details of post retirement gratuity plan are as follows:		
a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation:		
Obligations at the beginning of the year	2,329,418	1,560,639
Add: Current service cost	546,711	398,080
Add: Interest cost	169,876	115,368
Add/ (Less): Actuarial losses/(gains) on obligations	41,268	418,457
(Less): Liabilities transferred on account of transfer of employees to holding Company	(2,164,761)	-
(Less): Benefits paid during the year	(303,038)	(163,126)
Obligations at the end of the year	619,474	2,329,418
b) Reconciliation of opening and closing balances of the fair value of plan assets:		
Fair Value of plan assets at the beginning of the year	-	-
Add: Expected return on plan assets	-	-
Add/(less): actuarial gains/(losses)	-	-
Add: Contributions by employer	-	-
(Less): Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-
c) Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the balance sheet:		
Present value of obligation	619,474	2,329,418
(Less): Fair value of plan assets	-	-
Amount recognised in the balance sheet		
- Current	553,341	128,411
- Non-current	66,133	2,201,007
	<b>619,474</b>	<b>2,329,418</b>

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d) Expenses recognised in the statement of profit and loss under "Gratuity" in note 19:

Current service cost	<b>546,711</b>	398,080
Add: Interest cost	<b>169,876</b>	115,368
(Less): Expected return on plan assets	-	-
Add: Actuarial losses/(gains) recognised during the year	<b>41,268</b>	418,457
	<b>757,855</b>	931,905

e) Principal actuarial assumptions:

Discount rate per annum	<b>7.50%</b>	7.80%
Salary escalation rate	<b>5.00%</b>	5.00%
Attrition rate	<b>5.00%</b>	5.00%
Retirement age	<b>60 years</b>	60 years
Mortality rate	<b>IALM (2006-08) UIT Table</b>	IALM (2006-08) UIT Table

f) Summary of defined benefit obligation / plan assets and experience adjustments:

	<b>2015-16</b>	2014-15	2013-14	2012-13	2011-12
	₹	₹	₹	₹	₹
Defined benefit obligation	<b>619,474</b>	2,329,418	1,560,639	832,024	308,127
Plan assets	-	-	-	-	-
(Deficit) / surplus	<b>(619,474)</b>	(2,329,418)	(1,560,639)	(832,024)	(308,127)
Experience adjustments on plan liabilities – gain / (loss)	<b>2,126,211</b>	(262,963)	(324,005)	(352,912)	(19,880)
Experience adjustments on plan assets – gain / (loss)	-	-	-	-	-

B. Other long term benefit – Unfunded

<b>As at 31 March, 2016</b>	As at 31 March, 2015
₹	₹

The defined benefit obligation which is provided for but not funded is as under

Liability for compensated absence at the year end

- Current	<b>852,731</b>	1,467,071
- Non-current	<b>114,611</b>	1,503,579
	<b>967,342</b>	2,970,650

The actuarial valuation has been carried out using project unit credit method in respect of compensated absences based on assumptions given in respect of gratuity valuation.

Notes:

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 Plan:

The Company makes provident fund contributions which are defined contribution plan, for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 1,345,755 (year ended 31 March, 2015 ₹ 1,257,621) for contribution to provident fund in note 19 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 SMIORRE Employees' Provident Fund Trust and to the Regional Provident Fund Commissioner towards employee pension scheme.

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Notes forming part of the financial statements

**30. Segment reporting**

**a) Primary Segments (Business Segments)**

₹

Particulars	Ferroalloys		Power		Unallocable		Elimination		Total	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>Revenue :</b>										
External sales	256,984,273	928,174,776	556,831,644	551,107,016	-	-	-	-	813,815,917	1,479,281,792
Inter segment sales	-	-	170,698,500	581,222,106	-	-	(170,698,500)	(581,222,106)	-	-
<b>Total revenue</b>	<b>256,984,273</b>	<b>928,174,776</b>	<b>727,530,144</b>	<b>1,132,329,122</b>	<b>-</b>	<b>-</b>	<b>(170,698,500)</b>	<b>(581,222,106)</b>	<b>813,815,917</b>	<b>1,479,281,792</b>
<b>Result :</b>										
Segment (Loss) / Profit	(16,190,663)	51,682,753	(1,775,482)	84,354,080	-	-	-	-	(17,966,145)	136,036,833
Unallocated net (expense) / income	-	-	-	-	(1,130,240)	(4,202,980)	-	-	(1,130,240)	(4,202,980)
Operating (Loss) / Profit	(16,190,663)	51,682,753	(1,775,482)	84,354,080	(1,130,240)	(4,202,980)	-	-	(19,096,385)	131,833,853
Finance cost	-	-	-	-	2,882,304	102,275	-	-	2,882,304	102,275
(Loss) / Profit before taxes	(16,190,663)	51,682,753	(1,775,482)	84,354,080	(4,012,544)	(4,305,255)	-	-	(21,978,689)	131,731,578
Taxes	-	-	-	-	-	-	-	-	-	-
<b>Net (Loss) / Profit</b>	<b>(16,190,663)</b>	<b>51,682,753</b>	<b>(1,775,482)</b>	<b>84,354,080</b>	<b>(4,012,544)</b>	<b>(4,305,255)</b>	<b>-</b>	<b>-</b>	<b>(21,978,689)</b>	<b>131,731,578</b>
<b>Other Information</b>										
Segment assets	334,092,817	392,441,049	1,258,919,139	1,503,050,091	82,123,428	151,856,697	-	-	1,675,135,384	2,047,347,837
Segment liabilities	61,651,718	215,267,973	68,464,231	260,711,511	3,006,768	7,376,996	-	-	133,122,716	483,356,480
Capital expenditure including capital work - in progress	1,443,865	4,899,840	6,541,180	2,099,268	-	-	-	-	7,985,045	6,999,108
Depreciation	12,409,753	12,450,807	38,135,535	38,202,517	259,764	270,185	-	-	50,805,052	50,923,509
Other significant non-cash expenses (allocable)	-	1,163,178	616,155	509,981	-	-	-	-	616,155	1,673,159

Notes:

- (1) Primary business segments have been identified on the basis of distinguishable businesses in which the Company is engaged.
- (2) Inter-segment transfer from Power to Ferroalloys is at arm's length price.

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

**Notes forming part of the financial statements**

**b) Secondary segments (Geographical segments)**

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

<b>Geographical Segments</b>	<b>As at 31 March, 2016 ₹</b>	<b>As at 31 March, 2015 ₹</b>
India	<b>813,815,917</b>	1,323,226,985
Rest of world	-	156,054,807
<b>Total</b>	<b>813,815,917</b>	1,479,281,792

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

<b>Location of Assets</b>	<b>As at 31 March, 2016 ₹</b>	<b>As at 31 March, 2015 ₹</b>
India	<b>1,675,135,384</b>	2,047,347,837
Rest of world	-	-
<b>Total</b>	<b>1,675,135,384</b>	2,047,347,837

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)

<b>Location of Assets</b>	<b>As at 31 March, 2016 ₹</b>	<b>As at 31 March, 2015 ₹</b>
India	<b>7,985,045</b>	6,999,108
Rest of world	-	-
<b>Total</b>	<b>7,985,045</b>	6,999,108

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

**31 Related Party Disclosures**

A. Names of related parties and description of relationship:

<b>Sl.No.</b>	<b>Description of relationship</b>	<b>Names of related parties</b>
a	Ultimate holding company	Skand Private Limited (w.e.f. March 28, 2016)
b	Holding company	The Sandur Manganese & Iron Ores Limited (SMIORE)
c	Enterprise having significant influence	Euro Industrial Enterprises Private Limited (EIEPL)
d	Key management personnel	S H Mohan - Director (upto September 07, 2015) P Sridaran - Director (Operations) (upto August 31, 2015) A G Suresh - Director (Projects)

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

**Notes forming part of the financial statements**

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	Total
1	Salaries and wages:				
	- P. Sridaran	-	-	1,676,250	1,676,250
		(-)	(-)	(3,310,425)	(3,310,425)
	- A. G. Suresh	-	-	3,524,850	3,524,850
		(-)	(-)	(3,029,625)	(3,029,625)
2	Sale of materials / stores and spares / power				
	- to SMIORE	95,850,007	-	-	95,850,007
		(5,153,875)	(-)	(-)	(5,153,875)
	- on behalf of SMIORE (Refer note iii)	179,407,040	-	-	179,407,040
		(-)	(-)	(-)	(-)
3	Purchase of materials				
	- from SMIORE	-	-	-	-
		(147,966,000)	(-)	(-)	(147,966,000)
	- on behalf of SMIORE (Refer note iii)	32,729,249	-	-	32,729,249
		(-)	(-)	(-)	(-)
4	Income toward conversion charges				
	- from SMIORE	237,517,351	-	-	237,517,351
		(766,966,094)	(-)	(-)	(766,966,094)
5	Leasing income				
	- from SMIORE (Refer note iii)	17,000,000	-	-	17,000,000
		(-)	(-)	(-)	(-)
6	Recovery of expense				
	- from SMIORE	11,783,664	-	-	11,783,664
		(24,251,563)	(-)	(-)	(24,251,563)
7	Reimbursement of expense				
	- to SMIORE	1,983,186	-	-	1,983,186
		(1,675,703)	(-)	(-)	(1,675,703)
	<b>Balances as at the year end:</b>				
8	Amount receivables on behalf of SMIORE transferred to SMIORE as at year end	43,075,390	-	-	43,075,390
		(-)	(-)	(-)	(-)
9	Amount due as at year end to:				
	- SMIORE	30,425,805	-	-	30,425,805
		(188,162,883)	(-)	(-)	(188,162,883)
	- EIEPL	-	(29,878,256)	-	(29,878,256)
		(-)	(29,878,256)	(-)	(29,878,256)
	- P. Sridaran	-	-	-	-
		(-)	(-)	(202,900)	(202,900)
	- A. G. Suresh	-	-	182,700	182,700
		(-)	(-)	(202,290)	(202,290)
10	Corporate guarantee issued on behalf of the Company by				
	- SMIORE	105,000,000	-	-	105,000,000
		(105,000,000)	(-)	(-)	(105,000,000)

Notes:

- (i) The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.
- (ii) The above transactions are compiled from the date in which these parties became related.
- (iii) The above transactions are entered pursuant to facility lease agreement by the company with SMIORE. The lease agreement is for a period of three years and it is cancellable in nature.
- (iv) No amounts is / has been written off or written back or provided for during the year in respect of these related parties.
- (v) Previous year figures are in brackets.



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

**Notes forming part of the financial statements**

**32 Operating Leases:**

	<b>For the year ended 31 March, 2016</b>	For the year ended 31 March, 2015
	₹	₹
Lease payments recognised in the statement of profit and loss	<b>1,488,960</b>	1,496,705

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

**33 Earnings per share**

	<b>For the year ended 31 March, 2016</b>	For the year ended 31 March, 2015
	₹	₹
Nominal value of equity share (₹)	<b>10</b>	10
Weighted average number of equity shares outstanding	<b>92,615,000</b>	92,615,000
(Loss) / Profit after taxation considered for calculation of basic and diluted earnings per share (₹)	<b>(21,978,689)</b>	131,731,578
Earnings Per Share – Basic and Diluted (₹)	<b>(0.24)</b>	1.42

**34 Deferred tax**

The net Deferred tax as at 31 March, 2016 amounting to ₹ Nil (as at 31 March, 2015: ₹ Nil) has been arrived at as follows:

	<b>For the year ended 31 March, 2016</b>	For the year ended 31 March, 2015
	₹	₹
<b>A Deferred tax assets arising from:</b>		
Unabsorbed depreciation allowance *	<b>201,688,566</b>	198,410,486
	<b>201,688,566</b>	198,410,486
<b>B Deferred tax liabilities arising from:</b>		
Difference between carrying amount of fixed assets in the financial statements and the Income tax return	<b>201,688,566</b>	198,410,486
	<b>201,688,566</b>	198,410,486
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.

**35 Payment to auditors (net of service tax credit)**

	<b>For the year ended 31 March, 2016</b>	For the year ended 31 March, 2015
	₹	₹
For Statutory audit	<b>1,550,000</b>	1,150,000
For Tax audit	<b>300,000</b>	200,000
For Reimbursement of out of pocket expenses and levies	<b>23,779</b>	179,893
<b>Total</b>	<b>1,873,779</b>	1,529,893

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

**Notes forming part of the financial statements**

**36** During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company had fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and adjusted an amount of ₹ 558,587 against the opening deficit balance in the statement of profit and loss under reserves and surplus.

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

**Signatures to Notes 1 to 37**  
**For and on behalf of the Board of Directors**

**Nazim Sheikh**  
**Director**

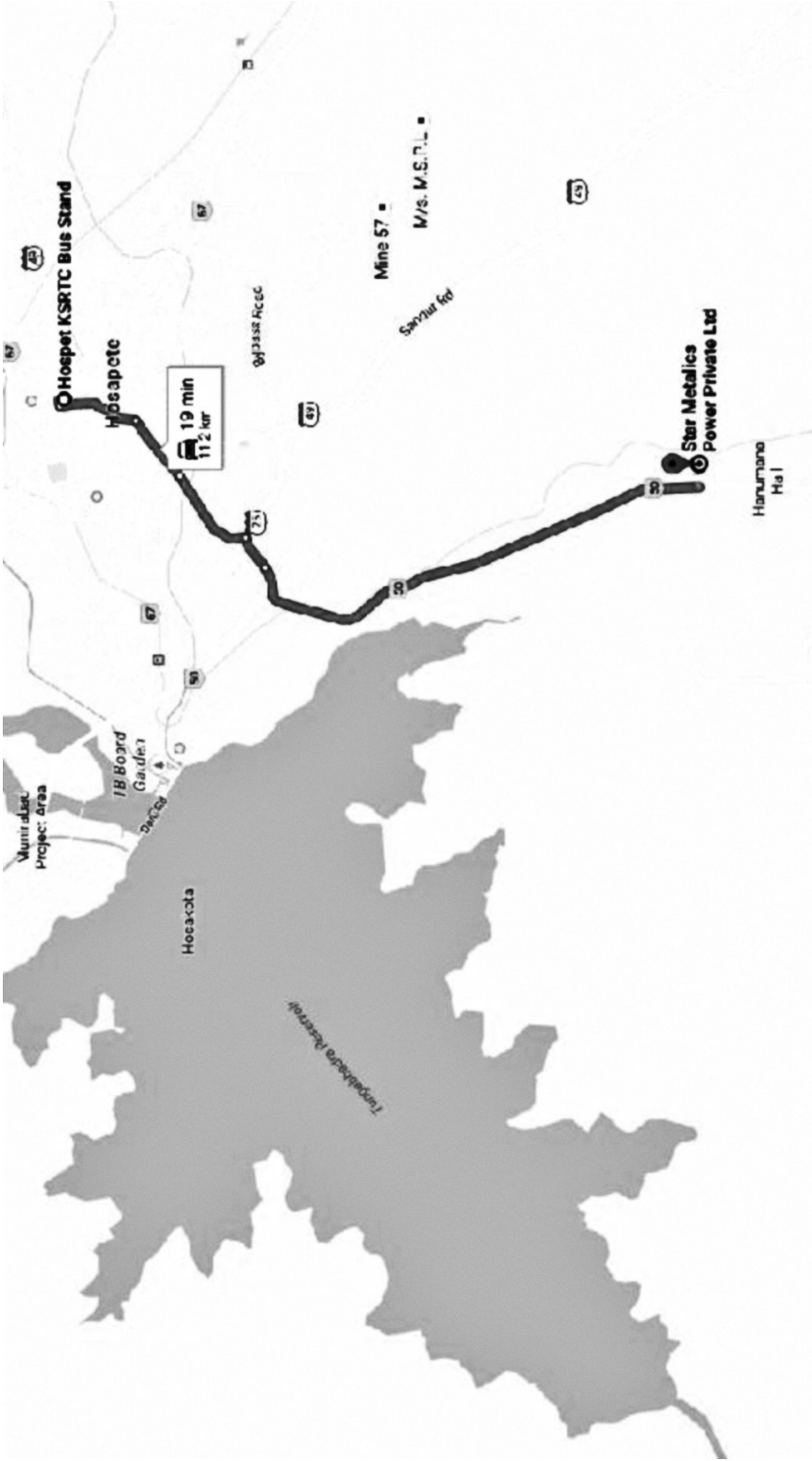
**A G Suresh**  
**Director**

Place: Bengaluru  
Date: May 27, 2016

**V. Murali**  
**Company Secretary**

**Sachin Sanu**  
**Chief Financial Officer**

**ROUTE MAP TO THE VENUE OF THE AGM**





# Star Metallies and Power Private Limited

CIN:U40102KA2007PTC043446

Registered Office: Metal& Ferroalloys Plant, Vyasankere,  
Mariyammanahalli - 583 222, Hospet Taluk, Ballari Dist., Karnataka

## PROXY FORM

Form MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the member (s) : .....  
Registered Address : .....  
E-mail Id : .....  
Folio No / Client Id : .....  
DP ID. : .....

I / We, being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1. Mr./Ms. \_\_\_\_\_ , \_\_\_\_\_  
(name of the proxy) (signature of proxy)

Address  
Email:

or failing him/her

2. Mr./Ms. \_\_\_\_\_ , \_\_\_\_\_  
(name of the proxy) (signature of proxy)

Address  
Email:

or failing him/her

3. Mr./Ms. \_\_\_\_\_ , \_\_\_\_\_  
(name of the proxy) (signature of proxy)

Address  
Email:

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, 14 September 2016, at 3.00 p.m.IST, and at any adjournment thereof in respect of such resolution as are indicated below:

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

RESOLUTIONS	FOR	AGAINST
Item No.4		
Item No.5		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature of Shareholder \_\_\_\_\_

Signature of Proxy Holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

**NOTE: THIS FORM OF PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

# Star Metallies and Power Private Limited

CIN:U40102KA2007PTC043446

Registered Office: Metal& Ferroalloys Plant, Vyasankere,  
Mariyammanahalli - 583 222, Hospet Taluk, Ballari Dist., Karnataka

## BALLOT PAPER

Sl. No.

1.	Name(s) of Shareholder(s) (in BLOCK LETTERS) (including Joint Holders, if any)	
2.	Registered Address of the Sole / First Named Shareholder	
3.	Regd. Folio / DP ID & Client ID No.:	
4.	Number of Shares held:	

I/We hereby exercise my/our vote in respect of the ordinary resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

Sl. No.	ITEM	No. of Shares	I / We "ASSENT" to the resolution (FOR)	I / We "DISSENT" to the resolution (AGAINST)
1	Adoption of Audited Financial Statement of the Company for the financial year ended 31 March 2016 together with the reports of Auditors and the Directors			
2	To appoint a Director in place of Mr. S. Y. Ghorpade (DIN-00080477), who retires by rotation and being eligible, offers himself for re-appointment			
3	To appoint a Director in place of Mr. A. G. Suresh (DIN-00065014), who retires by rotation and being eligible, offers himself for re-appointment			
4	To ratify the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors, of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting.			
5	To consider re-appointment of Mr. A. G. Suresh (DIN-00065014), as Director (Projects) for a period of 3 years.			

Place :

Date :

Signature of the Shareholder