



The Sandur Manganese & Iron Ores Limited

ANNUAL REPORT 2010 - 2011

M. Y. Ghorpade
Chairman Emeritus

DIRECTORS

S. Y. Ghorpade
Chairman & Managing Director

Nazim Sheikh
Executive Director (upto 8 Apr 2011)
Joint Managing Director (w.e.f. 9 Apr 2011)

S. H. Mohan
Technical Director

Syed Abdul Aleem
Director

M. S. Rama Rao
Director

E. B. Desai
Director (upto 24 Dec 2010)

S. R. Sridhar
Director (Mines)

N. C. Viswanathan
Director

R. Subramanian
Director

V. Balasubramanian
Director (w.e.f. 3 Nov 2010)

P. Vishwanatha Shetty
Director (w.e.f. 4 Dec 2010)

U. R. Acharya
Director (Commercial) (w.e.f. 9 Apr 2011)

K. Raman
Director (Finance) (w.e.f. 9 Apr 2011)

COMPANY SECRETARY & COMPLIANCE OFFICER

Md. Abdul Saleem

CHIEF FINANCIAL OFFICER

K. Raman
Director (Finance)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

E. B. Desai, Chairman (upto 24 Dec 2010)
P. Vishwanatha Shetty, Chairman (w.e.f. 12 Feb 2011)
Syed Abdul Aleem, Member
M. S. Rama Rao, Member
N. C. Viswanathan, Member (w.e.f. 12 Feb 2011)
R. Subramanian, Member (w.e.f. 12 Feb 2011)
V. Balasubramanian, Member (w.e.f. 12 Feb 2011)

INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE

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

AUDITORS

M/s. Deloitte Haskins & Sells, Bangalore

SOLICITORS

M/s. Mulla & Mulla & Craigie Blunt & Caroe, Mumbai

BANKER

State Bank of Mysore

SHARE TRANSFER AGENT

Venture Capital & Corporate
Investments Private Limited
Hyderabad

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



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The Sandur Manganese & Iron Ores Limited

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

NOTICE

Notice is hereby given that the Fifty-Seventh Annual General Meeting of the Members of the Company will be held on Saturday the 10th day of September 2011 at 11.00 A.M. at Anuradha Hall, Shivapur, Sandur - 583 119, to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS

1. To consider, approve and adopt Audited Balance Sheet of the Company as at 31 March 2011, Profit & Loss Account for the year ended on that date, together with the reports of the Auditors and the Directors' thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of S. R. Sridhar, who retires by rotation as director, and being eligible, offers himself for re-election.
4. To appoint a director in place of M. S. Rama Rao, who retires by rotation as director, and being eligible, offers himself for re-election.
5. To re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Bangalore (ICAI Registration No.008072S), as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Articles 122(a) and 146(1) of the Company's Articles of Association and in conformity with the provisions of Sections 256 and 257 of the Companies Act, 1956, V. Balasubramanian, (who was appointed as an Additional Director of the Company on 3 November 2010 by the Board of Directors and who holds office under Article 128 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 only upto the date of this Annual General Meeting, and in respect of whom, the Company has received a notice in writing along with the deposit of ₹500/- under Section 257 of the said Act from a member proposing the candidature of V. Balasubramanian for the office of Director) be and is hereby elected and appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to Articles 122(a) and 146(1) of the Company's Articles of Association and in conformity with the provisions of Sections 256 and 257 of the Companies Act, 1956, P. Vishwanatha Shetty, (who was appointed as an Additional Director of the Company with effect from 4 December 2010 by the Board of Directors and who holds office under Article 128 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 only upto the date of this Annual General Meeting, and in respect of whom, the Company has received a notice in writing along with the deposit of ₹500/- under Section 257 of the said Act from a member proposing the candidature of P. Vishwanatha Shetty for the office of Director) be and is hereby elected and appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to Articles 122(a) and 146(1) of the Company's Articles of Association and in conformity with the provisions of Sections 256 and 257 of the Companies Act, 1956, U. R. Acharya, (who was appointed as an Additional Director of the Company with effect from 9 April 2011 by the Board of Directors and who holds office under Article 128 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 only upto the date of this Annual General Meeting, and in respect of whom,



the Company has received a notice in writing along with the deposit of ₹500/- under Section 257 of the said Act from a member proposing the candidature of U. R. Acharya for the office of Director) be and is hereby elected and appointed as Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to Articles 122(a) and 146(1) of the Company's Articles of Association and in conformity with the provisions of Sections 256 and 257 of the Companies Act, 1956, K. Raman, (who was appointed as an Additional Director of the Company with effect from 9 April 2011 by the Board of Directors and who holds office under Article 128 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 only upto the date of this Annual General Meeting, and in respect of whom, the Company has received a notice in writing along with the deposit of ₹500/- under Section 257 of the said Act from a member proposing the candidature of K. Raman for the office of Director) be and is hereby elected and appointed as Director of the Company, liable to retire by rotation.”

10. 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 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto read with Articles 170 and 171 of the Articles of Association of the Company and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of S. Y. Ghorpade as Managing Director for a period of three years with effect from 1 April 2011 upon terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of one part and the said S. Y. Ghorpade of the other part, which draft is placed before this meeting and initialed by the Company Secretary 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 in such manner as may be agreed to between the Company and the said S. Y. Ghorpade, in the best interest of the Company, and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modifications thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company.”

11. 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 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto read with Articles 169, 170 and 171 of the Articles of Association of the Company and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of Nazim Sheikh and re-designating him as Joint Managing Director of the Company, who will accordingly be not liable to retire by rotation, for a period of three years with effect from 9 April 2011 upon terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of one part and the said Nazim Sheikh of the other part which draft is placed before this meeting and initialed by the Company Secretary 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 in such manner as may be agreed to between the Company and the said Nazim Sheikh, in the best interest of the Company, and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modifications thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company.”

12. 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 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto read with Article 172 of the Articles of



Association of the Company and all applicable guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of S. H. Mohan as Technical Director for a period of three years with effect from 1 April 2011 upon terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of one part and the said S. H. Mohan of the other part which draft is placed before this meeting and initialed by the Company Secretary 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 in such manner as may be agreed to between the Company and the said S. H. Mohan, in the best interest of the Company, and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modification thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company."

13. 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 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto read with Article 172 of the Articles of Association of the Company and all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of S. R. Sridhar as Director (Mines) for a period of three years with effect from 1 April 2011 upon terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of one part and the said S. R. Sridhar of the other part which draft is placed before this meeting and initialed by the Company Secretary 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 in such manner as may be agreed to between the Company and the said S. R. Sridhar, in the best interest of the Company, and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modification thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company."

14. 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 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto read with Article 172 of the Articles of Association of the Company and all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the appointment of U. R. Acharya as Director (Commercial) for a period of three years with effect from 9 April 2011 upon the terms and conditions, including remuneration and otherwise, as contained in the draft of an agreement expressed to be made between the Company of the one part and the said U. R. Acharya of the other part which draft is placed before this meeting and initialed by the Company Secretary 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 in such manner as may be agreed to between the Company and the said U. R. Acharya, in the best interest of the Company and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modifications thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company."

15. 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 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto read with Article 172 of the Articles of Association of the Company and all applicable guidelines for managerial remuneration issued by the Central Government from time to time and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to the appointment of K. Raman as Director (Finance) for a period of three years with effect from 9 April 2011 upon the terms and conditions, including remuneration and otherwise,



as contained in the draft of an agreement expressed to be made between the Company of the one part and the said K. Raman of the other part which draft is placed before this meeting and initialed by the Company Secretary 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 in such manner as may be agreed to between the Company and the said K. Raman, in the best interest of the Company and as may be permissible at law and the stamped engrossments of the said agreement in duplicate with modifications thereof, if any, as aforesaid when finalized, be executed in the manner authorized by the Articles of Association of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 314(1B) of the Companies Act, 1956 read with Rule 10C (2) of the Companies (Central Government's General Rules and Forms), 1956, Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions, if any, consent of the Company be and is hereby accorded to Aditya Shivrao Ghorpade, a relative of one of the Directors of the Company, holding an office of profit under the Company as General Manager (Sales) on a basic salary of ₹23,800/- per month in the grade of ₹ 16000-1300-29000-1500-44000-1700-61000 with benefit of dearness allowance, leased residential accommodation / house rent allowance, food subsidy, housing loan interest subsidy, provident fund, superannuation fund, gratuity and other allowances, perquisites and privileges as applicable to the executives in similar grades of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 314(1B) of the Companies Act, 1956 read with Rule 10C (2) of the Companies (Central Government's General Rules and Forms), 1956, Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions, if any, consent of the Company be and is hereby accorded to the appointment of Dhananjai Shivrao Ghorpade, a relative of one of the Directors of the Company, to hold an office of profit under the Company as Assistant General Manager (Projects) on a basic salary of ₹19,000/- per month in the grade of ₹9500-800-15500-700-22500-800-30500 with benefit of dearness allowance, leased residential accommodation / house rent allowance, food subsidy, housing loan interest subsidy, provident fund, superannuation fund, gratuity and other allowances, perquisites and privileges as applicable to the executives in similar grades of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956 read with Rule 10C of the Companies (Central Government's) General Rules & Forms, 1956 and Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions, if any, consent of the Company be and is hereby accorded to Mubeen Ahmed Sheriff, a relative of one of the directors of the Company who has also been nominated as a director on the Board of Star Metalics and Power Private Limited (SMPPL), a subsidiary of the Company, holding an office of profit under the subsidiary company as Deputy General Manager (Commercial) with effect from January 2011 on a basic salary of ₹19,200/- per month in the grade of ₹12000-800-20000-1000-30000-1200-42000 along with all allowances, perquisites, contributions and privileges as applicable to the executives in similar grades of that Company.

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

“RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof, for the time being in force, read with clause 130(e) of the Articles of Association of the Company and subject to the provisions of Section 198 of the Companies Act, 1956, consent of the Company be and is hereby accorded to the payment of commission for the financial year 2010-11 equivalent to a sum total of 0.5% of the net profits to be distributed and paid equally amongst all the non-wholetime directors and a sum total of 0.5% of the net profits to be distributed and paid equally amongst all the wholetime directors of the Company; and in the future, if and when considered appropriate by the Board, such amount or such percentage of profits as may be determined



by the Board, on an annual basis, subject to such amount not exceeding the limit of 1% prescribed under Section 309(4) for non-whole time directors and 1% for whole time directors, in each financial year.

“RESOLVED FURTHER THAT the commission payable as aforesaid shall be in addition to sitting fee paid/payable to the non-whole time directors and remuneration paid/payable to the whole time directors”

“RESOLVED FURTHER THAT pursuant to the provisions of Section 309(5) of the Companies Act, 1956, the net profits, for the purpose of computation of commission, shall be computed in accordance with the provisions of Section 198 of the Companies Act, 1956”

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN **48 HOURS** BEFORE THE MEETING.
2. An Explanatory Statement in respect of item Nos.6 to 19 of the aforesaid Notice is annexed hereto in pursuance of Section 173(2) of the Companies Act, 1956. Further, as required under clause 49[IV(G)(i)] of the Listing Agreements with the Stock Exchanges brief particulars of directors who are proposed to be appointed / re-appointed are also provided.
3. Pursuant to the provisions of Section 154 of the Companies Act, 1956 and Clause 16 of the Listing Agreements with Stock Exchanges, the Register of Members and Share Transfer Books of the Company will be closed from **Saturday, 3 September 2011 to Saturday, 10 September 2011 (both days inclusive)**.
4. Members are requested to quote their Folio Number / Client ID, in all correspondence and intimate any change in their address to the Share Transfer Agent / Depository Participant promptly. **Members are also advised to update their email address with Share Transfer Agent / Depository Participant to enable the Company to introduce the system of sending Annual Reports through email.**
5. The dividends as detailed below, if remaining unclaimed for 7 years from the date of declaration, are required to be transferred by the Company to Investor Education and Protection Fund (IEPF) and the relevant due dates for transfer of such amounts are as under:

Financial Year	Unclaimed Dividend as on 19 May 2011 (in ₹)	Date of declaration	Due date for transfer to IEPF
2008-09 (Interim dividend)	1,33,555	29 January 2009	28 February 2016
2008-09 (final dividend)	1,44,880	25 September 2009	24 October 2016
2009-10	1,64,520	29 September 2010	28 October 2017

6. 51,413 16% 'B' series Redeemable Preference Shares of ₹100/- each were redeemed at par with accrued dividend on 28 April 2008. As on 19 May 2011, the balance in the No Lien Account opened for the purpose of the said redemption was ₹2,03,000/-. The unclaimed amount, if any, is due to be transferred to IEPF on 27 May 2015.

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

Place : Bangalore
Date : 28 May 2011

Md. Abdul Saleem
Company Secretary



EXPLANATORY STATEMENT

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

ITEMS No.3 and 13

S. R. Sridhar, born on 21 June 1949, retires by rotation as director at the ensuing Annual General Meeting and, being eligible, offers himself for re-election. S. R. Sridhar, a mining engineer from IIT Kharagpur, joined the Company more than 38 years ago as a management trainee. Having been attached to the Company's mines throughout, he has made significant contribution to the Company's mining operations. His service to the Company in holding together the huge manpower as well as economizing on production costs and ensuring survival during the very difficult years of the Company from 1996-97 till recently is commendable.

The Company will undoubtedly continue to benefit from the rich and varied experience of S. R. Sridhar as Director (Mines). He was appointed as such for a period of 3 years from 1 October 2008 at the 54th Annual General Meeting held on 25 September 2008 in conformity with the provisions of Sections 256, 257, 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956. His current tenure as Director (Mines) expires on 30 September 2011.

The members are further informed that, in the light of his invaluable contribution and commitment to the Company and keeping in view the wage revision effected in relation to all the employees and workers of the Company with effect from 1 January 2011, the Remuneration Committee of the Board of Directors, at its meeting held on 28 May 2011, recommended the re-appointment of S. R. Sridhar as Director (Mines) for a period of three years with effect from 1 April 2011 on the following terms:

- a) Salary: ₹1,12,500/- 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) Commission: Such amount or percentage of profits as may be decided by the Board from time to time
- d) Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leaves, including its encashment, shall be in accordance with the provisions of clause 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956 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
- e) Transport facility with driver, telephone at residence, mobile phones, credit cards, hotel and club memberships (excluding life membership fee) 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 S. R. Sridhar as Director (Mines), the monthly salary, allowances, perquisites and other benefits shall be paid to him in accordance with and subject to the provisions of clause 1(A) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

S. R. Sridhar 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 S. R. Sridhar 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 upto and inclusive of the date of the Annual General Meeting.

The terms of the remuneration as stated above and this Explanatory Statement may also be treated as an Abstract and Memorandum of Interest relating to the agreement with S. R. Sridhar under Section 302 of the Companies Act, 1956.

A statement furnishing information pursuant to proviso (iv) of clause (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 is annexed to this Notice.

S. R. Sridhar is holding 1,200 equity shares of the Company. He is a Director on the Board of Sandur Micro Circuits Limited.

The Ordinary Resolution at Item 3 for his re-election as Director and the Special Resolution at Item 13 for his re-appointment as Director (Mines) are proposed and accordingly commended for approval.



Interest of Directors

S. R. Sridhar is considered to be interested in these resolutions since they are relating to him.

ITEM No.4

M. S. Rama Rao, born on 7 March 1933, is a graduate in civil engineering. He worked in Central Water & Power Commission, Government of India in New Delhi for 25 years and was later deputed as Chief Engineer (Civil Designs) in Karnataka Power Corporation Limited where he worked for about 12 years.

He was a member of various committees of the Bureau of Indian Standards, consultant on hydro and mini hydel projects, etc. He was awarded UN fellowship and got trained in latest techniques of dam engineering in USA. He was there with US Bureau of Reclamation, Tennessee Valley Authorities and US Army Core of Engineer for 6-7 months.

He has rich experience in the areas of detailed design of dams and other civil structures, technical feasibility studies administration. He is one of the advisors to the Dams Safety Panel by the Water Resources Department of Government of Karnataka.

He is a member of Audit Committee, Remuneration Committee and Investors' Grievance & Share Transfer Committee of the Board of Directors of the Company. In compliance with Clause 49(III)(i) of the Listing Agreements with the Stock Exchanges, he has been appointed as director on the Board of SMPPL with effect from 6 November 2008.

He is not holding any shares of the Company.

The Ordinary Resolution at Item 4 for his re-election as Director is proposed and accordingly commended for approval.

Interest of Directors

M. S. Rama Rao is considered to be interested in this resolution since it is relating to him.

ITEM No.6

V. Balasubramanian, born on 13 April 1941, is a retired IAS Officer. During his 36 years' tenure from 1965 to 2001 in the Indian Administrative Service, he held various important positions, including Deputy Commissioner (Collector) and District Magistrate in the districts of Shimoga, Gulbarga and Bangalore, Director of Sericulture in Karnataka, Chairman and Administrator of Upper Krishna Project, Divisional Commissioner of Gulbarga Division, Secretary to Chief Minister, Secretary to Central Silk Board, Joint Secretary in Ministry of Textiles, Managing Director of Karnataka Power Corporation, Chairman and Managing Director (CMD) of Mysore Sugar Company, CMD of Karnataka Electric Factory, Director-Asia of International Energy Initiatives, CMD of National Textile Corporation, Revenue Commissioner & Additional Chief Secretary & Resident Commissioner of Karnataka Government in New Delhi. He retired in April 2001 when he was the Additional Chief Secretary, Government of Karnataka (GoK).

Presently, he is the Chairman of Biodiesel Society of India and International Sericulture Alliance, Vice President of Silk Association of India, Director on the Boards of many companies as a nominee of Indian Renewable Energy Development Agency, Secretary & Treasurer of Renewable Energy Action Forum, TERI, Bangalore and Chairman of the Task Force for Recovery and Protection of Government Lands, GoK.

The presence of a person like V. Balasubramanian, who has a great amount of experience at the highest level of administration in the Government and also the experience he has gained in the technical fields of renewable energy and also power, on the Board of SMIORE, will be of immense benefit to the Company which is embarking upon important diversification projects and consolidation. To utilize his vast experience and knowledge for the progress of the Company, he was co-opted as an Additional Director on the Board of the Company on 3 November 2010 and was appointed as a member of the Remuneration Committee.

He does not hold any shares of the Company.

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

The Ordinary Resolution at Item 6 for his appointment as Director is proposed and accordingly commended for approval.



Interest of Directors

V. Balasubramanian is considered to be interested in this resolution since it is relating to him.

ITEM No.7

P. Vishwanatha Shetty, born on 2 May 1944, is an eminent personality among the legal fraternity of Karnataka. He was the Chairman of Karnataka State Legal Services authority and was also the Founder President of Karnataka Judicial Academy which on account of his untiring efforts has earned laurels and is considered one of the best of its kind in the country. He is well known for his forthrightness and sincerity in implementation and safeguarding the law of the land. After his retirement as Judge of the Hon'ble High Court of Karnataka during April 2006, he is practicing as a Senior Counsel in the Hon'ble Supreme Court of India.

Having P. Vishwanatha Shetty on the Board during important discussions, especially diversification for value addition, captive industry, renewal of mining lease etc., relating to the Company affairs, and also the fact that P. Vishwanatha Shetty is a senior counsel practicing in the Hon'ble Supreme Court of India, would lend great strength to the Company and his advise would greatly benefit the Company.

P. Vishwanatha Shetty, on being co-opted on the Board with effect from 4 December 2010, was appointed as Chairman of the Remuneration Committee.

He does not hold any shares of the Company.

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

The Ordinary Resolution at Item 7 for his appointment as Director is proposed and accordingly commended for approval.

Interest of Directors

P. Vishwanatha Shetty is considered to be interested in this resolution since it is relating to him.

ITEMS No.8 and 14

U. R. Acharya, born on 18 June 1953, is a graduate in metallurgical engineering from Regional Engineering College, Suratkal and a Post-graduate in Mechanical Engineering from Indian Institute of Science, Bangalore. He joined the Company on 4 March 1976 as an Executive Trainee at the Metal & Ferroalloy Plant and during the past 35 years he grew to the position of Senior General Manager (Commercial).

He has rich experience in functional areas of the Company and has made significant contribution during the past thirty five years to the Company, especially marketing the products and improving the realization during difficult times of the Company, developing market for ferruginous low grade manganese ore in China and Japan, developing export market for glass epoxy copper clad laminates and micro circuits.

In order to continue to avail his rich experience, U. R. Acharya was co-opted as an Additional Director of the Company with effect from 9 April 2011 and also, subject to the approval of the Company, appointed him as Director (Commercial) for a period of three years with effect from 9 April 2011.

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

He is proposed to be appointed as Director (Commercial) by the Company in General Meeting in conformity with the provisions of Sections 256, 257, 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956.

The Remuneration Committee of the Board of Directors has recommended the following remuneration for U. R. Acharya:



- a) Salary: ₹1,05,000/- 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) Commission: Such amount or percentage of profits as may be decided by the Board from time to time
- d) Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leaves, including its encashment, shall be in accordance with the provisions of clause 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956 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
- e) Transport facility with driver, telephone at residence, mobile phones, credit cards, hotel and club memberships (excluding life membership fee) 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 U. R. Acharya as Director (Commercial), the monthly salary, allowances, perquisites and other benefits shall be paid to him in accordance with and subject to the provisions of clause 1(A) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

U. R. Acharya 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 U. R. Acharya 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 and inclusive of the date of the Annual General Meeting.

The terms of the remuneration as stated above and this Explanatory Statement may also be treated as an Abstract and Memorandum of Interest relating to the agreement with U. R. Acharya under Section 302 of the Companies Act, 1956.

A statement furnishing information pursuant to proviso (iv) of clause (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 is annexed to this Notice.

U. R. Acharya is holding 1,100 equity shares of the Company. He is a Director on the Board of Sandur Laminates Limited.

The Ordinary Resolution at Item 8 for his appointment as Director and the Special Resolution at Item 14 for his appointment as Director (Commercial) are proposed and accordingly commended for approval.

Interest of Directors

U. R. Acharya is considered to be interested in these resolutions since they are relating to him.

ITEM No.9 and 15

K. Raman, born on 27 November 1947, is a post graduate in Commerce and an Associate Member of the Institute of Cost & Works Accountants of India. He has been in the service of the Company for more than three decades.

He has rich experience in financial and accounting functions in the industry at senior executive level. As Financial Controller and Chief Finance Officer (CFO) of the Company, he has been leading the finance team and has significantly contributed during the past three decades towards the Company, more particularly during the period the Company was passing through difficult times.

In order to continue to avail his rich experience, K. Raman was co-opted as an Additional Director of the Company with effect from 9 April 2011 and subject to the approval of the Company, also appointed him as Director (Finance) for a period of three years with effect from that date.

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

He is proposed to be appointed as Director (Finance) by the Company in General Meeting in conformity with the provisions of Sections 256, 257, 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956.



The Remuneration Committee of the Board of Directors has recommended the following remuneration for K. Raman:

- a) Salary: ₹1,05,000/- 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) Commission: Such amount or percentage of profits as may be decided by the Board from time to time
- d) Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leaves, including its encashment, shall be in accordance with the provisions of clause 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956 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
- e) Transport facility with driver, telephone at residence, mobile phones, credit cards, hotel and club memberships (excluding life membership fee) 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 K. Raman as Director (Finance), the monthly salary, allowances, perquisites and other benefits shall be paid to him in accordance with and subject to the provisions of clause 1(A) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

K. Raman 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 K. Raman 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 and inclusive of the date of the Annual General Meeting.

The terms of the remuneration as stated above and this Explanatory Statement may also be treated as an Abstract and Memorandum of Interest relating to the agreement with K. Raman under Section 302 of the Companies Act, 1956.

A statement furnishing information pursuant to proviso (iv) of clause (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 is annexed to this Notice.

K. Raman is holding 50 shares in the Company. He is a Director on the Boards of Sandur Laminates Limited, Sandur Micro Circuits Limited and Skand Private Limited.

The Ordinary Resolution at Item 9 for his appointment as Director and the Special Resolution at Item 15 for his appointment as Director (Finance) are proposed and accordingly commended for approval.

Interest of Directors

K. Raman is considered to be interested in these resolutions since they are relating to him.

ITEM No.10

Shivrao Y. Ghorpade, born on 13 September 1940, is a qualified Metallurgical Engineer from the Colorado School of Mines, USA. He has been associated with the Company for over 47 years. He has rendered over three decades of creditable service as head of its Metal & Ferroalloys Plant and over 5 years as Technical Director. He has been Chairman & Managing Director of the Company since 31 January 2001.

At the 54th Annual General Meeting of the Company held on 25 September 2008 a special resolution was passed for his re-appointment as Managing Director of the Company for a period of three years with effect from 1 July 2008 and accordingly his current tenure is due to expire on 30 June 2011. In the meanwhile, since he was attaining the age of 70 years, as a good corporate governance, special resolution was passed at the 56th Annual General Meeting of the Company held on 29 September 2010 for continuing as Managing Director till the expiry of his current term of office i.e., till 30 June 2011.

The Company getting itself discharged from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 and substantial improvement in the Company's fortune, leading to significant improvement in the financial position and future prospects of the Company are attributed to the sustained efforts and hard work on the part of S. Y. Ghorpade along with the other whole-time Directors.



In light of his invaluable contributions and commitment to the Company and keeping in view the wage revision effected to all the employees and workers of the Company with effect from 1 January 2011, the Remuneration Committee of the Board of Directors, at its meeting held on 28 May 2011, recommended the re-appointment of S. Y. Ghorpade as Managing Director for a further period of three years with effect from 1 April 2011 on the following terms:

- a) Salary: ₹1,95,000/- 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) Commission: Such amount or percentage of profits as may be decided by the Board from time to time
- d) Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leaves, including its encashment, shall be in accordance with the provisions of clause 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956 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
- e) Transport facility with driver, telephone at residence, mobile phones, credit cards, hotel and club memberships (excluding life membership fee) 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 S. Y. Ghorpade as Managing Director, the monthly salary, allowances, perquisites and other benefits shall be paid to him in accordance with and subject to the provisions of clause 1(A) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

S. Y. Ghorpade 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 S. Y. Ghorpade 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 and inclusive of the date of the Annual General Meeting.

The terms of the remuneration as stated above and this Explanatory Statement may also be treated as an Abstract and Memorandum of Interest relating to the agreement with S. Y. Ghorpade under Section 302 of the Companies Act, 1956.

A statement furnishing information pursuant to proviso (iv) of clause (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 is annexed to this Notice.

He is a member of the Investors' Grievance & Share Transfer Committee.

He holds 22,130 equity shares of the Company. He is the non-executive Chairman of Star Metalics and Power Private Limited (SMPPL), a subsidiary of the Company.

The Special Resolution at Item 10 for his re-appointment as Managing Director is proposed and accordingly commended for approval.

Interest of Directors

S. Y. Ghorpade is considered to be interested in this resolution since it is relating to him.

ITEM No.11

Nazim Sheikh, born on 11 April 1954, is a qualified Metallurgical Engineer. He joined the Company in 1976 as an Executive Trainee and held several important positions including those of Executive Assistant to Managing Director, General Manager (Materials), Senior General Manager (Corporate) etc., before being co-opted on the Board and appointed as an Executive Director from 31 January 2001.

He has rich and varied experience in functional areas such as corporate affairs, materials management, commercial management, finance, administration and general management.

In order to continue to avail his rich experience, at the 54th Annual General Meeting of the Company held on 25 September 2008, he was re-appointed as an Executive Director for a further period of three years with effect from 1 July 2008 and accordingly his current tenure is due to expire 30 June 2011.



Nazim Sheikh was the driving force behind the Company managing to repay its dues to Financial Institutions and banks as per the One Time settlement, successfully implementing the rehabilitation scheme sanctioned by the Hon'ble Board for Industrial & Financial Reconstruction (BIFR) and get itself discharged from the purview of Sick Industrial Companies (Special Provisions) Act, 1985, getting the renewal of agreement with forest department for mining in forest area and also getting the Mining Lease renewed for a further period of twenty years by the Commerce & Industrial Department. Further, substantial improvement in the Company's operations, leading to significant improvement in the financial position and future prospects of the Company, have been achieved due to persistent effort and commitment of Nazim Sheikh in association with the other whole-time directors and under the guidelines of S. Y. Ghorpade, Chairman and Managing Director of the Company.

In the light of his invaluable contribution and commitment to the Company, the Board of Directors at its meeting held on 9 April 2011 has re-designated him as Joint Managing Director of the Company with effect from 9 April 2011 and the Remuneration Committee of the Board of Directors has recommended his re-appointment for a further period of three years with effect from 9 April 2011 on the following terms.

- a) Salary: ₹1,75,000/- 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) Commission: Such amount or percentage of profits as may be decided by the Board from time to time
- d) Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leaves, including its encashment, shall be in accordance with the provisions of clause 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956 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
- e) Transport facility with driver, telephone at residence, mobile phones, credit cards, hotel and club memberships (excluding life membership fee) 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 Nazim Sheikh as Joint Managing Director, the monthly salary, allowances, perquisites and other benefits shall be paid to him in accordance with and subject to the provisions of clause 1(A) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

Nazim Sheikh 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 Nazim Sheikh 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 upto and inclusive of the date of the Annual General Meeting.

The terms of the remuneration as stated above and this Explanatory Statement may also be treated as an Abstract and Memorandum of Interest relating to the agreement with Nazim Sheikh under Section 302 of the Companies Act, 1956.

A statement furnishing information pursuant to proviso (iv) of clause (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 is annexed to this Notice.

He holds 3,100 equity shares of the Company and is a member of Investors' Grievance & Share Transfer Committee of the Board of Directors of the Company. He is also a Director on the Boards of Skand Private Limited, Sunshine Real Estates and Constructions Private Limited and Star Metalics and Power Private Limited.

The Special Resolution at Item 11 for his re-appointment as Joint Managing Director is proposed and accordingly commended for approval.

Interest of Directors

Nazim Sheikh is considered to be interested in this resolution relating to him.

ITEM No.12

S. H. Mohan, born on 13 December 1947, is a Post Graduate in Mechanical Engineering. He joined the Company in 1970 as an Executive Trainee and held several important positions including those of Manager (Materials),



General Manager (Plant) etc. He was appointed as Technical Director on 31 January 2001. He has rich and varied experience in functional areas such as materials management, commercial management, finance, personnel management, administration and general management.

At the 54th Annual General Meeting of the Company held on 25 September 2008 a special resolution was passed for his re-appointment as Technical Director of the Company for a period of three years with effect from 1 July 2008 and accordingly his current tenure is due to expire on 30 June 2011.

S. H. Mohan was one of the directors who played a pivotal role in negotiating and selling the specified assets identified for rehabilitation of the Company, resulting in successful implementation of scheme sanctioned by the Hon'ble Board for Industrial & Financial Reconstruction (BIFR) and getting the Company discharged from the purview of Sick Industrial Companies (Special Provisions) Act, 1985. Further, substantial improvement in the Company's operations by extending technical advisory services, leading to significant improvement in the financial position and future prospects of the Company, can no less be attributed to the efforts on the part of S. H. Mohan along with the other whole-time directors of the Company. Apart from the above, S. H. Mohan has been the driving force behind commissioning of the 32-MW thermal power plant of SMPPL, a subsidiary of the Company, and has a key role to play in implementing the Company's future plans of establishing integrated steel plant, iron ore beneficiation plant etc.

In light of his invaluable contributions and commitment to the Company and keeping in view the wage revision effected to all the employees and workers of the Company with effect from 1 January 2011, the Remuneration Committee of the Board of Directors, at its meeting held on 28 May 2011, recommended the re-appointment of S. H. Mohan as Technical Director for a further period of three years with effect from 1 April 2011 on the following terms:

- a) Salary: ₹1,75,000/- 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) Commission: Such amount or percentage of profits as may be decided by the Board from time to time
- d) Payment of Gratuity, Contribution to Provident Fund, Superannuation Fund and Leaves, including its encashment, shall be in accordance with the provisions of clause 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956 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
- e) Transport facility with driver, telephone at residence, mobile phones, credit cards, hotel and club memberships (excluding life membership fee) 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 S. H. Mohan as Technical Director, the monthly salary, allowances, perquisites and other benefits shall be paid to him in accordance with and subject to the provisions of clause 1(A) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

S. H. Mohan 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 S. H. Mohan 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 and inclusive of the date of the Annual General Meeting.

The terms of the remuneration as stated above and this Explanatory Statement may also be treated as an Abstract and Memorandum of Interest relating to the agreement with S. H. Mohan under Section 302 of the Companies Act, 1956.

A statement furnishing information pursuant to proviso (iv) of clause (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 is annexed to this Notice.

He is the Wholetime Director of Star Metalics and Power Private Limited (SMPPL), a subsidiary of the Company. He holds 1,250 equity shares of the Company.

The Special Resolution at Item 12 for his re-appointment as Technical Director is proposed and accordingly commended for approval.



Interest of Directors

S. H. Mohan is considered to be interested in this resolution relating to him.

ITEM No.16

The attention of the members is drawn to the special resolution passed at the 53rd Annual General Meeting of the Company held on 27 September 2007, according approval to Aditya Shivrao Ghorpade a relative of S. Y. Ghorpade, Managing Director of the Company holding and continuing to hold an office of profit under the Company and payment of remuneration in the scale of ₹5500-350-9700-400-14500-450-19000 with allowances, perquisites and privileges as are allowed from time to time to other comparable officers in the employment of the Company.

In accordance with the provisions of Section 314(1B) of the Companies Act, 1956, the Company made an application to the Central Government seeking its approval for the same. Central Government, quoting Notification GSR No.89(E) dated 5 February 2003, informed the Company that Central Government order was not required since all the conditions laid down in the Notification were satisfied.

While considering the overall performance of Aditya Shivrao Ghorpade during the last 19 years and also considering the requirement to transfer his services from Bangalore to Sandur for effectively monitoring the dispatches, keeping track of orders, delivery advises, collection of dues etc. he is elevated from the present position of Deputy General Manager (Sales) to General Manager (Sales) with effect from 1 April 2011 on a basic salary of ₹23,800/- in the grade of ₹16000-1300-29000-1500-44000-1700-61000 with all the perquisites and privileges as being paid to other comparable executives of the Company.

The members are further informed that the Ministry of Corporate Affairs vide its Notification GSR No.303(E) dated 6 April 2011 has amended Rule 3 of Director's Relatives (Office or Place of Profit) Rules, 2003 and increased the monthly remuneration limit from ₹50,000/- to ₹2,50,000/-. Since the total monthly remuneration of Aditya Shivrao Ghorpade falls within the enhanced limit specified under the said rules, approval from the Central Government is not required to be sought.

The Special Resolution at Item 16 is proposed and accordingly commended for approval.

Interest of Directors

S. Y. Ghorpade, being related to Aditya Shivrao Ghorpade, is considered to be interested in this resolution.

ITEM No.17

Dhananjai Shivrao Ghorpade, is a qualified Civil Engineer. The Company is in the process of setting up a 2.5 lakh TPA mini integrated steel plant at Hospet, and implementation of other projects like iron ore beneficiation, rope way, another power plant are also planned in the near future. The Company has also entered into an agreement with Shimoga Steels Limited at Mysore for conversion of iron ore into TMT bars. In this regard it was felt appropriate to recruit a competent person to assist the Technical Director in monitoring these projects and accordingly he was appointed as Assistant General Manager (Projects) of the Company on a basic salary of ₹19,000/- per month in the grade of ₹9500-800-15500-700-22500-800-30500 with all the perquisites and privileges as being paid to other comparable executives of the Company.

Being a relative of S. Y. Ghorpade, Dhananjai Shivrao Ghorpade holds office or place of profit as per the provisions of Section 314(1B) of the Companies Act, 1956.

The members are further informed that the Ministry of Corporate Affairs vide its Notification GSR No.303(E) dated 6 April 2011 has amended Rule 3 of Director's Relatives (Office or Place of Profit) Rules, 2003 and increased the monthly remuneration limit from ₹50,000/- to ₹2,50,000/-. The total monthly remuneration of Dhananjai Shivrao Ghorpade falls within the enhanced limit specified under the said rules and hence, approval from the Central Government is not required to be sought.

The Special Resolution at Item 17 is proposed and accordingly commended for approval.

Interest of Directors

S. Y. Ghorpade, being related to Aditya Shivrao Ghorpade, is considered to be interested in this resolution.



ITEM No.18

The Company is in receipt of a communication dated 23 April 2011 from Star Metallics and Power Private Limited (SMPPL), a subsidiary of the Company intimating its proposal to promote Mubeen Ahmed Sheriff as Deputy General Manager (Commercial) in SMPPL, with effect from 1 January 2011 on a basic salary of ₹19,200/- per month in the grade of ₹ 12000-800-20000-1000-30000-1200-42000 with benefits of dearness allowance, conveyance, leased residential accommodation / house rent allowance, medical reimbursement, bonus, LTA, food grains subsidy, soft furnishing allowance, cloth subsidy, production incentive, plant allowance, gardener's wages, festival gift, housing loan interest subsidy, provident fund, superannuation fund, gratuity and other allowances, perquisites and privileges as applicable to the executives in comparable grade of that Company from time to time.

He is a qualified mechanical engineer with over 5 years' experience in the industry, including international experience in procurement functions, exports and imports with large Dubai based business house. He has been working in SMPPL as Assistant General Manager (Commercial) for last more than two years.

Mubeen Ahmed Sheriff is a relative of Nazim Sheikh - Joint Managing Director of the Company and who is also a Director on the Board of SMPPL. Accordingly his holding any office or place of profit in SMPPL requires approval of the Company's shareholders under Section 314(1) of the Companies Act, 1956.

The Special Resolution at Item 18 is proposed and accordingly commended for approval.

Interest of Directors

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

ITEM No.19

Considering the performance of the Company, to place on record its appreciation of the sincere efforts and in-valuable contribution made by the directors, and also taking into account their involvement in the proposed consolidation / diversification projects of the Company, which are considered essential for ensuring long term viability of the Company, as a good gesture and an incentive, it is proposed to remunerate the directors by way of payment of commission, in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company. Further, the said commission is proposed to be apportioned on a uniform basis to all the directors to reinforce the principle of collective responsibility of the Board of Directors in management of the affairs of the Company.

The Board of Directors accordingly commends the resolution set out at Item 19 of the accompanying notice for the approval of the members.

Approval of Central Government for payment of commission to non-whole time directors, within the limits prescribed under the provisions of the Act, has been dispensed with vide General Circular No.4/2011 dated 4 March 2011 issued by the Ministry of Corporate Affairs, Government of India and Central Government's approval is not required for payment of commission to wholetime directors since it does not exceed the limits prescribed under the relevant provisions of the Companies Act, 1956.

Interest of Directors

All the directors are considered to be interested in this resolution.

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

Place : Bangalore
Date : 28 May 2011

Md. Abdul Saleem
Company Secretary



ANNEXURE
(Refer Items 10 to 15 of the Notice of AGM)

Statement pursuant to Clause 1(B)(iv) of Part II of Schedule XIII to the Companies Act, 1956.

I. General Information

(1)	Nature of industry	Mining industry	
(2)	Expected date of commencement of commercial production	Already commenced	
(3)	In case of new companies expected date of commencement of activities	Not applicable	
(4)	Financial performance (for the last 2 years)	₹ lakh	
		2010-11	2009-10
	Net sales/income	34,835.78	28,747.07
	Other income	997.19	1,542.82
	Total income	35,832.97	30,289.89
	Total expenditure	20,932.88	24,793.21
	Profit/(Loss) before interest, depreciation, extraordinary items and taxes	14,900.09	5,496.68
	Interest	202.97	153.53
	Depreciation	1,066.28	1,042.12
	Profit/(Loss) before taxes	13,630.84	4301.03
(5)	Export performance and foreign exchange	896.31	6718.17
(6)	Foreign investments or collaborations, if any	Nil	Nil

II.A Information about S. Y. Ghorpade:

- (1) **Background details:** This information is provided under Explanatory Statement for Item No.10 in the Notice.
- (2) **Past remuneration:** For the financial year 2009-10 he was paid Salary of ₹15.00 lakh, Perquisites of ₹48.37 lakh and Contribution to Provident Fund etc., was to the tune of ₹4.64 lakh, aggregating his remuneration to ₹68.01 lakh.
- (3) **Job profile:** He has been the Chief Executive Officer of the Company since 31 January 2001 and is responsible for its overall operations subject to the direction and supervision of the Board of Directors.
- (4) **Remuneration proposed:** This information is provided under Explanatory Statement for Item No.10 in the Notice.
- (5) **Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** S. Y. Ghorpade belongs to the family of promoters of the Company. He has no pecuniary relationship with the Company other than receiving remuneration as Managing Director.

II.B Information about Nazim Sheikh:

- (1) **Background details:** This information is provided under Explanatory Statement for Item No.11 in the Notice.
- (2) **Past remuneration:** For the financial year 2009-10 he was paid Salary of ₹13.50 lakh, Perquisites of ₹43.38 lakh and Contribution to Provident Fund etc., was to the tune of ₹4.17 lakh, aggregating his remuneration to ₹61.05 lakh.
- (3) **Job profile:** He has been the Executive Director of the Company since 31 January 2001 and is responsible for its overall operations subject to the directions of Chairman & Managing Director and the Board of Directors. He is re-designated as Joint Managing Director at the Board meeting held on 9 April 2011.



- (4) **Remuneration proposed:** This information is provided under Explanatory Statement for Item No.11 in the Notice.
- (5) **Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** Nazim Sheikh has no pecuniary relationship with the Company other than receiving remuneration as Executive Director / Joint Managing Director. He is neither related to promoters nor other managerial personnel of the Company.

II.C Information about S. H. Mohan:

1. **Background details:** This information is provided under Explanatory Statement for Item No.12 in the Notice.
2. **Past remuneration:** For the financial year 2009-10 he was paid Salary of ₹13.50 lakh, Perquisites of ₹ 43.27 lakh and Contribution to Provident Fund etc., was to the tune of ₹ 4.17 lakh, aggregating his remuneration to ₹60.93 lakh.
3. **Job profile:** He has been the Technical Director of the Company since 31 January 2001 and is responsible for corporate technical functions in co-ordination with the Joint Managing Director subject to directions of the Chairman & Managing Director and the Board of Directors.
4. **Remuneration proposed:** This information is provided under Explanatory Statement for Item No.12 in the Notice.
5. **Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** S. H. Mohan has no pecuniary relationship with the Company other than receiving remuneration as Technical Director. He is neither related to promoters nor other managerial personnel of the Company.

II.D Information about S. R. Sridhar:

1. **Background details:** This information is provided under Explanatory Statement for Item Nos.3 and 13 in the Notice.
2. **Past remuneration:** For the financial year 2009-10 he was paid Salary of ₹9.00 lakh, Perquisites of ₹ 18.40 lakh and Contribution to Provident Fund etc., was to the tune of ₹ 2.43 lakh, aggregating his remuneration to ₹29.83 lakh.
3. **Job profile:** He has been the Chief General Manager (Mines) of the Company since 1 March 2008 and subsequently appointed as Director (Mines) on 1 October 2008. He is responsible for mining operations of the Company. He has been instrumental in getting the mining lease of the Company renewed from time to time.
4. **Remuneration proposed:** This information is provided under Explanatory Statement for Item Nos.3 and 13 in the Notice.
5. **Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** S. R. Sridhar has no pecuniary relationship with the Company other than receiving remuneration as Director (Mines). He is neither related to promoters nor other managerial personnel of the Company.

II.E Information about U. R. Acharya:

1. **Background details:** This information is provided under Explanatory Statement for Item Nos.8 and 14 in the Notice.
2. **Past remuneration:** For the financial year 2009-10 he was paid Salary of ₹3.63 lakh, Perquisites of ₹ 7.63 lakh and Contribution to Provident Fund etc., was to the tune of ₹ 0.97 lakh, aggregating his remuneration to ₹12.23 lakh.
3. **Job profile:** He has been the Sr. General Manager (Commercial) of the Company since 1 July 2008 and subsequently appointed as Director (Commercial) on 9 April 2011. He is responsible for marketing the products and improving the realization.



4. **Remuneration proposed:** This information is provided under Explanatory Statement for Item Nos.8 and 14 in the Notice.
5. **Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** U. R. Acharya has no pecuniary relationship with the Company other than receiving remuneration as Sr. General Manager / Director (Commercial). He is neither related to promoters nor other managerial personnel of the Company.

II.F Information about K. Raman:

1. **Background details:** This information is provided under Explanatory Statement for Item Nos.9 and 15 in the Notice.
2. **Past remuneration:** For the financial year 2009-10 he was paid Salary of ₹3.51 lakh, Perquisites of ₹6.54 lakh and Contribution to Provident Fund etc., was to the tune of ₹0.94 lakh, aggregating his remuneration to ₹10.99 lakh.
3. **Job profile:** He has been the Chief Finance Officer (CFO) effective from 26 July 2006 and also Financial Controller of the Company since 1 July 2008. He is appointed as Director (Finance) on 9 April 2011. He is responsible for financial and accounting functions of the Company.
4. **Remuneration proposed:** This information is provided under Explanatory Statement for Nos.9 and 15 in the Notice.
5. **Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:** K. Raman has no pecuniary relationship with the Company other than receiving remuneration as Financial Controller / Director (Finance). He is neither related to promoters nor other managerial personnel of the Company.

III. Comparative remuneration profile with respect to industry, size of the company, profile of the position:

The remuneration proposed for all the above six directors is much lower than the prevailing levels in the industry for comparable positions. Detailed justification for the proposed remuneration in all the six cases is given in the Explanatory Statement to the Notice dated 28 May 2011.

IV. Other information

1. **Reason for loss or inadequate profits:** The Company, from recent past, has started earning comfortable profits and decided to recognize the unuttered and invaluable service rendered by its whole time directors by way of providing them reasonable remuneration. Though the Company is confident of sustaining its profits, as a matter of abundant caution, to meet the exigencies of inadequate profits in future, if any, provision is being made for the whole time directors for payment of minimum remuneration in accordance with the provisions of Schedule XIII to the Companies Act, 1956.
2. **Steps taken for improvement:** To further strengthen the operations of the Company, the Company is in the process of setting up a mini integrated special alloy steel plant, iron ore beneficiation plant and rope way to facilitate transporting iron ore from mines to railway siding. Star Metallics and Power Private Limited (SMPPL), a subsidiary of the Company, recently commissioned its 32 MW captive thermal power plant situated at Vysanakere, Near Hospet, Bellary District and proposes to set up another 32MW thermal power plant.
3. **Looking ahead:** With the proposed setting up of projects, the Company would be able to achieve value addition to the natural resources at its disposal and consolidate its operations thereby securing its future

V. Disclosures:

The required information has been included under the heading "Report on Corporate Governance" forming part of the annual report.

By Order of the Board

Place : Bangalore
Date : 28 May 2011

Md. Abdul Saleem
Company Secretary



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

The Directors are pleased to present their Report and Audited Statement of Accounts for the year ended 31 March 2011:

FINANCIAL RESULTS

Sl.	Particulars	Current Year ₹ lakh	Previous Year ₹ lakh
a)	Net Sales / Income	34,835.78	28,747.07
b)	Other Income	997.19	1,542.82
	Total	35,832.97	30,289.89
c)	Expenditure		
	(i) Variable	14,009.98	19,673.66
	(ii) Fixed	6,922.90	5,119.55
	(iii) Depreciation / Amortization	1,066.28	1,042.12
	(iv) Interest	202.97	153.53
	Total	22,202.13	25,988.86
d)	Profit before taxes	13,630.84	4,301.03
e)	Less: i) Current Tax	5,800.00	1,900.00
	ii) Deferred Tax	(1,393.00)	(516.00)
	iii) Earlier years	55.00	-
f)	Net Profit	9,168.84	2,917.03
g)	Add: Balance brought forward from the previous year	16,960.08	14,641.15
h)	Profit before appropriation	26,128.92	17,558.18
i)	Less: Appropriations:		
	(ii) Dividend on equity shares	437.50	262.50
	(iii) Tax on dividend	70.97	43.60
	(iii) Transfer to General Reserve	917.00	292.00
	Total	1,425.47	598.10
j)	Profit carried to Balance Sheet	24,703.45	16,960.08

The Company earned profit before tax of ₹13,630.84 lakh after charging ₹1,066.28 lakh towards depreciation on fixed assets and amortization of mining lease rights and ₹202.97 lakh towards interest.

After taking into account charging off income tax of ₹5,800.00 lakh for current year and ₹55.00 lakh for earlier years, deferred tax credit of (₹1,393.00 lakh), dividend on shares of ₹437.50 lakh, tax on dividend of ₹70.97 lakh and transfer to general reserve of ₹917.00 lakh, the profit for the current year of ₹7,743.37 lakh along with brought forward profits of ₹16,960.08 lakh aggregating to ₹24,703.45 lakh is carried to the Balance Sheet.



OPERATIONS		Current Year (Tonnes)	Previous Year (Tonnes)
Manganese Ore:	Production	2,60,779	1,97,078
	Salvaged from dumps	40,498	28,678
	Sales	2,40,675	2,83,445
Iron Ore:	Production	15,78,230	14,46,954
	Salvaged from dumps	-	36,234
	Sales	11,07,680	15,35,929

Compared with the previous year, manganese ore production during the financial year 2010-11 increased by 32% from 1,97,078 tonnes to 2,60,779 tonnes. 40,498 tonnes were salvaged from old waste dumps. Sale was 2,40,675 tonnes, including drawal from stock, which is 15% less than the previous year. Export constituted about 6% of revenue though about 9% of sales volume.

Production of Iron Ore increased by 95,042 tonnes compared to that of the previous year.

FUTURE PROSPECTS

As stated in the previous Annual Report, the Company proposes to set up an iron ore beneficiation plant at Vyasankere at a cost of about ₹165 crore, a 2.5 lakh tonnes per year mini integrated special alloy steel plant at Vyasankere with an investment of about ₹500 crore, 4.2 km long ropeway costing about ₹30 crore. In-principle approvals from the Government of Karnataka (GoK) have also been obtained. The Company is in the process of seeking further approvals in this regard and also proposes to seek from the GoK revision of in-principle approval for the steel plant with 3.5 lakh tonnes capacity instead of existing approval for 2.5 lakh tonnes capacity.

DIVIDEND

Board of Directors recommend a dividend of ₹5/- per equity share of ₹10/- each for the financial year ended 31 March 2011, aggregating to ₹437.50 lakh. Subject to the approval of the shareholders at the Annual General Meeting, the dividend will be paid to members whose names appear in the Register of Members as on 10 September 2011 and in respect of shares held in dematerialized form, it will be paid to members whose names are furnished as beneficial owners, by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as on that date.

The dividend pay out for the year under review has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long term performance. The amount of dividend has also been considered keeping in view the Company's need for capital investments in the proposed projects which the Company intends to finance through internal accruals to the maximum extent possible.

INVESTMENTS

During the financial year under review, Star Metal Private Limited (SMPPL) allotted 75 lakh equity shares of ₹10/- each at a premium of ₹10/- per share against part of the amounts due from them to the Company towards one 20MVA furnace sold by the Company. With this allotment the Company holds 3.25 crore equity shares constituting 74.29% of SMPPL's paid up equity share capital.

Further, in accordance with the approvals accorded under Section 372A of the Companies Act, 1956, the Company has extended long term secured loan of ₹82.98 crore to SMPPL for the purpose of operating ferroalloys plant and setting up 32 MW coal based power plant.

SUBSIDIARY

SMPPL's 32 MW captive thermal power plant situated at Vyasankere, Near Hospet, Bellary District, was formally inaugurated by M. Y. Ghorpade, Chairman Emeritus of the Company on Thursday, 9 December 2010.



The operations of the plant have been stabilized. Apart from using the generated power for its ferroalloy operations, the surplus power is being sold in the market.

Considering the equity contribution and the financial assistance extended to SMPPL, Board of Directors of both the companies have accorded their in-principle approval for exploring the possibilities of merging SMPPL with the Company.

CONSOLIDATED FINANCIAL STATEMENTS

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

DIRECTORS

S. R. Sridhar and M. S. Rama Rao are liable to retire by rotation and, being eligible, offer themselves for re-election.

E. B. Desai, director of the Company expired on 24 December 2010. Board placed on record its appreciation for the valuable contribution made by E. B. Desai.

V. Balasubramanian, P. Vishwanatha Shetty, U. R. Acharya and K. Raman were co-opted as Additional Directors. U. R. Acharya and K. Raman are proposed to be appointed as Director (Commercial) and Director (Finance) respectively with effect from 9 April 2011. Notices under Section 257 of the Companies Act, 1956 have been received from members signifying their intention to propose the names of aforesaid Directors and resolutions for their election have been included in the notice convening the Annual General Meeting.

S. Y. Ghorpade, Nazim Sheikh, S. H. Mohan and S. R. Sridhar, being whole-time directors of the Company, are proposed to be re-appointed at the proposed remuneration with effect from 1 April 2011. Nazim Sheikh is being proposed to be re-designated as Joint Managing Director.

Board has commended payment of certain percentage of profits as commission to all the directors.

None of the directors of the Company are disqualified from being appointed as directors as specified under Section 274 of the Companies Act, 1956.

Board commends for passing of the respective resolutions proposed in the Notice of the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

In the preparation of accounts, the applicable accounting standards have been followed.

Accounting policies selected were applied consistently.

Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of 31 March 2011 and of the profit for the year ended on that date.

Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

The annual accounts of the Company have been prepared on a going concern basis.

AUDITORS

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

CORPORATE GOVERNANCE

The Directors' Report on Corporate Governance is annexed to this report. The certificate of the Auditors, Messrs



Deloitte Haskins & Sells, Chartered Accountants, regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges is also annexed.

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

AUDITOR'S REMARKS ON CORPORATE GOVERNANCE

Pursuant to the provisions of clause 49(II)(A)(iv) of the Listing Agreements, the Chairman of the Audit Committee was required to be present at the Annual General Meeting to answer the queries of the shareholders. However, as stated in the Corporate Governance Report, for the reasons beyond his control, R. Subramanian was not present at the Annual General Meeting but Syed Abdul Aleem another member of the Audit Committee was present at the Annual General Meeting to answer the queries of the shareholders.

CORPORATE SOCIAL RESPONSIBILITY

The Ministry of Corporate Affairs (MCA) has issued Voluntary Guidelines on Corporate Social Responsibility in December 2009 for voluntary adoption by the corporate sector to be socially, environmentally and ethically responsible in governance of operations and also to add value to the operations while contributing towards the long term sustainability of business. The Company has always been socially responsible as enumerated below. The Board of Directors has resolved to continue to be socially responsible in the years to come.

The Company directly and indirectly supports three schools at the mines, four schools at Vyasankere (where it proposes to set up the new projects) and six schools and colleges in and around Sandur. The institutions have been catering to the educational needs of employees' children as well as the children of Sandur and surrounding villages. During the financial year under review the Company has donated ₹90 lakh, in addition to ₹100 lakh donated during the previous financial year, to Shivapur Shikshana Samithi, Sandur which runs many educational institutions including Sandur Residential School (SRS), which has developed into a premier institution of the region and a member of the prestigious Indian Public Schools' Conference (IPSC) which comprises of about 75% schools in the Country.

Under Akshaya Patra programme, Company provides free mid-day meals to children studying in some of the aforesaid schools and two government schools at Sandur.

The Company's Community Health Centre namely "Arogya" at Sandur meets the medical requirements of employees free of cost and at very affordable and actual cost to the general public of Sandur and other adjacent villages. In association with Vittala of Bangalore, Arogya provides specialized eye care facility. Further, in association with Bhagwan Mahaveer Jain Hospital, camps were organized for cancer detection, diabetes, orthopedic and women & child care.

The Company's welfare organisation called Sandur Kushala Kala Kendra was established for nurturing and development of traditional handicrafts, upliftment and gainful employment of rural artisans.

The Company continues to provide a package of essential food grains, to suffice needs of a family of about five per month, at 1972 prices, to all its employees and workmen, including temporary workmen.

The construction of 900 houses undertaken by the Company costing about ₹10 crore for the victims in flood affected regions of the State is nearing completion. Further, the Company has undertaken construction / development of roads in Sandur region by spending about ₹6.5 crore.

The Company has already planted millions of trees and continues to do so.

SECRETARIAL AUDIT

The Company has not undergone secretarial audit *per se* but while obtaining certification from a practicing company secretary for filing Annual Return with the Ministry of Corporate Affairs in compliance with the provisions of Section 154 of the Companies Act, 1956, Parameswar G. Hegde has undertaken a review of all the requisite secretarial compliances. Further, in accordance with Regulation 55A of SEBI (Depositories and Participants)



Regulations, 1996 and Securities and Exchange Board of India (SEBI) Circular No. D&CC/FITTC/CIR-16/2002 and SEBI/MRD/Policy/Cir-13/2004 dated 31 December 2002 and 3 March 2004 respectively, the Company has subjected itself to Reconciliation of Share Capital Audit for all the quarters during the financial year under review and certificates issued by a Company Secretary in Practice in this regard were submitted to Stock Exchanges in compliance with the requirements of the said circulars and copies placed before the Board of Directors at the subsequent meetings.

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

Particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable as the Metal & Ferroalloys Plant was not operated by the Company. The particulars regarding expenditure and earnings in foreign exchange appear as items No.7 and 8 respectively in the Notes to the Accounts.

EMPLOYEES

During the year there were no employees whose particulars are required to be disclosed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended vide Notification No.GSR 289(E) dated 31 March 2011.

ACKNOWLEDGEMENTS

The directors wish to thank the government and the banks for the support extended during the financial year to the Company.

The directors also wish to place on record their appreciation of the cordial labour-management relations and the good work put in by all employees of the Company.

for and on behalf of the Board

Place : Bangalore
Date : 28 May 2011

S. Y. Ghorpade
Chairman & Managing Director



REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE FOR THE YEAR 2010-11

1. Company's philosophy on code of governance

The Company believes that corporate governance is directing and controlling the business with the overriding objective of optimizing return for the shareholders. The Company aims to achieve this by providing long-term visibility of its business, ensuring effective relationship with stakeholders, establishing systems that help the Board in understanding risk appetite and monitoring risk at every stage of corporate evolution process.

The Company further believes in values such as fairness, kindness, efficiency, transparency, accountability and integrity in Corporate Governance.

2. Board of Directors

Composition and category of Directors

As on 31 March 2011, the Board comprises of ten members, of whom four are whole-time directors, viz., Chairman & Managing Director, Executive Director, Technical Director and Director (Mines) and the remaining six are independent non-executive directors. Chairman & Managing Director is one of the promoters of the Company. All the directors are highly qualified, professional and have vast experience in industry.

The particulars of directors, their attendance at Board meetings during the financial year and at the last annual general meeting are as under :

Name of Directors	Category / Designation	Attendance	
		Board meetings	Last AGM
S. Y. Ghorpade	Chairman & Managing Director	5	Yes
Nazim Sheikh	Executive Director	5	Yes
S. H. Mohan	Technical Director	4	Yes
Syed Abdul Aleem	Non-Executive & Independent	4	Yes
M. S. Rama Rao	Non-Executive & Independent	3	No
E. B. Desai (upto 24 December 2010)	Non-Executive & Independent	3	No
Sushiladevi Ghorpade (upto 29 June 2010)	Non-Executive & Promoter	-	NA
S. R. Sridhar	Director (Mines)	3	Yes
N. C. Viswanathan	Non-Executive & Independent	5	No
R. Subramanian	Non-Executive & Independent	4	No
V. Balasubramanian*	Non-Executive & Independent	2	NA
P. Vishwanatha Shetty**	Non-Executive & Independent	2	NA

*appointed as Additional Director w.e.f. 3 November 2010

**appointed as Additional Director w.e.f. 4 December 2010



Number of Directorships and Committee memberships held by the directors in domestic public companies as at 31 March 2011 are as indicated below:

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

Board meetings

Meetings of the Board of Directors are generally held at the Company's Corporate Office in Bangalore and are scheduled well in advance. The Board meetings are held at least once in a quarter to review the quarterly performance and the financial results apart from transacting other items of business requiring the Board's attention. The Company Secretary in consultation with the Chairman & Managing Director and Executive Director prepares agenda for the meetings. The Board papers are circulated to directors in advance. Senior management personnel are invited to attend the Board meetings and provide clarifications as and when required.

The Company has an Executive Chairman and half of the Board comprise of independent directors. The Company had no pecuniary relationship or transactions with any of the non-executive directors during the year under review.

The information as required under Annexure 1A to Clause 49 of the listing agreements is being regularly placed before the Board. The Board also reviews the declaration made by the Chairman & Managing Director and the Company Secretary regarding compliance with all laws applicable to the Company on a quarterly basis.

The Board of Directors met five times during the financial year on 30 April 2010, 28 May 2010, 29 July 2010, 3 November 2010 and 12 February 2011. The interval between any two successive meetings did not exceed four months.

3. Audit Committee

Powers of the Audit Committee:

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

Terms of reference of the Audit Committee :

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



- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - any changes in accounting policies and practices
 - major accounting entries based on exercise of judgement by management
 - qualifications in draft audit report
 - significant adjustments arising out of audit
 - going concern assumption
 - compliance with accounting standards
 - compliance with stock exchange and legal requirements concerning financial statements
 - any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large
- d) Reviewing with the management matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
- e) Reviewing with the management and external and internal auditors, the adequacy of internal control systems.
- f) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- g) Discussion with internal auditors of any significant findings and follow up there on.
- h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i) Discussion with external auditors before the audit commences of the nature and scope of audit as well as having post-audit discussion to ascertain any area of concern.
- j) Reviewing the Company's financial and risk management policies.
- k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- l) Reviewing Management Discussion and Analysis of financial condition and results of operations.
- m) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

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

Name	Designation	Category	No. of meetings attended
R. Subramanian	Chairman	Non-Executive & Independent	4
Syed Abdul Aleem	Member	Non-Executive & Independent	3
M. S. Rama Rao	Member	Non-Executive & Independent	2
N. C. Viswanathan	Member	Non-Executive & Independent	4



The Company Secretary acts as Secretary to the Committee.

The meetings are scheduled well in advance and the whole-time directors and senior management personnel of the Company, the statutory auditors and internal auditors are invited to attend the meetings.

The Audit Committee members are financially literate and have relevant finance and/or audit exposure. R. Subramanian, a financial expert, is the Chairman of the Committee. Pursuant to the provisions of clause 49(II)(A)(iv) of the Listing Agreements, the Chairman of the Audit Committee was required to be present at the Annual General Meeting to answer the queries of the shareholders. However, for reasons beyond his control, R. Subramanian was not present at the Annual General Meeting but Syed Abdul Aleem another member of the Audit Committee was present at the Annual General Meeting to answer the queries of the shareholders.

Meetings held during the year 2010-11:

The Audit Committee met four times during the financial year on 28 May 2010, 29 July 2010, 3 November 2010 and 12 February 2011. The interval between any two successive meetings did not exceed four months. The quorum as required under clause 49(II)(B) was maintained at all the meetings.

4. Remuneration Committee

Brief description of terms of reference:

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

Composition, names of members and Chairman and their attendance:

Remuneration Committee was constituted in April 2002. The Committee was reconstituted at the Board Meeting held on 12 February 2011 owing to the death of E. B. Desai - Chairman of the Committee on 24 December 2010. As on 31 March 2011, the Committee consisted of six independent non-executive directors. P. Vishwanatha Shetty is the Chairman of the Committee w.e.f 12 February 2011. Apart from the existing Members Syed Abdul Aleem and M. S. Rama Rao, N. C. Viswanathan, R. Subramanian and V. Balasubramanian were included to be Members w.e.f. 12 February 2011.

The Company Secretary acts as Secretary to the Committee.

No meeting of the Remuneration Committee was held during the financial year 2010-11.

Remuneration policy:

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

The remuneration payable to the whole-time directors was approved by the members at the 54th Annual General Meeting of the Company held on 25 September 2008.

Details of remuneration paid to the whole-time directors for the year 2010-11:

₹ lakh

Name of Director	Salary	Perquisites	Contributions*	Term
S. Y. Ghorpade Chairman & Managing Director	18.75	30.70	5.06	3 years from 1 July 2008
Nazim Sheikh Executive Director	17.25	27.19	4.66	
S. H. Mohan Technical Director	17.25	27.09	4.66	
S. R. Sridhar Director (Mines)	10.80	18.04	2.91	3 years from 1 October 2008

* Includes contribution to Provident and other funds but does not include contribution towards Gratuity and Leave salary, as these are determined on an actuarial basis for the Company as a whole.



The Company does not have stock option scheme, there is no variable component in the remuneration and there is no severance fee. Service contracts exist with the whole-time directors which contain their terms and conditions including remuneration, notice period etc., as approved by the members. The agreements may be terminated by either party at any time by giving three months notice to the other party.

Remuneration to non-executive directors for the financial year 2010-11:

The non-executive directors do not receive any remuneration from the Company other than sitting fee for attending meetings of the Board and its Committees thereon and reimbursement of expenses incurred on travelling and stay in case of outstation directors.

Details of sitting fee paid to non-executive directors during the financial year 2010-11:

Name of director	(₹)
Syed Abdul Aleem	85,000
M. S. Rama Rao	60,000
E. B. Desai	30,000
N. C. Viswanathan	90,000
R. Subramanian	80,000
V. Balasubramanian	20,000
P. Vishwanatha Shetty	20,000

R. Subramanian holds 100 equity shares in the Company.

5. Investors' Grievance & Share Transfer Committee

Investors' Grievance and Share Transfer Committee was constituted on 26 July 2006 to oversee the redressal of shareholders' and investors' complaints, if any, and to consider and approve transfer and transmission of shares and issue of duplicate share certificates. The Committee consists of four directors and is headed by Syed Abdul Aleem who is an independent non-executive director. S. Y. Ghorpade, Nazim Sheikh and M. S. Rama Rao are its members. The Company Secretary acts as Secretary to the Committee.

To expedite the process of share transfers / transmissions, authority has been delegated by the Board severally to the Chairman & Managing Director, Executive Director and the Company Secretary who will be regularly attending to share transfers and transmissions, issue fresh share certificates in lieu of old share certificates lost / mutilated or on transfer, sub-division, consolidation, renewal, exchange etc., subject to the related deeds / documents being in order.

Venture Capital and Corporate Investments Private Limited (VCC IPL), one of the leading SEBI registered Category - I Registrar and Transfer Agents has been appointed as Share Transfer Agent of the Company to process share transfer requests on behalf of the Company with effect from 18 January 2008. The Chairman & Managing Director or Executive Director or Company Secretary approves the share transfer registers and a statement of share transfers / transmissions effected, share certificates issued in each quarter are placed before the Investors' Grievance & Share Transfer Committee for approval and are also placed before the Board of Directors for ratification at their next meeting.

The Investors' Grievance & Share Transfer Committee met four times during the financial year on 30 April 2010, 29 July 2010, 3 November 2010 and 12 February 2011. The interval between any two successive meetings did not exceed four months.

**Name and designation of compliance officer:**

Md. Abdul Saleem, Company Secretary

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

Name	Designation	Category	No. of meetings attended
Syed Abdul Aleem	Chairman	Non-Executive & Independent	3
S. Y. Ghorpade	Member	Executive Director	4
Nazim Sheikh	Member	Executive Director	4
M. S. Rama Rao	Member	Non-Executive & Independent	2

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

The Company had no complaints pending on 1 April 2010, received 13 complaints during the year and redressed all the 13 to the satisfaction of the shareholders. No complaints were pending as on 31 March 2011.

There were no pending share transfer requests as on 31 March 2011.

6. General Body Meetings

Location and time of the last three AGMs:

The Annual General Meetings for the last three years were held on 29 September 2010 at 11.00 a.m., 25 September 2009 at 11.00 a.m. and 25 September 2008 at 11.00 a.m. The meetings were held in Anuradha Hall, Shivapur, Sandur - 583 119. Eleven special resolutions were passed at the past three Annual General Meetings.

No special resolution has been passed through postal ballot last year.

The Company has not proposed to pass any special resolution through postal ballot.

7. Subsidiary Company

Star Metallica and Power Private Limited (SMPPL) is a subsidiary of the Company with 74.29% of its paid up equity share capital held by the Company.

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

The operations of SMPPL are being controlled and monitored by SMIORE, inter alia, by the following means:

Financial statements, in particular the investments made by SMPPL, are being reviewed by the Audit Committee of the Company.

Minutes of the meetings of SMPPL's Board are being placed before the Company's Board regularly.

Financial statements showing all significant transactions and arrangements entered into by SMPPL are placed before the Company's Board.



8. Disclosures

Related Party Transactions: During the year under review, besides the transactions reported in Note 12 of Schedule 9 to the Financial Statements in the Annual Report, there are no other related party transactions of the Company with its promoters, directors or the management or their relatives and associates. These transactions do not have any potential conflict with the interest of the Company at large. The material related party transactions, if any, are placed before the Audit Committee periodically. Further there are no material individual transactions that are not in normal course of business and not on an arm's length basis.

Disclosure of Accounting Treatment: The Company follows Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.

Disclosure by Senior Management: Senior management has made disclosures to the Board confirming that they have not entered into material financial and commercial transactions with the Company wherein they have personal interest that could result in a conflict with the interest of the Company at large.

Details of Non-Compliance: There have been no instances of non-compliance by the Company except for the Chairman of Audit Committee not being present at the last Annual General Meeting as required under the provisions of Clause 49(II)(A)(iv) of the Listing Agreement, and no penalties, strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

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

9. Means of Communication

Quarterly financial results are being regularly sent to Bangalore Stock Exchange Limited and Bombay Stock Exchange Limited

Quarterly financial results are generally published in The Financial Express and Sanjevani newspapers.

No presentation has been made to institutional investors or to the analysts.

Management Discussion and Analysis is forming part of this Annual Report.

10. General Shareholder Information

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

10 September 2011 at 11.00 a.m. at Anuradha Hall, Shivapur, Sandur - 583 119.

ii) **Financial Year:** 1 April 2010 to 31 March 2011



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

Financial Reporting for the quarter ending 30 June 2011	Before 14 August 2011
Financial Reporting for the quarter ending 30 September 2011	Before 14 November 2011
Financial Reporting for the quarter ending 31 December 2011	Before 14 February 2012
Financial Reporting for the quarter ending 31 March 2012	By end of April/May 2012

iv) Dates of Book Closure: 3 September 2011 to 10 September 2011 (Both days inclusive)

v) Dividend Payment Date: On or after 10 September 2011

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

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

Listing Fee: The Company has paid annual listing fee for the year 2011-12 to both the Stock Exchanges where the securities of the Company are listed.

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

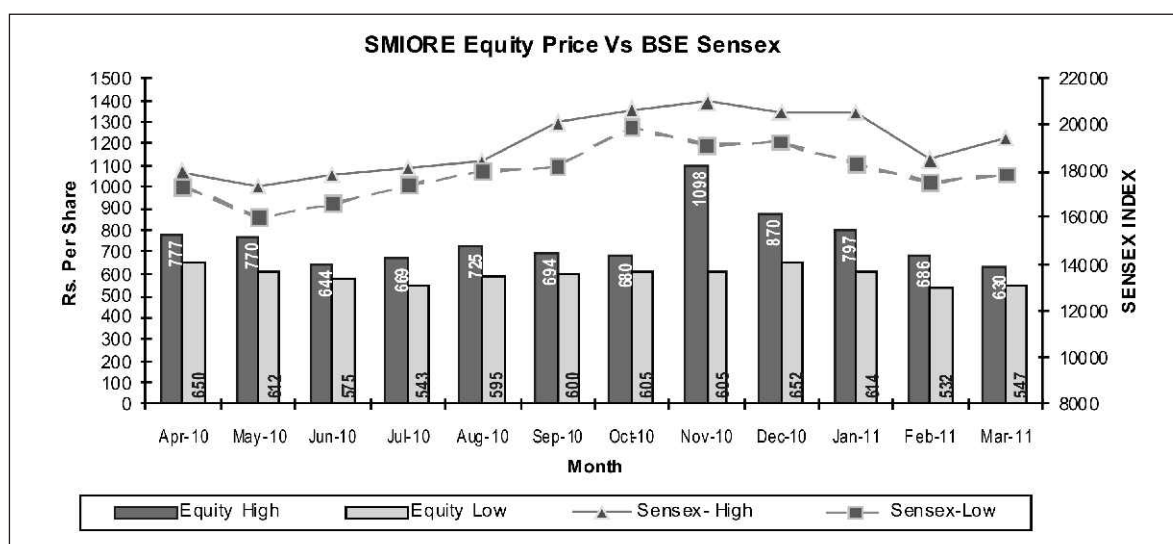
Bangalore Stock Exchange Limited (BgSE) - SM

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

Month	Open ₹	High ₹	Low ₹	Close ₹	No. of Shares	No. of Trades	BSE Sensex (Average)
Apr 2010	724.20	777.10	650.05	695.35	548020	16033	17662
May 2010	696.00	770.00	612.00	619.65	735840	22571	16749
Jun 2010	620.00	644.40	575.00	582.70	273799	10055	17119
Jul 2010	582.00	669.05	543.05	669.05	351565	9738	17817
Aug 2010	700.00	725.00	595.10	622.95	588160	21832	18148
Sep 2010	625.00	694.00	600.00	627.00	334894	13176	19148
Oct 2010	620.00	679.75	605.00	614.15	317973	9845	20312
Nov 2010	626.40	1097.70	605.00	810.20	1839193	62195	20032
Dec 2010	810.00	869.50	652.00	723.25	776375	31467	19813
Jan 2011	730.00	797.40	613.70	628.60	522182	21442	19352
Feb 2011	634.00	685.90	532.40	581.90	264262	11565	17993
Mar 2011	593.00	630.00	547.10	596.45	546693	11410	18684



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



x) Distribution of Equity Shareholding as on 31 March 2011:

Shareholding of Nominal value of ₹		No. of shareholders	No. of Shares	% to total Capital
Upto	5000	7,083	6,07,285	6.94
5001	10000	239	1,90,151	2.17
10001	20000	137	2,05,754	2.35
20001	30000	43	1,04,760	1.20
30001	40000	25	87,546	1.00
40001	50000	16	75,199	0.86
50001	100000	25	1,74,569	2.00
100001	Above	45	73,04,736	83.48
Total		7,613	87,50,000	100.00



xi) Shareholding pattern as on 31 March 2011:

Categories	No. of Shares	% to Total
Promoters, Directors and their relatives and associates	64,97,300	74.26
Banks and Financial Institutions	52,500	0.60
Mutual Funds	1,250	0.01
Insurance Companies	1,00,000	1.14
Foreign Institutional Investors	11,926	0.14
Other bodies corporate	4,97,896	5.69
Public	15,89,128	18.16
TOTAL	87,50,000	100.00

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

xiii) Share Transfer System: Venture Capital and Corporate Investments Private Limited (VCC IPL), one of the leading SEBI registered Category - I Registrar and Transfer Agents had been appointed as Share Transfer Agent of the Company to process share transfer requests on behalf of the Company with effect from 18 January 2008. The Chairman & Managing Director or Executive Director or Company Secretary approves the share transfer registers and a statement of share transfers / transmissions effected, share certificates issued in each quarter are placed before the Investors' Grievance & Share Transfer Committee for approval and are also placed before the Board of Directors for ratification at their next meeting.

xiv) Dematerialization of Shares and Liquidity: As on 31 March 2011, 26,49,985 equity shares have been dematerialized.

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

xvi) Directors seeking appointment / re-appointment: As required under Clause 49(IV)(G), particulars of Directors seeking appointment / re-appointment are given in the Explanatory Statement of the Notice of the Annual General Meeting to be held on 10 September 2011.

xvii) There is no stock option scheme.

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

xix) Address for correspondence:

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

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



11. CEO / CFO Certification

The Chairman & Managing Director, being the Chief Executive Officer (CEO) and the Director (Finance), being the Chief Finance Officer (CFO) have certified to the Board in accordance with clause 49 (v) of the Listing Agreement pertaining to CEO/CFO certification for the financial year 2010-11, which is annexed thereto.

12. Affirmation of compliance with code of conduct

The Chairman & Managing Director of the Company has given a certificate confirming that the Company has obtained from all the members of the Board and senior management, affirmation of their compliance with the Code of Conduct for directors and senior management in respect of the financial year 2010-11 and the same were placed before the Board at its meeting held on 9 April 2011. A copy of the said certificate is annexed hereto.

13. Status of compliance with the non-mandatory requirements of clause 49 of the listing agreement is given below:

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

14. Auditor's certificate on compliance with clause 49 of the listing agreement:

Auditor's Certificate is annexed.

for and on behalf of the Board

Place : Bangalore
Date : 28 May 2011

S. Y. Ghorpade
Chairman & Managing Director



CERTIFICATE

We, S. Y. Ghorpade, Chairman & Managing Director (being the CEO) and K. Raman, Director (Finance), being nominated as CFO and responsible for the finance function, certify that in respect of the financial year ended on 31 March 2011:

- a) we have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:-
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company, pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) i) there has not been any significant change in internal control over financial reporting during the year under reference;
- ii) there has not been any significant change in accounting policies during the year requiring disclosures in the notes to the financial statements; and
 - iii) we are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

for The Sandur Manganese & Iron Ores Limited

Place : Bangalore
Date : 28 May 2011

S. Y. Ghorpade **K. Raman**
Chairman & Managing Director Director (Finance)

CERTIFICATE

I, S. Y. Ghorpade, Chairman & Managing Director do hereby certify and confirm that the Company has obtained from all the members of the Board and senior management, affirmation of their compliance with the Code of Conduct for directors and senior management in respect of the financial year 2010-11 and the same were placed before the Board at its meeting held on 9 April 2011.

for The Sandur Manganese & Iron Ores Limited

Place : Bangalore
Date : 28 May 2011

S. Y. Ghorpade
Chairman & Managing Director

CERTIFICATE

TO THE MEMBERS OF THE SANDUR MANGANESE & IRON ORES LIMITED

We have examined the compliance of conditions of Corporate Governance by The Sandur Manganese & Iron Ores Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except that the Chairman of the Audit Committee was not present at the Annual General Meeting to answer shareholders queries as required under sub clause II (A) (iv) of Clause 49.

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

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

S.Sundaresan
Partner
(Membership No.25776)

Place : Bangalore
Date : 28 May 2011



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. BACKGROUND

The Management Discussion and Analysis Report sets out the developments in the business, the Company's performance since last report and the future outlook. This report is part of the Directors' Report and the Audited Financial Statements, forming part of the Annual Report. However, certain statements made in this report relating to the projections, outlook, expectations, estimates etc., may constitute 'forward looking statements' within the meaning of applicable laws and regulations and may differ from actuals. Several factors could make a significant difference to the Company's operations, including climatic conditions, economic conditions affecting demand and supply, government regulations, revision in government policies, taxation and natural calamities, over which the Company does not have any control.

2. INDUSTRIAL OVERVIEW, MARKET SCENARIO, OPPORTUNITIES AND THREATS

Manganese ore production in the world by major producers during 2010 was about 17 million tonnes compared to 11 million tonnes during previous year 2009 - resulting in an increase of 54%. During the same period world crude steel production grew by only 14%. This coupled with huge inventories held by China (more than 3 million tonnes) has resulted in excess supply of manganese ore. Production of Mn alloys in China is restricted to meet their domestic demand as the Chinese Government is discouraging export of all power intensive products like ferroalloys. India is emerging as a major producer and exporter of ferroalloy and importer of manganese ore. High grade manganese ore imports are over a million tonne each year. This has resulted in a demand for low grade higher Fe ore like that of SMIORE for blending purpose and to reduce the cost of imported ore. However in view of the global oversupply of manganese ore, prices have come down and are likely to reduce further. This situation is likely to continue for next quarter as well. In view of the high stocks that will have to be carried by major producers of manganese ore, marginal reduction in the production of manganese ore is expected this year. However, the situation & prices are likely to stabilise during last quarter of this year.

Iron ore transportation for exports was banned by the Government of Karnataka for most part of the year 2010. Though the ban has been lifted by the Hon'ble Supreme Court of India, local authorities are still in the process of commencing issue of permits. This has led to generally large accumulation of iron ore fines for which there is not enough demand within the country. Production in SMIORE mines as well as other mines in Karnataka, is predominantly fines and, during sizing of whatever lumps are produced, additional fines also gets generated. Almost 70 to 80% of the ore reserves in Bellary-Hospet-Sandur region is in the form of fines for which the demand is very little. Few pellet plants to utilise fines have started functioning and demand is marginally picking up, but still more than 50% of the fines generated remains without an outlet, in the absence of exports. Even when the export of iron ore materialises, export duty at 20% and very high incidence of rail freight makes it unviable to export very low grade Fe ore. Few plants have come up in Bellary district to beneficiate low grade iron ore. This is likely to create an outlet for very low grade iron ore. Logistic problems and statutory clearances for movement of iron ore are likely to impact quantum of sales. However, as far as SMIORE is concerned, a policy of maximizing sales to local steel industry is being followed, and hence ban or no ban on export, has lesser impact on the Company's sales, though some adverse effect on pricing is bound to be experienced.

3. SEGMENT-WISE PERFORMANCE

a) Mining

During the year ended 31 March 2011, the Mines produced 2,60,779 tonnes of Mn Ore apart from salvaging 40,498 tonnes of low grade ore from old dumps. The Company exported 21,614 tonnes and made domestic sales of 2,19,061 tonnes making the aggregate Mn ore sales of 2,40,675 tonnes.

The Mines also produced 15,78,230 tonnes of iron ore. The Company made domestic sales of 11,07,680 tonnes.

b) Conversion of iron ore to steel

During the year under review TMT bars were not manufactured but 26 tonnes of available stock was sold resulting in a negative contribution of ₹15.16 lakh.



4. OUTLOOK, RISKS AND CONCERNS

As stated earlier, absence of export sales of iron ore and surplus availability of manganese ore are expected to reduce demand during second and third quarters of the financial year 2011-12. Demand may pick up during last quarter of the financial year. Risk exists if government discourages exports of ferroalloys or if India's competitiveness in the international market decreases due to increased power costs and tariff which is a matter of concern.

Steep increase in railway freight from May 2010 has discouraged export of low grade ore from Bellary-Hospet sector. However domestic demand for lump ore and high grade iron ore fines is steady. Low grade iron ore will also be beneficiated to make it saleable.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has well-developed internal control systems and clearly defined delegation of powers to its executives. The Company has an internal audit department, which independently monitors the compliance with the approved internal control procedures and exercise of powers strictly as per the approved delegation of powers.

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

6. FINANCIAL PERFORMANCE

Information provided in the Directors' Report.

7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

As on 1 April 2010, the Company had employee strength of 1,251. During the year, 280 employees were recruited and 326 employees were separated. Excluding the 717 temporary employees and 27 employees on consolidated remuneration, employee strength at the end of the financial year 2010-11 was 1,205.

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

for and on behalf of the Board

Place : Bangalore
Date : 28 May 2011

S. Y. Ghorpade
Chairman & Managing Director



AUDITORS' REPORT

TO THE MEMBERS OF THE SANDUR MANGANESE & IRON ORES LIMITED

1. We have audited the attached Balance Sheet of **The Sandur Manganese & Iron Ores Limited** ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

S.Sundaresan
Partner
(Membership No.25776)

Bangalore, 28th May, 2011



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results, clauses (iii) (b) to (d) and (f) to (g), (vi), (viii), (xi), (xiii), (xiv), (xvi), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, the Company is in the process of completing the reconciliation of the assets verified with the fixed asset records and discrepancies, if any, identified on such reconciliation will be dealt with in the books of account on completion of the reconciliation.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased and most of the items sold are of a special nature for which comparable alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹5 lakh in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
 - (a) While there were delays in depositing certain dues, the Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.



- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of disputes are given below:

Statute	Nature of Dues	Amount involved (₹in lakh)	Period to which the amount relates	Forum where Dispute is pending
The Income - tax Act, 1961	Income tax including interest	1,561.37	2006-2007	The Commissioner of Income tax (Appeals)
The Income - tax Act, 1961	Income tax including interest	1,887.37	2007-2008	The Commissioner of Income tax (Appeals)
The Customs Act, 1962	Custom duty including interest	292.86	1986-2011	High Court of Andhra Pradesh
		1,117.12	1990-2011	Commissioner of Customs, Goa
The Central Excise Act, 1944	Service tax	293.34	2004-2008	Customs, Excise and Service Tax Appellate Tribunal
		23.30	2008-2010	The Commissioner of Central Excise and Customs

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

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

S.Sundaresan
Partner
(Membership No.25776)

Bangalore, 28th May, 2011



BALANCE SHEET AS AT 31 MARCH 2011

	Schedules	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
(a) Share capital	1	875.00	875.00
(b) Reserves and surplus	2	29,175.71	20,515.34
		<u>30,050.71</u>	<u>21,390.34</u>
		30,050.71	21,390.34
II. APPLICATION OF FUNDS			
1. FIXED ASSETS	3		
(a) Gross block		18,151.68	15,788.07
(b) Less: depreciation		<u>9,601.18</u>	<u>8,534.94</u>
(c) Net block		8,550.50	7,253.13
(d) Capital work-in-progress		<u>829.03</u>	<u>679.09</u>
		9,379.53	7,932.22
2. INVESTMENTS	4	14,844.14	11,145.55
3. DEFERRED TAX ASSET (NET)		1,880.00	487.00
4. CURRENT ASSETS, LOANS AND ADVANCES	5		
(a) Inventories		4,362.01	1,236.99
(b) Sundry debtors		3,165.96	5,572.21
(c) Cash and bank balances		1,641.30	3,532.21
(d) Loans and advances		<u>12,539.89</u>	<u>7,297.42</u>
		<u>21,709.16</u>	<u>17,638.83</u>
Less :			
5. CURRENT LIABILITIES AND PROVISIONS	6		
(a) Liabilities		13,640.66	12,869.16
(b) Provisions		<u>4,121.46</u>	<u>2,944.10</u>
		<u>17,762.12</u>	<u>15,813.26</u>
Net current assets		3,947.04	1,825.57
		<u>30,050.71</u>	<u>21,390.34</u>

Notes to accounts

9

The schedules referred to above form an integral part of the Balance Sheet

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

for and on behalf of the Board of Directors

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 28 May 2011

Place : Bangalore
Date : 28 May 2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Schedules	2010-11 ₹ lakh	2009-10 ₹ lakh
INCOME			
Gross sales		34,894.11	28,837.14
Less: Excise duty		58.33	90.07
Net sales		34,835.78	28,747.07
Other income	7	997.19	1,542.82
		<u>35,832.97</u>	<u>30,289.89</u>
EXPENDITURE			
Mining, manufacturing and other expenses	8	20,932.88	24,793.21
Depreciation/Amortisation	3	1,066.28	1,042.12
Interest : -			
Others		202.97	153.53
		<u>22,202.13</u>	<u>25,988.86</u>
Profit before taxes		13,630.84	4,301.03
Taxes:			
Current tax		5,800.00	1,900.00
Deferred tax		(1,393.00)	(516.00)
Earlier years		55.00	-
		<u>4,462.00</u>	<u>1,384.00</u>
Net profit		9,168.84	2,917.03
Profit brought forward		16,960.08	14,641.15
Amount available for Appropriation		26,128.92	17,558.18
Appropriation			
Proposed dividend on equity shares		437.50	262.50
Tax on dividend		70.97	43.60
Transfer to general reserve		917.00	292.00
		<u>1,425.47</u>	<u>598.10</u>
Balance carried to balance sheet		24,703.45	16,960.08
Earnings per share of ₹10 each Basic and Diluted (₹)		104.79	33.34

Notes to accounts

9

The schedules referred to above form an integral part of the Profit and Loss Account

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

for and on behalf of the Board of Directors

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 28 May 2011

Place : Bangalore
Date : 28 May 2011



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	2010-11 ₹ lakh	2009-10 ₹ lakh
A Cash flows from operating activities		
Net profit before tax	13,630.84	4,301.03
Adjustment for :		
- Depreciation / Amortisation	1,066.28	1,042.12
- Assets discarded	-	3.03
- Profit on sale of fixed assets (net)	(1.90)	(78.37)
- Advances written off	-	0.14
- Interest expenses	202.97	153.53
- Interest income	(689.95)	(760.14)
- Income from mutual funds	(249.77)	(669.88)
- Dividend income	-	(0.05)
- Unrealised exchange difference	-	17.65
- Liabilities no longer required written back	(10.38)	-
Operating profit/(loss) before working capital changes	13,948.09	4,009.06
Adjustment for :		
- (Increase)/decrease in sundry debtors	906.25	(757.25)
- (Increase)/decrease in inventories	(3,125.02)	3,096.16
- (Increase)/decrease in loans and advances	(4,884.94)	(5,038.33)
- Increase/(decrease) in current liabilities and provisions	1,731.07	1,532.72
Cash generated from operations	8,575.45	2,842.36
- Direct taxes paid	(6,036.29)	(1,835.14)
NET CASH FROM OPERATING ACTIVITIES	2,539.16	1,007.22
B Cash flows from investing activities		
Additions to fixed assets (including capital work-in-progress and advances on capital account)	(2,513.86)	(566.29)
Proceeds from sale of fixed/other assets	1,502.00	22.73
(Purchase)/ sale of mutual funds (net)	(2,198.59)	(1,133.16)
Investment in shares of subsidiary	(1,500.00)	-
Interest received	339.68	575.74
Income from mutual funds	249.77	669.88
Dividend received	-	0.05
NET CASH USED IN INVESTING ACTIVITIES	(4,121.00)	(431.05)
C Cash flows from financing activities		
Dividend on shares and tax thereon	(306.10)	(175.87)
Interest paid	(2.97)	(4.53)
NET CASH USED IN FINANCING ACTIVITIES	(309.07)	(180.40)
NET CASH FLOW DURING THE YEAR (A+B+C)	(1,890.91)	395.77
Cash and cash equivalents (opening balance)	3,532.21	3,136.44
Cash and cash equivalents (closing balance)	1,641.30	3,532.21
Cash & Cash equivalents include:		
- term deposits of ₹316.83 lakh (previous year : ₹317.33 lakh) under lien against bank guarantee		
- current account ₹3.61 lakh (previous year : ₹154.14 lakh) in the Escrow Account to be utilised as per the Escrow agreement with the customer		

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

for and on behalf of the Board of Directors

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 28 May 2011

Place : Bangalore
Date : 28 May 2011



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
1. SHARE CAPITAL		
i) AUTHORISED		
14,000,000 equity shares of ₹10 each	1,400.00	1,400.00
100,000 'B' 16 % (subject to tax) redeemable preference Shares of ₹100 each	100.00	100.00
	<u>1,500.00</u>	<u>1,500.00</u>
ii) ISSUED AND SUBSCRIBED		
87,50,000 equity shares of ₹10 each fully called up	875.00	875.00
Of the above shares -		
(a) 207,500 equity shares of ₹10 each were allotted as fully paid up pursuant to contracts without payments having been received in cash.		
(b) 65,250 equity shares of ₹10 each were allotted as fully paid up bonus shares by way of capitalisation of reserves.		
	<u>875.00</u>	<u>875.00</u>
2. RESERVES AND SURPLUS		
Share premium account as per last balance sheet	967.23	967.23
Capital redemption reserve as per last balance sheet	100.65	100.65
General reserve-		
as per last balance sheet	2,487.38	2,195.38
Add: Transfer from profit and loss account	<u>917.00</u>	<u>292.00</u>
	3,404.38	2,487.38
Balance in profit and loss account	24,703.45	16,960.08
	<u>29,175.71</u>	<u>20,515.34</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET

3. FIXED ASSETS

₹ lakh

DESCRIPTION	COST/ VALUATION				DEPRECIATION				NET BOOK VALUE	
	Up to 31.03.2010	Additions	Deletions	As at 31.03.2011	Up to 31.03.2010	For the year	On deletions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets										
1. Freehold land*	3,020.78	1,743.46	-	4,764.24	-	-	-	-	4,764.24	3,020.78
2. Buildings and roads	434.89	405.42	-	840.31	190.37	12.65	-	203.02	637.29	244.52
3. Railway siding	14.28	-	-	14.28	12.54	0.24	-	12.78	1.50	1.74
4. Plant and machinery	1,136.84	65.83	-	1,202.67	907.48	36.47	-	943.95	258.72	229.36
5. Vehicles	299.62	83.36	0.14	382.84	107.49	58.42	0.04	165.87	216.97	192.13
6. Furniture, fittings and equipment	163.35	65.68	-	229.03	112.57	21.48	-	134.05	94.98	50.78
Intangible Assets										
Mining lease rights	10,718.31	-	-	10,718.31	7,204.49	937.02	-	8,141.51	2,576.80	3,513.82
	15,788.07	2,363.75	0.14	18,151.68	8,534.94	1,066.28	0.04	9,601.18	8,550.50	7,253.13
Previous year	15,561.62	294.79	68.34	15,788.07	7,528.17	1,042.12	35.35	8,534.94		
Capital work-in-progress, at cost									829.03	679.09
									9,379.53	7,932.22

* includes land of ₹1,818.00 lakh for which the Company had entered into a Joint Development Agreement during the year 2009-10

Note: Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid) ₹413.38 lakh (previous year ₹748.00 lakh)

4. INVESTMENTS

31.03.2011
₹ lakh

31.03.2010
₹ lakh

Long term - at cost

Trade - Unquoted

In Subsidiary:

32,500,000 (previous year: 25,000,000) equity shares of ₹10 each fully paid up at a premium of ₹10 per share in Star Metallics and Power Private Limited (7,500,000 equity shares purchased during the year)

6,500.00

5,000.00

6,500.00

5,000.00

Non Trade - Unquoted

In Others:

900,000 (previous year: 900,000) equity shares of ₹10 each fully paid up in Sandur Micro Circuits Limited

90.00

90.00

90.00

90.00

Non Trade - Quoted

4,725,191 (previous year: 4,725,191) equity shares of ₹10 each fully paid up in Sandur Laminates Limited (Market value not ascertained as there was no trading)

879.67

879.67

500 (previous year: 500) equity shares of ₹10 each fully paid up in HDFC Bank Limited

0.05

0.05

(Market value ₹11.71 lakh (previous year: ₹9.67 lakh))

879.72

879.72



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
Current - (at lower of cost and fair value)		
Investments in Mutual Funds unquoted -		
Franklin Templeton India Income Opportunities Fund 4,912,074 units (previous year: 4,912,074) of ₹10 each	500.00	500.00
Birla Sun Life Dynamic Bond Fund - Monthly Dividend Reinvestment Nil units (previous year : 4,886,014) of ₹10 each (59,306 units purchased (including dividend reinvested 59,306 units) and 4,945,320 units sold during the year)	-	506.79
Birla Sun Life Monthly Income Plan II Savings 5 - Monthly Dividend Reinvestment Nil units (previous year : 6,346,913) of ₹10 each (165,133 units purchased (including dividend reinvested 165,133 units) and 6,512,046 units sold during the year)	-	716.36
Birla Sun Life Monthly Income - Monthly Dividend Reinvestment 4,705,230 units (previous year : 4,472,327) of ₹11.23 each (232,902 units purchased (including dividend reinvested 232,902 units) and Nil units sold during the year)	528.36	500.94
DSP Black Rock Floating Rate Fund - Institutional Plan - Daily Dividend Nil units (previous year : 50,007) of ₹1000 each (462 units purchased (including dividend reinvested 462 units) and 50,469 units sold during the year)	-	500.34
HDFC Monthly Income Plan - Short Term - Monthly Dividend Nil units (previous year : 5,955,681) of ₹11 each (265,586 units purchased (including dividend reinvested 265,586 units) and 6,221,267 units sold during the year)	-	661.10
HSBC Monthly Income Plan - Reinvestment Plan (Monthly Dividend) Nil units (previous year : 7,107,316) of ₹11 each (363,393 units purchased (including dividend reinvested 363,393 units) and 7,470,709 units sold during the year)	-	815.73
Kotak Fixed Maturity Plan -19 Month Series 2 -Growth 5,000,000 units (previous year : 5,000,000) of ₹10 each	500.00	500.00
Reliance Monthly Income Plan (Monthly Dividend) Nil units (previous year : 7,605,024) of ₹10 each (375,268 units purchased (including dividend reinvested 375,268 units) and 7,980,292 units sold during the year)	-	840.55
Reliance Regular Saving Fund - Debt I (Dividend) Nil units (previous year : 853,833) of ₹10 each (9,150 units purchased (including dividend reinvested 9,150 units) and 862,983 units sold during the year)	-	103.69
TATA Fixed Maturity Plan Series 25 -A - Super High Investment Plan - Growth 5,000,000 units (previous year : 5,000,000) of ₹10 each	500.00	500.00
Carried forward	2,028.36	6,145.50



SCHEDULES FORMING PART OF THE BALANCE SHEET

INVESTMENTS (Contd.)	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
Brought forward	2,028.36	6,145.50
Axis Income Server Quarterly Dividend 5,080,905 units (previous year: Nil) of ₹10 each (10,139,253 units purchased (including dividend reinvested 10,039,253) and 5,058,348 units sold during the year)	508.09	-
Templeton India Income Opportunities Fund - Growth 4,801,921 units (previous year : Nil) of ₹10 each (4,801,921 units purchased and Nil units sold during the year)	500.00	-
Franklin Fixed Tenure Fund -Series XIV-3Yrs-Plan B Growth 175,000 units (previous year : Nil) of ₹10 each (175,000 units purchased and Nil units sold during the year)	175.00	-
HDFC Monthly Income plan - Long Term - Monthly Dividend 4,094,766 units (previous year : Nil) of ₹12.75 each (4,094,766 units purchased (including dividend reinvested 172,521 units) and Nil units sold during the year)	521.99	-
ICICI Prudential Monthly Income Plan - 25 Monthly Dividend 4,247,137 units (previous year : Nil) of ₹12.14 each (4,247,137 units purchased (including dividend reinvested 130,555 units) and Nil units sold during the year)	515.86	-
Kotak Credit Opportunities Fund - Growth 5,000,000 units (previous year : Nil) of ₹10 each (5,000,000 units purchased and Nil units sold during the year)	500.00	-
Religare Monthly Income Plan -Monthly Income Plan Plus - Dividend 5,037,482 units (previous year : Nil) of ₹10.14 each (5,037,482 units purchased (including dividend reinvested 107,368 units) and Nil units sold during the year)	510.89	-
TATA Monthly Income Plan Plus Dividend - Monthly 4,547,190 units (previous year : Nil) of ₹11.42 each (4,547,190 units purchased (including dividend reinvested 168,945 units) and Nil units sold during the year)	509.29	-
TATA Fixed Tenure Fund Series 1-Growth 4,000,000 units (previous year : Nil) of ₹10 each (4,000,000 units purchased and Nil units sold during the year)	400.00	-
ICICI Prudential Monthly Income Plan - 25 Monthly Dividend 4,082,102 units (previous year : Nil) of ₹12.50 each (4,082,102 units purchased (including dividend reinvested 82,262 units) and Nil units sold during the year)	500.93	-
Reliance Dual Advantage Fixed Tenure Fund-Plan B-Growth Plan 1,250,000 units (previous year : Nil) of ₹10 each (1,250,000 units purchased and Nil units sold during the year)	125.00	-
Carried forward	6,795.41	6,145.50



SCHEDULES FORMING PART OF THE BALANCE SHEET

INVESTMENTS (Contd.)	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
Brought forward	6,795.41	6,145.50
Reliance Monthly Income Plan-Monthly Dividend Plan 4,586,485 units (previous year : Nil) of ₹11.17 each (4,586,485 units purchased (including dividend reinvested 110,650 units) and Nil units sold during the year)	497.43	-
Religare Medium Term Bond Fund - Monthly Dividend 1,010,815 units (previous year : Nil) of ₹10.02 each (1,010,815 units purchased (including dividend reinvested 12,502 units) and Nil units sold during the year)	101.25	-
SBI Debt Fund Series-370 Days-7-Growth 1,000,000 units (previous year : Nil) of ₹10 each (1,000,000 units purchased and Nil units sold during the year)	100.00	-
Birla Sun Life Capital Protection Oriented Fund Series 3 - Growth 1,500,000 units (previous year : Nil) of ₹10 each (1,500,000 units purchased and Nil units sold during the year)	150.00	-
Pramerica Dynamic Monthly Income Fund - Growth 5,000,000 units (previous year : Nil) of ₹10 each (5,000,000 units purchased and Nil units sold during the year)	500.00	-
Religare Capital Protection Oriented Fund Series I - Growth Plan 2,000,000 units (previous year : Nil) of ₹10 each (2,000,000 units purchased and Nil units sold during the year)	200.00	-
	8,344.09	6,145.50
	15,813.81	12,115.22
Less : Provision for diminution in value of investments	969.67	969.67
	14,844.14	11,145.55

The total net asset value (NAV) of unquoted investments (Mutual Fund units) as at March 31, 2011: ₹8,610.63 lakh (previous year ₹6,209.96 Lakh)

During the year the following investments were purchased and sold:

1. 50,037 units (including dividend reinvested 123 units) of Religare Ultra Short Term Bond at a cost of ₹500 lakh
2. 49,615 units (including dividend reinvested 126 units) of Tata Treasury Manager Fund at a cost of ₹500 lakh
3. 1,500,899 units (including dividend reinvested 1,918 units) of Birla Sun Life Saving Fund at a cost of ₹150 lakh
4. 999,395 units (including dividend reinvested 1,102 units) of Religare Ultra Short Term - Institutional Daily Dividend at a cost of ₹100 lakh
5. 50,126 units (including dividend reinvested 129 units) of Pramerica Ultra Short Term Bond Fund-Daily Dividend Option Reinvestment at a cost of ₹500 lakh
6. 4,966,654 units (including dividend reinvested 6,239 units) of Kotak Floater Long Term - Daily Dividend at a cost of ₹500 lakh
7. 69,963 units (including dividend reinvested 59 units) of Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan at a cost of ₹700 lakh
8. 4,055,150 units (including dividend reinvested Nil units) of Reliance Dynamic Bond Fund-Dividend Plan at a cost of ₹500 lakh
9. 1,000,000 units (including dividend reinvested Nil units) of SBI Debt Fund Series-180 Days-10-Dividend at a cost of ₹100 lakh



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
5. CURRENT ASSETS, LOANS AND ADVANCES		
A. INVENTORIES		
Stores and spare parts	72.23	75.09
Raw materials	219.17	1.31
Work in progress	5.61	-
Finished goods	4,065.00	1,160.59
	<u>4,362.01</u>	<u>1,236.99</u>
B. SUNDRY DEBTORS		
Unsecured*		
Trade Debtors		
Debts outstanding for a period exceeding six months-considered good	1,120.71	1,507.36
Other debts-considered good	<u>1,881.25</u>	<u>2,400.85</u>
	3,001.96	3,908.21
Other Debtors:		
Debts outstanding for a period exceeding six months-considered good	164.00	808.65
Other debts - considered good	<u>-</u>	<u>855.35</u>
	164.00	1,664.00
	<u>3,165.96</u>	<u>5,572.21</u>
* includes ₹1,214.90 lakh (previous year ₹3,044.00 lakh) dues from subsidiary company		
C. CASH AND BANK BALANCES		
Cash on hand	2.11	5.35
With scheduled banks in-		
Current accounts*	1,322.36	3,209.53
Term deposits		
- under lien against bank guarantee	316.83	317.33
	<u>1,641.30</u>	<u>3,532.21</u>
* Includes ₹3.61 lakh (previous year ₹154.14 lakh) in the Escrow Account to be utilised as per the Escrow Agreement with the customer		
D. LOANS AND ADVANCES		
Secured and considered good		
Advances recoverable in cash or kind or for value to be received		
- from subsidiary company	9,141.39	5,249.64
(maximum amount due at any time during the year		
₹9,141.39 lakh (previous year ₹5,249.64 lakh))		
- from others	600.00	600.00
Unsecured and considered good:		
Advances recoverable in cash or kind or for value to be received*	2,797.23	1,447.78
(Includes ₹3.76 lakh (previous year : ₹Nil lakh))		
due from directors of the company ; maximum amount		
due at any time during the year ₹14.67 lakh		
(previous year : ₹12.85 lakh)		
Balances with customs and central excise authorities	1.27	-
*includes capital advance of ₹129.34 lakh (Previous year : ₹122.41 lakh)	<u>12,539.89</u>	<u>7,297.42</u>
	<u>21,709.16</u>	<u>17,638.83</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
6. CURRENT LIABILITIES AND PROVISIONS		
LIABILITIES (see note 16 of schedule 9)		
Sundry creditors		
- Dues to Micro enterprises and Small enterprises (see note 10 of schedule 9)	-	-
- Others	10,736.17	9,176.76
	10,736.17	9,176.76
Advance received from customers	2,904.49	3,692.40
	13,640.66	12,869.16
PROVISIONS		
Provision of taxation, net of payments	1,280.89	1,262.18
Proposed dividend on equity shares	437.50	262.50
Tax on dividends	70.97	43.60
Gratuity	299.81	22.02
Pension	1,785.00	1,185.83
Leave salary	247.29	167.97
	4,121.46	2,944.10
	17,762.12	15,813.26

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2010-11 ₹ lakh	2009-10 ₹ lakh
7. OTHER INCOME		
Dividend on shares	-	0.05
Income from mutual funds	249.77	669.88
Interest on fixed deposits, loan and other deposits	689.95	760.14
(Tax deducted at source ₹69.56 lakh previous year : ₹58.32 lakh)		
Liabilities no longer required written back	10.38	-
Miscellaneous receipts	23.76	6.55
Profit on sale of fixed assets (net)	1.90	78.37
Sale of petroleum products	21.43	27.83
(Net of consumption of ₹1,250.17 lakh previous year : ₹1,575.49 lakh.)	997.19	1,542.82
8. MINING, MANUFACTURING AND OTHER EXPENSES		
Raw materials and components consumed	523.23	932.26
Purchase of finished goods	-	106.63
Raw material conversion cost	810.80	54.30
Payments to and provision for employees:		
Salaries, wages and bonus	2,397.33	1,402.56
Contribution to provident and other funds	478.57	58.48
Subsidy on food grains	359.04	354.76
Employees' welfare expenses	729.81	660.07
	3,964.75	2,475.87
Stores and spares consumed	269.77	304.49
Power and fuel	38.32	34.31
Repairs and maintenance to:		
Plant and machinery	41.05	45.50
Buildings	248.74	153.98
Others	248.16	181.64
	537.95	381.12
Carried forward	6,144.82	4,288.98



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2010-11 ₹ lakh	2009-10 ₹ lakh
8. MINING, MANUFACTURING AND OTHER EXPENSES (Contd.)		
Brought forward	6,144.82	4,288.98
Mine running expenses	5,220.39	7,081.57
Rent	17.32	25.70
Insurance	13.26	9.97
Rates and taxes	6,894.86	4,266.48
Freight, loading and siding charges	2,760.69	3,454.18
Commission, sales and service charges on export sales	-	119.90
Selling expenses	453.95	319.13
Administrative expenses	744.37	618.88
Assets discarded	-	3.03
Advances written off	-	0.14
Exchange loss (net)	2.09	18.78
Bank charges	33.30	35.25
Miscellaneous expenses	1,557.85	1,503.36
	23,842.90	21,745.35
Decrease/(Increase) in work-in-progress and finished goods		
Opening work-in-progress and finished goods	1,160.59	4,208.45
Closing work-in-progress and finished goods	<u>4,070.61</u>	<u>1,160.59</u>
	(2,910.02)	3,047.86
	20,932.88	24,793.21

SCHEDULES FORMING PART OF THE ACCOUNTS

9. NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

1) Accounting policies

The financial statements are prepared in accordance with Generally Accepted Accounting Principles under the historical cost convention (except revaluation of fixed assets) on an accrual basis and in accordance with the requirements of the Companies Act, 1956.

i) 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.

ii) Fixed Assets:

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

iii) Depreciation/ Amortisation:

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

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

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

iv) 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 recognized when the carrying amount exceeds greater of net selling price and value in use.



SCHEDULES FORMING PART OF THE ACCOUNTS

v) Foreign Currency Transaction:

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

Foreign exchange rate fluctuations relating to monetary assets and liabilities are restated at the year-end rates.

The net loss or gain arising on restatement/ settlement, if any, is adjusted to the profit and loss account. 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.

vi) Investments:

All long term investments are valued at cost. However provision for diminution in value is made to recognise a decline, other than temporary, in the value of investments.

Current investments are carried at lower of cost and fair value.

vii) Inventories:

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

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

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

viii) Revenue Recognition:

Revenue from sale of goods is recognized on despatch of goods to customers from plant or stock points, as applicable when significant risks and rewards of ownership are considered to be transferred. In case of service income, revenue is recognized when the service is rendered to the customer.

ix) Employee Benefits:

- (a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (b) Post employment benefits are recognised as an expense in the profit and loss account of the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, at the discounting rate.
- (c) Other long-term employee benefits are recognised as an expense in the profit and loss account of the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the present value, using the market yields on government bonds, as on the date of balance sheet, at the discounting rate.
- (d) Actuarial gains and losses in respect of past employment and other long term benefits are charged to the profit and loss account.

x) Segment Accounting:

Segments are identified based on the types of products and the internal organisation and management structure. The Company has identified business segment as its primary reporting segment with secondary information reported geographically.

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

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

xi) Taxation:

Tax Expense / (Credit) comprise Current Tax and Deferred Tax.

(A) Current Tax

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

(B) Deferred Tax

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



SCHEDULES FORMING PART OF THE ACCOUNTS

xii) 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 to accounts.

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

2) Contingent Liabilities

		31.03.2011 ₹ Lakh	31.03.2010 ₹ Lakh
a)	Claims against the Company not acknowledged as debts.		
	Stamp duty on net present value includes maximum penalty of ₹4545.00 lakh (relating to applicability of duty)	5,454.00	5,454.00
	Income tax (relating to disallowance of deduction)	3,561.13	1,573.76
	Service tax (relating to applicability of tax)	316.64	5.85
	Others	14.80	17.68

The above amounts have been arrived at based on the notice of demand or the Assessment Orders, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. No reimbursements are expected.

b)	Guarantees given by the Company:		
	i) Employees (including some former employees) in respect of housing loans	0.48	3.54

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

	ii) Corporate guarantee issued to Customs authorities on behalf of subsidiary company	1,050.00	1,050.00
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The Company has given the said guarantee in respect of fulfillment of the export obligations by the subsidiary company. There are no defaults as at the year end and no liability is expected.

	iii) Others (principal guarantees)	-	10.00
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The Company had given the said guarantee for the working capital facilities availed by the welfare organization sponsored by the Company.

3)

Sales and Services	2010-11		2009-10	
	Quantity (tonnes)	Value ₹ Lakh	Quantity (tonnes)	Value ₹ Lakh
Manganese Ore*	2,40,675	14,673.34	283,445	12,110.98
Iron ore	1,107,680	19,161.17	1,535,929	15,519.48
Silico-Manganese	2,417	1,054.62	-	-
TMT Steel Bars	26	4.98	4,515	1,206.68
		34,894.11		28,837.14

*Includes sale of low grade concentrates



SCHEDULES FORMING PART OF THE ACCOUNTS

4)	Managerial Remuneration	2010-11 ₹ Lakh	2009-10 ₹ Lakh
	Salaries*	64.05	64.59
	Contribution to provident and other funds*	17.29	15.40
	Perquisites	103.02	139.83
	Sitting fees	3.85	4.90
		188.21	224.72

* Excludes contributions towards Gratuity and provision for leave salary, as the same have been provided on an actuarial basis for the Company as a whole.

5) Licensed and installed capacity, production / generation / purchase, opening and closing stock of Finished goods

	Licensed Capacity	Installed capacity	Opening stock		Production/ purchase	Closing stock	
	Tonnes	Tonnes	Quantity Tonnes	Amount ₹lakh	Quantity Tonnes	Quantity Tonnes	Amount ₹lakh
Manganese Ore	- (-)	- (-)	47,793 (106,678)	1,152.11 (3,056.82)	301,277 (225,756)	108,095 (47,793)	2,973.81 (1,152.11)
Iron Ore	- (-)	- (-)	- (52,741)	- (1,043.43)	1,578,230 (1,483,188)	470,550 (-)	828.07 (-)
TMT Steel Bars*	- (-)	- (-)	38 (401)	8.48 (108.20)	- (4,152)	12 (38)	3.29 (8.48)
Silico-Manganese*	- (-)	- (-)	- (-)	- (-)	3,061 (-)	644 (-)	259.83 (-)
				1,160.59 (4,208.45)			4,065.00 (1,160.59)

NOTES:

*Processed by third parties.

- Manganese ore production includes 40,498 tonnes (previous year: 28,678 tonnes) and iron ore production includes Nil tonnes (previous year: 36,234 tonnes) salvaged from waste dumps.
- Production / purchase includes Nil tonnes of iron ore purchases (previous year : 10,000 tonnes) and Nil tonnes of TMT steel bars purchases (previous year : 97 tonnes)
- Previous year figures are in brackets.

6) (a) Analysis of raw material and components consumed:

Description of products	2010-11		2009-10	
	Qty (tonnes)	Amount ₹lakh	Qty (tonnes)	Amount ₹lakh
Billets	-	-	4181	932.26
Manganese Ore	5,682	209.90	-	-
Coke	1,767	283.93	-	-
Others	180	29.40	-	-
Total	7,629	523.23	4181	932.26

(b) Value of imported and indigenous raw material consumed:

	2010-11		2009-10	
	₹lakh	%	₹lakh	%
Imported	-	-	-	-
Indigenous	523.23	100%	932.26	100%
Total	523.23	100%	932.26	100%



SCHEDULES FORMING PART OF THE ACCOUNTS

	2010-11 ₹ lakh	2009-10 ₹ lakh
7) EXPENDITURE IN FOREIGN CURRENCY		
Commission on export sales	-	119.90
Interest	-	0.90
Others	25.55	24.53
	25.55	145.33
8) EARNINGS IN FOREIGN CURRENCY		
Exports on F.O.B. basis -through Export trading house	921.86	4,245.10
- direct	-	2,618.40
Services	-	-
	921.86	6,863.50
9) AUDITORS' REMUNERATION		
Statutory audit	15.00	12.00
Tax audit	3.25	3.00
Audit of consolidated accounts	3.50	3.25
Fees for other services	11.65	11.25
Reimbursement of		
- out of pocket expenses	0.28	0.22
- levies	3.95	2.42
	37.63	32.14

- 10)** There are no micro and small enterprises to whom the Company owes dues which are outstanding as at the balance sheet date. The above information and that given under current liabilities and provisions (Schedule 6) regarding Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

11) SEGMENT REPORTING

a) PRIMARY SEGMENTS (BUSINESS SEGMENTS)

₹ lakh

Particulars	Mining		Service		Ferroalloy & Power		Steel		Unallocable		Elimination		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
REVENUE														
External sales	33,834.50	27,630.46	-	-	996.85	-	4.43	1,116.61	-	-	-	-	34,835.78	28,747.07
Inter Segment Revenue	184.40	-	-	-	-	-	-	-	-	-	(184.40)	-	-	-
Total revenue	34,018.90	27,630.46	-	-	996.85	-	4.43	1,116.61	-	-	(184.40)	-	34,835.78	28,747.07
RESULT														
Segment	13,623.29	3,684.59	-	-	(300.09)	(50.21)	(15.16)	(82.13)	-	-	-	-	13,308.04	3,552.25
Unallocated corporate (expense) / income (net)	-	-	-	-	-	-	-	-	525.77	902.31	-	-	525.77	902.31
Operating profit / (loss)	13,623.29	3,684.59	-	-	(300.09)	(50.21)	(15.16)	(82.13)	525.77	902.31	-	-	13,833.81	4,454.56
Interest expense	-	-	-	-	-	-	-	-	(202.97)	(153.53)	-	-	(202.97)	(153.53)
Profit /(loss) before taxes	13,623.29	3,684.59	-	-	(300.09)	(50.21)	(15.16)	(82.13)	322.80	748.78	-	-	13,630.84	4,301.03
Taxes	-	-	-	-	-	-	-	-	(4,462.00)	(1,384.00)	-	-	(4,462.00)	(1,384.00)
Net profit/(loss)	13,623.29	3,684.59	-	-	(300.09)	(50.21)	(15.16)	(82.13)	(4,139.20)	(635.22)	-	-	9,168.84	2,917.03
OTHER INFORMATION														
Segment assets	13,057.57	13,427.13	7.72	96.35	16,901.40	12,446.21	1,713.59	948.21	16,132.55	10,285.70	-	-	47,812.83	37,203.60
Segment liabilities	13,485.87	11,917.75	0.05	1.17	2,192.30	2,115.90	0.53	3.51	2,083.37	1,774.94	-	-	17,762.12	15,813.27
Capital expenditure including capital work-in-progress	191.23	175.52	-	-	75.66	126.69	-	-	2,246.80	274.70	-	-	2,513.69	576.91
Depreciation/amortisation	1,016.28	1,001.75	-	-	0.85	0.85	-	-	49.15	39.52	-	-	1,066.28	1,042.12
Non-cash expense other than depreciation / amortisation	-	20.82	-	-	-	-	-	-	-	-	-	-	-	20.82

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

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



SCHEDULES FORMING PART OF THE ACCOUNTS

b) SECONDARY SEGMENTS (GEOGRAPHICAL SEGMENTS)

i) Disclosure of Segments Revenue, based on geographical location of Customers

₹ lakh

Geographical Segments	2010-11	2009-10
India	33,913.92	21,883.57
Rest of World	921.86	6,863.50
Total	34,835.78	28,747.07

ii) Total Carrying amount of Assets, by Geographical location

₹ lakh

Location of Assets	2010-11	2009-10
India	47,812.83	37,138.61
Rest of World	-	64.99
Total	47,812.83	37,203.60

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

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

₹ lakh

Location of Assets	2010-11	2009-10
India	2,513.69	576.91
Rest of World	-	-
Total	2,513.69	576.91

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

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

12) Related party disclosures:

Related parties and description of relationship:

1.	Holding company	None
2.	Subsidiary	Star Metalics and Power Private Limited
3.	Key Management personnel (KMP)	i) S. Y. Ghorpade, Chairman & Managing Director ii) Nazim Sheikh, Joint Managing Director (w.e.f. 09 th April 2011) and Executive Director (upto 08 th April 2011) iii) S. H. Mohan, Technical Director iv) S. R. Sridhar, Director (Mines) v) U. R. Acharya, Director (Commercial) (w.e.f. 09 th April 2011) vi) K. Raman, Director (Finance) (w.e.f. 09 th April 2011)
4.	Relative of KMP	Aditya Shivrao Ghorpade



SCHEDULES FORMING PART OF THE ACCOUNTS

a) Subsidiary

₹ lakh

Particulars	2010-11	2009-10
Transactions during the year		
-Interest income	659.81	281.70
-Raw material conversion cost	810.80	-
-Purchase of raw material	348.17	-
-Loans and advances given	3,298.00	4,200.00
-Allotment of equity shares	1,500.00	1,100.00
Closing Balance at the year end		
Amounts receivable	10,356.29	8,293.64

b) Key Management Personnel

₹ lakh

Sl. No	Name of KMP	Remuneration		Amounts payable at the year end		Amounts receivable at the year end	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	S. Y. Ghorpade	54.51	68.01	-	0.67	3.76	-
2	Nazim Sheikh	49.10	61.05	1.48	9.28	-	-
3	S. H. Mohan	48.99	60.93	0.55	0.48	-	-
4	S. R. Sridhar	31.76	29.83	-	3.41	-	-
	Total	184.36	219.82	2.03	13.84	3.76	-

c) Relative of KMP

₹ lakh

Particulars	2010 - 11	2009 - 10
Remuneration	5.62	5.07
Amounts receivable at the year end	1.25	0.53

13) Employee Benefits

a) Defined contribution plan

The contributions recognised in the profit and loss account during the year are as under:

₹ lakh

Contribution to :	2010-11	2009-10
Provident Fund	80.48	80.66
Superannuation Fund	20.30	14.88
Total	100.78	95.54

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

In case of SMIORE Provident Fund Trust interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of trust and the notified interest rate and recognise such shortfall as an expense. There is no shortfall in the interest payable by the trust to the beneficiaries as on the balance sheet date.



SCHEDULES FORMING PART OF THE ACCOUNTS

b) Defined Benefit Plan - Funded

The Company makes annual contributions to an Insurance managed fund. The scheme provides for lump sum payment to vested employees on retirement, death while in employment or on termination of employment as per the Company's Gratuity Scheme, vesting occurs upon completion of three years of service.

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

₹ lakh

		2010-11	2009-10
I	Net Asset/ (Liability) recognized in the balance sheet		
1	Present value of funded obligations-A	1,130.22	763.95
2	Fair value of plan Assets-B	(830.41)	(741.93)
3	(Deficit)/Surplus-(A-B)	(299.81)	(22.02)
4	Net Asset/ Liability		
	-Assets	-	-
	-Liabilities	(299.81)	(22.02)
II	Expense recognized in the Profit and loss account		
1	Current service cost	27.39	30.64
2	Interest on Defined Benefit Obligation	52.67	49.04
3	Expected Return on Plan Assets	(51.04)	(47.32)
4	Net Actuarial Losses / (Gains) recognized during the year	348.77	(69.42)
5	Past Service cost	-	-
6	Losses/(Gains) on "Curtailments & Settlements"	-	-
	Total	377.79	(37.06)
	Actual return on plan Assets	45.66	74.81
III	Change in present value of obligation		
1	Opening Defined Benefit Obligation	763.95	774.92
2	Service Cost	27.39	30.64
3	Interest Cost	52.67	49.04
4	Actuarial Losses/(Gains)	343.38	(41.93)
5	Actuarial Losses/ (Gain) due to Curtailment	-	-
6	Benefits Paid	(57.17)	(48.72)
7	Closing Defined Benefit Obligation	1,130.22	763.95
IV	Change in fair value of plan assets		
1	Opening fair value of plan assets	741.93	715.84
2	Expected return	51.04	47.32
3	Actuarial (Losses) / Gains	(5.39)	27.49
4	Assets distributed on settlements	-	-
5	Contributions by employer	100.00	-
6	Benefits Paid	(57.17)	(48.72)
7	Closing fair value of plan assets	830.41	741.93
V	The major categories of Plan Assets as a percentage of total Plan		
1	Government of India securities	18.44%	12.40%
2	Corporate bonds	46.46%	50.12%
3	Others	35.10%	37.48%
VI	Principal actuarial assumptions:		
	Discount Rate	7.80% p.a.	7.95% p.a.
	Expected Rate of Return on Plan Assets	8.50% p.a.	8.00% p.a.
VII	The employees are assumed to retire at the age of 60 years		
VIII	The mortality rates considered are as per the published rates by the LIC (1994-96) mortality tables		



SCHEDULES FORMING PART OF THE ACCOUNTS

IX	Experience adjustments (₹ lakh)				
	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Defined Benefit Obligation	1,130.22	763.95	774.92	544.23	557.22
Plan Assets	830.41	741.93	715.84	394.17	408.27
Surplus / (Deficit)	(299.81)	(22.02)	(59.08)	(150.06)	(148.95)
Experience adjustments on Plan Liabilities	334.39	(2.67)	200.83	(42.43)	42.32
Experience adjustments on Plan Assets	(5.39)	27.49	61.53	(21.48)	(3.67)

Expected rate of return on plan assets is based on average yield on investments. The Company is expected to contribute ₹60.00 lakh to the gratuity fund for the year ending 31 March 2012.

c) Other Long term benefits - Unfunded

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

	Liability as on 31.03.2011(₹Lakh)	Liability as on 31.03.2010 (₹Lakh)
Leave Salary	247.29	167.97
Pension	1785.00	1,185.83

The discount rate for defined benefit plan and other long term benefits is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations. The estimate of future salary increases considered for defined benefits plan and other long term benefits takes into account the inflation, seniority, promotion, increments and other relevant factors.

14) Operating lease disclosure

The Company has entered into operating leases in respect of office premises and residential premises. This leasing arrangement is cancellable and is renewable by mutual consent. The lease rentals charged to the Profit and Loss Account in respect of these leases amount to ₹ 75.82 lakh. (Previous Year ₹ 81.58 lakh)

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

16) Current liabilities do not include any amount to be credited to the Investor Education and Protection Fund.

17) Foreign currency exposure as at 31 March 2011 that has not been hedged by a derivative instrument or otherwise is as below: (previous year figures are in bracket)

Particulars	Amount (₹lakh)	Amount (Foreign Currency)
Receivable	- (64.99)	- USD (144,414)
Payable	- (82.19)	- USD (182,527)



SCHEDULES FORMING PART OF THE ACCOUNTS

18) The details of deferred tax asset / (liability) are as under:

	Opening balance	Tax effect for the year	₹ lakh As at 31.03.2011
Deferred Tax (Liability)			
Fixed Assets	(1,175.37)	352.89	(822.48)
Sub Total	(1,175.37)	352.89	(822.48)
Deferred Tax Asset			
Provision for employee benefit	425.13	234.25	659.38
Others	1,237.24	805.86	2,043.10
Sub Total	1,662.37	1,040.11	2,702.48
Net Deferred Tax Asset / (Liability)	487.00	1,393.00	1,880.00

19) Earnings per share:

	2010-11	2009-10
Net profit after tax - ₹lakh	9,168.84	2,917.03
Weighted average number of equity shares	87,50,000	87,50,000
Nominal value of shares - ₹	10.00	10.00
Basic and diluted earnings per share - ₹	104.79	33.34

20) a) Previous year's figures have been regrouped / recast, wherever necessary, to conform to the classification adopted for the current year.

b) Schedules 1 to 9 form an integral part of the accounts

SIGNATURES TO SCHEDULES 1 TO 9

for and on behalf of the Board of Directors

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place: Bangalore
Date: 28 May 2011



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Pursuant to Part IV of Schedule VI to the Companies Act, 1956)

I. Registration details

Registration number CIN-L85110KA1954PLC000759 State code 08
Balance Sheet Date **31.03.2011**

II. Capital raised during the period (Amount in ₹Thousands)

Public issue	Nil	Right issue	Nil
Bonus issue	Nil	Private placement	Nil

III. Position of mobilisation and deployment of funds (Amount in ₹Thousands)

Total liabilities (net)	4,781,283	Total assets (net)	4,781,283
Sources of funds :			
Paid up capital	87,500	Reserves and surplus	2,937,910
Secured loans	-	Unsecured loans	-
Application of funds :			
Net fixed assets	937,953	Investments	1,484,414
Net current assets	415,043	Miscellaneous expenditure	-
Deferred Tax Asset (Net)	188,000		

IV. Performance of the Company (Amount in ₹Thousands)

Turnover (including other income)	3,583,297	Total expenditure	2,220,213
Profit/(loss) before tax	1,363,084	Profit/(loss) after tax	916,884
Earning per share	104.79	Dividend rate (%)	50%

V. Generic names of three principal products / services of company

Sl.No	Product description	Item code No (ITC code)
1.	Manganese ore	260200
2.	Iron Ore	260111

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place: Bangalore
Date: 28 May 2011



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

1	Name of Subsidiary	Star Metalics and Power Private Limited
2	Financial Year of the subsidiary ended on:	31 March 2011
3	Share of the subsidiary held on the above date: a) Number of shares and face value b) Extent of Holding	3,25,00,000 equity shares of ₹10/- each (fully paid up) 74.29%
4	Net aggregate amount of profit of the Subsidiary so far as they concern the members of The Sandur Manganese & Iron Ores Limited a) Dealt with in the accounts of The Sandur Manganese & Iron Ores Limited for the year ended 31 March 2011 b) Not dealt with in the accounts of The Sandur Manganese & Iron Ores Limited for the year ended 31 March 2011	Nil Loss of ₹279.23 lakh
5	Net aggregate amount of profit for previous financial years of the Subsidiary since it became a subsidiary so far as they concern the members of The Sandur Manganese & Iron Ores Limited a) Dealt with in the accounts of The Sandur Manganese & Iron Ores Limited for the year ended 31 March 2010 b) Not dealt with in the accounts of The Sandur Manganese & Iron Ores Limited for the year ended 31 March 2010	Nil Loss of ₹272.53 lakh

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place: Bangalore
Date: 28 May 2011



AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF THE SANDUR MANGANESE & IRON ORES LIMITED

1. We have audited the attached Consolidated Balance Sheet of **The Sandur Manganese & Iron Ores Limited** ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiary and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Bangalore, 28th May, 2011

S.Sundaresan
Partner
(Membership No.25776)



CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2011

	Schedules	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
I. SOURCES OF FUNDS			
1.SHAREHOLDERS' FUNDS			
(a) Share capital	1	875.00	875.00
(b) Reserves and surplus	2	<u>27,761.49</u>	<u>19,776.71</u>
		28,636.49	20,651.71
2. MINORITY INTEREST		1,990.13	2,183.03
3. LOAN FUNDS	3		
Unsecured loans		<u>1,225.00</u>	<u>1,625.00</u>
		1,225.00	1,625.00
		<u>31,851.62</u>	<u>24,459.74</u>
II.APPLICATION OF FUNDS			
1. FIXED ASSETS	4		
(a) Gross block		34,997.96	19,627.87
(b) Less:depreciation		<u>9,971.62</u>	<u>8,605.56</u>
(c) Net block		25,026.34	11,022.31
(d) Capital work-in-progress		<u>829.03</u>	<u>11,538.72</u>
		25,855.37	22,561.03
2. GOODWILL ARISING ON CONSOLIDATION		149.99	35.98
3. INVESTMENTS	5	8,344.14	6,145.55
4. DEFERRED TAX ASSET (NET)		1,880.00	487.00
5. CURRENT ASSETS, LOANS AND ADVANCES	6		
(a) Inventories		5,099.67	1,632.99
(b) Sundry debtors		1,989.62	2,528.21
(c) Cash and bank balances		2,319.29	4,149.37
(d) Loans and advances		<u>4,739.23</u>	<u>3,600.69</u>
		<u>14,147.81</u>	<u>11,911.26</u>
Less :			
6. CURRENT LIABILITIES AND PROVISIONS	7		
(a) Liabilities		14,474.02	13,790.46
(b) Provisions		<u>4,051.67</u>	<u>2,890.62</u>
		<u>18,525.69</u>	<u>16,681.08</u>
NET CURRENT ASSETS		(4,377.88)	(4,769.82)
		<u>31,851.62</u>	<u>24,459.74</u>

Notes to accounts

10

The schedules referred to above form an integral part of the Consolidated Balance Sheet

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

for and on behalf of the Board of Directors

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 28 May 2011

Place : Bangalore
Date : 28 May 2011



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Schedules	2010-11 ₹ lakh	2009-10 ₹ lakh
INCOME			
Gross sales and services	36,337.18		29,531.93
Less: Excise duty	60.69		115.40
Net sales and services		36,276.49	29,416.53
Other income	8	374.63	1,303.92
		<u>36,651.12</u>	<u>30,720.45</u>
EXPENDITURE			
Mining, manufacturing and other expenses	9	22,270.88	25,886.91
Depreciation/ Amortisation	4	1,366.10	1,055.81
Interest: - Others		236.13	153.53
		<u>23,873.11</u>	<u>27,096.25</u>
Profit before taxes		<u>12,778.01</u>	<u>3,624.20</u>
Taxes:			
Current tax	5,800.00		1,900.00
Deferred tax	(1,393.00)		(516.00)
Earlier year tax	55.00		-
		<u>4,462.00</u>	<u>1,384.00</u>
Net profit		<u>8,316.01</u>	<u>2,240.20</u>
Less: Minority interest		(177.24)	(123.03)
		<u>8,493.25</u>	<u>2,363.23</u>
Profit brought forward		<u>16,221.45</u>	<u>14,456.32</u>
Amount available for appropriation		<u>24,714.70</u>	<u>16,819.55</u>
Appropriation			
Proposed dividend on equity shares	473.50		262.50
Tax on Dividend	70.97		43.60
Transfer to General Reserve	917.00		292.00
		<u>1,425.47</u>	<u>598.10</u>
Balance carried to balance sheet		<u>23,289.23</u>	<u>16,221.45</u>
Earnings per share of ₹10 each			
Basic and Diluted (₹)		97.07	27.01

Notes to accounts

10

The schedules referred to above form an integral part of the Consolidated Profit and Loss Account

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

for and on behalf of the Board of Directors

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 28 May 2011

Place : Bangalore
Date : 28 May 2011



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	2010-11 ₹ lakh	2009-10 ₹ lakh
A Cash flows from operating activities		
Net profit before tax and appropriation for minority interest	12,778.01	3,624.20
Adjustment for :		
- Depreciation / Amortisation	1,366.10	1,055.81
- Assets discarded	-	3.03
- (Profit)/loss on sale of fixed assets (net)	(1.90)	(78.37)
- Advances written off	-	0.14
- Interest expenses	236.13	153.53
- Interest income	(48.90)	(507.02)
- Income from mutual funds	(249.77)	(669.88)
- Dividend income	-	(0.05)
- Unrealised exchange difference	-	17.65
- Liabilities no longer required written back	(10.38)	-
- Provision for doubtful debts and advances	2.78	-
Operating profit before working capital changes	14,072.07	3,599.04
Adjustment for :		
- (Increase)/decrease in sundry debtors	538.56	(748.66)
- (Increase)/decrease in inventories	(3,466.68)	3,847.29
- (Increase)/decrease in loans and advances	(1,209.34)	(1,377.75)
- Increase/(decrease) in current liabilities and provisions	1,937.24	(195.23)
Cash generated from operations	11,871.85	5,124.69
- Direct taxes paid	(6,054.60)	(1,842.14)
NET CASH FROM OPERATING ACTIVITIES	5,817.25	3,282.55
B Cash flows from investing activities		
Additions to fixed assets (including capital work-in-progress and advances on capital account)	(4,927.06)	(8,009.93)
Proceeds from sale of fixed/other assets	2.00	1,686.73
(Purchase)/sale of mutual funds	(2,198.59)	(1,133.16)
Interest received	51.51	562.98
Income from mutual funds	249.77	669.88
Dividend received	-	0.05
NET CASH USED IN INVESTING ACTIVITIES	(6,822.37)	(6,223.45)
C Cash flows from financing activities		
Proceeds from borrowings	-	1,625.00
Payment towards borrowings	(400.00)	(1,850.72)
Dividend on shares and tax thereon	(306.10)	(175.87)
Interest paid	(118.86)	(22.77)
NET CASH USED IN FINANCING ACTIVITIES	(824.96)	(424.36)
NET CASH FLOW DURING THE YEAR (A+B+C)	(1,830.08)	(3,365.26)
Cash and cash equivalents (opening balance)	4,149.37	7,514.63
Cash and cash equivalents (closing balance)	2,319.29	4,149.37
Increase / (decrease) in cash and cash equivalents	(1,830.08)	(3,365.26)

Cash & Cash equivalents include:

- term deposits of ₹460.02 lakh (previous year : ₹317.33 lakh) under lien against bank guarantee
- current account ₹3.61 lakh (previous year : ₹154.14 lakh) in the Escrow Account to be utilised as per the Escrow agreement with the customer

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

for and on behalf of the Board of Directors

S. SUNDARESAN
Partner

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place : Bangalore
Date : 28 May 2011

Place : Bangalore
Date : 28 May 2011



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	31.03.2011	31.03.2010
	₹ lakh	₹ lakh
1. SHARE CAPITAL		
i) AUTHORISED		
1,40,00,000 equity shares of ₹10 each	1,400.00	1,400.00
1,00,000 'B' 16 % redeemable cumulative preference shares of ₹100 each.	100.00	100.00
	<u>1,500.00</u>	<u>1,500.00</u>
ii) ISSUED AND SUBSCRIBED		
87,50,000 equity shares of ₹10 each fully called up	875.00	875.00
Of the above shares -		
(a) 2,07,500 equity shares of ₹10 each were allotted as fully paid up pursuant to contracts without payments having been received in cash.		
(b) 65,250 equity shares of ₹10 each were allotted as fully paid up bonus shares by way of capitalisation of reserves.		
	<u>875.00</u>	<u>875.00</u>
2. RESERVES AND SURPLUS		
Share premium account as per last balance sheet	967.23	967.23
Capital redemption reserve as per last balance sheet	100.65	100.65
General reserve -		
as per last balance sheet	2,487.38	2,195.38
Add: Transfer from profit and loss account	917.00	292.00
	<u>3,404.38</u>	<u>2,487.38</u>
Balance in profit and loss account	23,289.23	16,221.45
	<u>27,761.49</u>	<u>19,776.71</u>
3. LOAN FUND		
Unsecured Loans		
- From Others	1,225.00	1,625.00
	<u>1,225.00</u>	<u>1,625.00</u>



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

4. FIXED ASSETS

₹ lakh

DESCRIPTION	COST/ VALUATION				DEPRECIATION				NET BOOK VALUE	
	Up to 31.03.2010	Additions	Deletions	As at 31.03.2011	Up to 31.03.2010	For the year	On deletions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets										
1. Freehold land*	3,936.10	2,183.49	-	6,119.59	-	-	-	-	6,119.59	3,936.10
2. Buildings and roads	436.34	1,988.90	-	2,425.24	190.44	26.85	-	217.29	2,207.95	245.90
3. Railway siding	14.28	-	-	14.28	12.54	0.24	-	12.78	1.50	1.74
4. Plant and machinery	4,015.41	11,011.20	-	15,026.61	974.23	317.57	-	1,291.80	13,734.81	3,041.18
5. Vehicles	320.23	83.36	0.14	403.45	108.83	60.38	0.04	169.17	234.28	211.40
6. Furniture, fittings and equipment	187.20	103.28	-	290.48	115.03	24.04	-	139.07	151.41	72.17
Intangible Assets										
Mining lease rights	10,718.31	-	-	10,718.31	7,204.49	937.02	-	8,141.51	2,576.80	3,513.82
	19,627.87	15,370.23	0.14	34,997.96	8,605.56	1,366.10	0.04	9,971.62	25,026.34	11,022.31
Previous year	17,400.43	2,295.78	68.34	19,627.87	7,585.10	1,055.81	35.35	8,605.56		
Capital work in progress, at cost									829.03	11,538.72
									25,855.37	22,561.03

* includes land of ₹1,818.00 lakh for which the Company had entered into a Joint Development Agreement during the year 2009-10

Note 1: Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid) ₹918.60 lakh (Previous year ₹1,348.81 lakh).

Note 2: Borrowing costs capitalised during the year as per AS-16 Borrowing Cost is ₹126.44 lakh (Previous Year ₹82.10 lakh).

5. INVESTMENTS

31.03.2011

31.03.2010

₹ lakh

₹ lakh

Long term - at cost

Non Trade - Unquoted

In Others:

900,000 (previous year: 900,000) equity shares of ₹10 each fully paid up in Sandur Micro Circuits Limited

90.00

90.00

90.00

90.00

Non Trade - Quoted

4,725,191 (previous year: 4,725,191) equity shares of ₹10 each fully paid up in Sandur Laminates Limited (Market value not ascertained as there was no trading)

879.67

879.67

500 (previous year: 500) equity shares of ₹10 each fully paid up in HDFC Bank Limited

0.05

0.05

(Market value ₹11.71 lakh (previous year: ₹9.67 lakh))

879.72

879.72



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
Current - (at lower of cost and fair value)		
Investments in Mutual Funds unquoted -		
Franklin Templeton India Income Opportunities Fund 4,912,074 units (previous year: 4,912,074) of ₹10 each	500.00	500.00
Birla Sun Life Dynamic Bond Fund - Monthly Dividend Reinvestment Nil units (previous year : 4,886,014) of ₹10 each (59,306 units purchased (including dividend reinvested 59,306 units) and 4,945,320 units sold during the year)	-	506.79
Birla Sun Life Monthly Income Plan II Savings 5 - Monthly Dividend Reinvestment Nil units (previous year : 6,346,913) of ₹10 each (165,133 units purchased (including dividend reinvested 165,133 units) and 6,512,046 units sold during the year)	-	716.36
Birla Sun Life Monthly Income - Monthly Dividend Reinvestment 4,705,230 units (previous year : 4,472,327) of ₹11.23 each (232,902 units purchased (including dividend reinvested 232,902 units) and Nil units sold during the year)	528.36	500.94
DSP Black Rock Floating Rate Fund - Institutional Plan - Daily Dividend Nil units (previous year : 50,007) of ₹1000 each (462 units purchased (including dividend reinvested 462 units) and 50,469 units sold during the year)	-	500.34
HDFC Monthly Income Plan - Short Term - Monthly Dividend Nil units (previous year : 5,955,681) of ₹11 each (265,586 units purchased (including dividend reinvested 265,586 units) and 6,221,267 units sold during the year)	-	661.10
HSBC Monthly Income Plan - Reinvestment Plan (Monthly Dividend) Nil units (previous year : 7,107,316) of ₹11 each (363,393 units purchased (including dividend reinvested 363,393 units) and 7,470,709 units sold during the year)	-	815.73
Kotak Fixed Maturity Plan -19 Month Series 2 -Growth 5,000,000 units (previous year : 5,000,000) of ₹10 each	500.00	500.00
Reliance Monthly Income Plan (Monthly Dividend) Nil units (previous year : 7,605,024) of ₹10 each (375,268 units purchased (including dividend reinvested 375,268 units) and 7,980,292 units sold during the year)	-	840.55
Reliance Regular Saving Fund - Debt I (Dividend) Nil units (previous year : 853,833) of ₹10 each (9,150 units purchased (including dividend reinvested 9,150 units) and 862,983 units sold during the year)	-	103.69
TATA Fixed Maturity Plan Series 25 -A - Super High Investment Plan - Growth 5,000,000 units (previous year : 5,000,000) of ₹10 each	500.00	500.00
Carried forward	2,028.36	6,145.50



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

INVESTMENTS (Contd.)	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
Brought forward	2,028.36	6,145.50
Axis Income Server Quarterly Dividend 5,080,905 units (previous year: Nil) of ₹10 each (10,139,253 units purchased (including dividend reinvested 10,039,253) and 5,058,348 units sold during the year)	508.09	-
Templeton India Income Opportunities Fund - Growth 4,801,921 units (previous year : Nil) of ₹10 each (4,801,921 units purchased and Nil units sold during the year)	500.00	-
Franklin Fixed Tenure Fund -Series XIV-3Yrs-Plan B Growth 175,000 units (previous year : Nil) of ₹10 each (175,000 units purchased and Nil units sold during the year)	175.00	-
HDFC Monthly Income plan - Long Term - Monthly Dividend 4,094,766 units (previous year : Nil) of ₹12.75 each (4,094,766 units purchased (including dividend reinvested 172,521 units) and Nil units sold during the year)	521.99	-
ICICI Prudential Monthly Income Plan - 25 Monthly Dividend 4,247,137 units (previous year : Nil) of ₹12.14 each (4,247,137 units purchased (including dividend reinvested 130,555 units) and Nil units sold during the year)	515.86	-
Kotak Credit Opportunities Fund - Growth 5,000,000 units (previous year : Nil) of ₹10 each (5,000,000 units purchased and Nil units sold during the year)	500.00	-
Religare Monthly Income Plan -Monthly Income Plan Plus - Dividend 5,037,482 units (previous year : Nil) of ₹10.14 each (5,037,482 units purchased (including dividend reinvested 107,368 units) and Nil units sold during the year)	510.89	-
TATA Monthly Income Plan Plus Dividend - Monthly 4,547,190 units (previous year : Nil) of ₹11.42 each (4,547,190 units purchased (including dividend reinvested 168,945 units) and Nil units sold during the year)	509.29	-
TATA Fixed Tenure Fund Series 1-Growth 4,000,000 units (previous year : Nil) of ₹10 each (4,000,000 units purchased and Nil units sold during the year)	400.00	-
ICICI Prudential Monthly Income Plan - 25 Monthly Dividend 4,082,102 units (previous year : Nil) of ₹12.50 each (4,082,102 units purchased (including dividend reinvested 82,262 units) and Nil units sold during the year)	500.93	-
Reliance Dual Advantage Fixed Tenure Fund-Plan B-Growth Plan 1,250,000 units (previous year : Nil) of ₹10 each (1,250,000 units purchased and Nil units sold during the year)	125.00	-
Carried forward	6,795.41	6,145.50



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

INVESTMENTS (Contd.)	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
Brought forward	6,795.41	6,145.50
Reliance Monthly Income Plan-Monthly Dividend Plan 4,586,485 units (previous year : Nil) of ₹11.17 each (4,586,485 units purchased (including dividend reinvested 110,650 units) and Nil units sold during the year)	497.43	-
Religare Medium Term Bond Fund - Monthly Dividend 1,010,815 units (previous year : Nil) of ₹10.02 each (1,010,815 units purchased (including dividend reinvested 12,502 units) and Nil units sold during the year)	101.25	-
SBI Debt Fund Series-370 Days-7-Growth 1,000,000 units (previous year : Nil) of ₹10 each (1,000,000 units purchased and Nil units sold during the year)	100.00	-
Birla Sun Life Capital Protection Oriented Fund Series 3 - Growth 1,500,000 units (previous year : Nil) of ₹10 each (1,500,000 units purchased and Nil units sold during the year)	150.00	-
Pramerica Dynamic Monthly Income Fund - Growth 5,000,000 units (previous year : Nil) of ₹10 each (5,000,000 units purchased and Nil units sold during the year)	500.00	-
Religare Capital Protection Oriented Fund Series I - Growth Plan 2,000,000 units (previous year : Nil) of ₹10 each (2,000,000 units purchased and Nil units sold during the year)	200.00	-
	<u>8,344.09</u>	<u>6,145.50</u>
	<u>9,313.81</u>	<u>7,115.22</u>
Less : Provision for diminution in value of investments	969.67	969.67
	<u>8,344.14</u>	<u>6,145.55</u>

The total net asset value (NAV) of unquoted investments (Mutual Fund units) as at March 31, 2011: ₹8,610.63 lakh (previous year ₹6,209.96 Lakh)

During the year the following investments were purchased and sold:

- 50,037 units (including dividend reinvested 123 units) of Religare Ultra Short Term Bond at a cost of ₹500 lakh
- 49,615 units (including dividend reinvested 126 units) of Tata Treasury Manager Fund at a cost of ₹500 lakh
- 1,500,899 units (including dividend reinvested 1,918 units) of Birla Sun Life Saving Fund at a cost of ₹150 lakh
- 999,395 units (including dividend reinvested 1,102 units) of Religare Ultra Short Term - Institutional Daily Dividend at a cost of ₹100 lakh
- 50,126 units (including dividend reinvested 129 units) of Pramerica Ultra Short Term Bond Fund-Daily Dividend Option Reinvestment at a cost of ₹500 lakh
- 4,966,654 units (including dividend reinvested 6,239 units) of Kotak Floater Long Term - Daily Dividend at a cost of ₹500 lakh
- 69,963 units (including dividend reinvested 59 units) of Reliance Money Manager Fund-Institutional Option-Daily Dividend Plan at a cost of ₹700 lakh
- 4,055,150 units (including dividend reinvested Nil units) of Reliance Dynamic Bond Fund-Dividend Plan at a cost of ₹500 lakh
- 1,000,000 units (including dividend reinvested Nil units) of SBI Debt Fund Series-180 Days-10-Dividend at a cost of ₹100 lakh



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

6. CURRENT ASSETS, LOANS AND ADVANCES	31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
A. INVENTORIES		
Stores and spare parts	115.67	75.09
Raw materials	910.75	375.90
Work in progress	5.61	-
Finished goods	4,067.64	1,182.00
	<u>5,099.67</u>	<u>1,632.99</u>
B. SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
-considered good	69.82	224.23
-considered doubtful	0.03	-
other debts-considered good	1,919.80	2,303.98
	<u>1,989.65</u>	<u>2,528.21</u>
Less: Provision for doubtful debts	<u>0.03</u>	<u>-</u>
	<u>1,989.62</u>	<u>2,528.21</u>
C. CASH AND BANK BALANCES		
Cash on hand	2.41	5.50
With scheduled banks in-		
Current accounts *	1,856.86	3,811.33
Term deposits		
- under lien against bank guarantee	460.02	317.33
- others	-	15.21
* Includes ₹3.61 lakh (previous year ₹154.14 lakh) in the Escrow Account to be utilised as per the Escrow Agreement with the customer		
	<u>2,319.29</u>	<u>4,149.37</u>
D. LOANS AND ADVANCES		
Secured and considered good		
Advances recoverable in cash or kind or for value to be received	600.00	600.00
Unsecured and considered good, unless otherwise stated;		
Advances recoverable in cash or kind or for value to be received*		
- Considered good	3,560.70	2,431.15
(Includes ₹3.76 lakh (previous year : ₹Nil lakh) due from directors of the Company; maximum amount due at any time during the year ₹14.67 lakh (previous year: ₹12.85 lakh)		
- Considered doubtful	<u>2.75</u>	<u>-</u>
	<u>3,563.45</u>	<u>3,031.15</u>
Balances with Excise and Customs authorities	578.53	569.54
	<u>4,741.98</u>	<u>3,600.69</u>
Less : Provision for doubtful loans and advances	<u>2.75</u>	<u>-</u>
	<u>4,739.23</u>	<u>3,600.69</u>
	<u>14,147.81</u>	<u>11,911.26</u>
* Includes capital advance of ₹414.12 lakh (previous year: ₹479.70 lakh)		



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

7. CURRENT LIABILITIES AND PROVISIONS LIABILITIES	31.03.2011	31.03.2010
	₹ lakh	₹ lakh
Sundry creditors	11,451.61	10,022.79
Advance received from customers	2,904.49	3,693.46
Interest accrued but not due on loans	117.92	74.21
	14,474.02	13,790.46
PROVISIONS		
Provision of taxation, net of payments	1,205.34	1,204.94
Proposed dividend on equity shares	437.50	262.50
Tax on dividends	70.97	43.60
Gratuity	301.64	23.08
Pension	1,785.00	1,185.83
Leave salary	251.22	170.67
	4,051.67	2,890.62
	18,525.69	16,681.08

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

8. OTHER INCOME	2010-11	2009-10
	₹ lakh	₹ lakh
Dividend on shares	-	0.05
Income from mutual funds	249.77	669.88
Interest on fixed deposits and others	48.90	507.02
Liabilities no longer required written back	10.38	-
Miscellaneous receipts	42.25	20.77
Profit on sale of fixed assets (net)	1.90	78.37
Sale of petroleum products	21.43	27.83
(Net of consumption of ₹1,250.17 lakh (Previous year ₹1,575.49 lakh))	374.63	1,303.92
9. MINING, MANUFACTURING AND OTHER EXPENSES		
Raw materials and components consumed	676.96	956.25
Coal consumed for power generation	1,172.57	-
Operation and maintenance expenses	73.81	-
Purchase of finished goods	-	106.63
Raw material conversion cost	-	54.30
Payments to and provision for employees:		
Salaries, wages and bonus	2,516.56	1,498.67
Contribution to provident and other funds	483.94	63.13
Subsidy on food grains	359.04	354.76
Employees' welfare expenses	733.52	662.30
	4,093.06	2,578.86
Stores and spares consumed	345.61	357.28
Power and fuel	310.71	143.55
Repairs and maintenance to:		
Plant and machinery	41.05	46.40
Buildings	248.74	158.00
Others	279.38	187.96
	569.17	392.36
Carried forward	7,241.89	4,589.23



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	31.03.2011	31.03.2010
	₹ lakh	₹ lakh
Brought forward	7,241.89	4,589.23
Mine running expenses	5,220.39	7,081.57
Rent	17.32	26.18
Insurance	21.80	14.75
Rates and taxes	6,907.14	4,273.03
Freight, loading and siding charges	2,760.69	3,454.18
Commission, sales and service charges on export sales	-	119.90
Exchange loss (net)	2.09	152.96
Selling expenses	459.38	320.08
Administrative expenses	810.63	664.23
Assets discarded	-	3.03
Advances written off	-	0.14
Sub contracting charges	92.65	36.73
Bank charges	34.18	36.23
Miscellaneous expenses	1,592.92	1,517.05
Provision for doubtful debts and advances	2.78	-
Decrease/(increase) in work in progress and finished goods	25,163.86	22,289.29
Opening work in progress and finished goods	1,182.00	4,824.55
Closing work in progress and finished goods	4,073.25	1,182.00
Increase / (decrease) in excise duty on finished goods	(2,891.25)	3,642.55
	(1.73)	(44.93)
	22,270.88	25,886.91

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

10. NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2011

- 1) The Consolidated Financial Statements comprise the financial statements of The Sandur Manganese & Iron Ores Limited (the Company) and its subsidiary named Star Metallics and Power Private Limited (SMPPL). The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006.

SMPPL is incorporated in India and the Company's ownership interest and voting power is 74.29% (previous year: 68.97%) as at the balance sheet date.

The financial statements of SMPPL are drawn up to the same reporting date as that of the Company i.e. 31 March, 2011 and are audited.

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

Minority interest in the net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the Company's shareholders.

Minority interest in the net assets of consolidated subsidiary consists of:

The amount of equity attributable to minorities at the date on which investment in subsidiary is made; and

The minorities' share of movements in equity since the date parent subsidiary relationship came into existence.

Minority interest in the net loss for the year of consolidated subsidiary is identified and adjusted against the profit after tax of the group.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

2) Accounting policies

The financial statements are prepared on an accrual basis under historical cost convention (except revaluation of fixed assets) in accordance with Generally Accepted Accounting Principles and materially comply with the mandatory Accounting Standards notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006.

i) 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.

ii) Fixed Assets:

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

iii) Depreciation/ Amortisation:

The Company's assets at head office and mines (including assets transferred to plant from these locations) are depreciated on the written down value method and at plant (including assets transferred to other locations from plant) are depreciated on the straight line method at the rates and in manner prescribed in Schedule XIV to the Companies Act, 1956, except for roads and drains at plant which are depreciated at 10% instead of 1.63%.

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

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

iv) Impairment of Fixed Assets:

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

v) Foreign Currency Transaction:

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

Foreign exchange rate fluctuations relating to monetary assets and liabilities are restated at the year-end rates.

The net loss or gain arising on restatement/ settlement, if any, is adjusted to the profit and loss account.

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.

vi) Investments:

All long term investments are valued at cost. However provision for diminution in value is made to recognise a decline, other than temporary, in the value of investments.

Current investments are carried at lower of cost and fair value.

vii) Inventories:

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

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

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



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

viii) Revenue Recognition:

Revenue from sale of goods is recognized on despatch of goods to customers from plant or stock points, as applicable when significant risks and rewards of ownership are considered to be transferred. In case of service income, revenue is recognized when the service is rendered to the customer.

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

ix) Employee Benefits:

- (a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (b) Post employment benefits are recognised as an expense in the profit and loss account of the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, at the discounting rate.
- (c) Other long-term employee benefits are recognised as an expense in the profit and loss account of the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the present value, using the market yields on government bonds, as on the date of balance sheet, at the discounting rate.
- (d) Actuarial gains and losses in respect of past employment and other long term benefits are charged to the profit and loss account.

x) Segment Accounting:

Segments are identified based on the types of products and the internal organisation and management structure. The Company has identified business segment as its primary reporting segment with secondary information reported geographically.

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

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

xi) Taxation:

Tax Expense / (Credit) comprise Current Tax and Deferred Tax.

(a) Current Tax

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

(b) Deferred Tax

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

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

xii) 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 to accounts.

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



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

3) Contingent Liabilities

		31.03.2011 ₹ lakh	31.03.2010 ₹ lakh
a)	Claims against the Company not acknowledged as debts		
	Stamp duty on net present value includes maximum penalty of ₹4545.00 lakh (relating to applicability of duty)	5,454.00	5,454.00
	Income tax (relating to disallowance of deductions)	3,561.13	1,573.76
	Service tax (relating to applicability of tax)	316.64	5.85
	Others	14.80	17.68

The above amounts have been arrived at based on the notice of demand or the Assessment Orders, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. No reimbursements are expected.

b)	Guarantees given by the Company:		
	i) Employees (including some former employees) in respect of housing loans	0.48	3.54

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

	ii) Bank Guarantees issued to Customs authorities	1,050.00	1,050.00
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The said guarantees are in respect of fulfillment of the export obligations. There are no defaults as at the year end and no liability is expected.

	iii) Others (principal guarantees)	-	10.00
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The Company has given the said guarantee for the working capital facilities availed by the welfare organisation sponsored by the Company. There are no defaults as at the year end and no liability is expected.

4)	Managerial Remuneration	2010-11 ₹ lakh	2009-10 ₹ lakh
	Salaries*	64.05	64.59
	Contribution to provident and other funds*	17.29	15.40
	Perquisites	103.02	139.83
	Sitting fees	3.94	4.96
		188.30	224.78

* Excludes contributions towards Gratuity and provision for leave salary, as the same have been provided on an actuarial basis for the Company as a whole.

5)	AUDITORS' REMUNERATION	2010-11 ₹ lakh	2009-10 ₹ lakh
	Statutory audit	22.50	17.00
	Tax Audit	5.00	3.75
	Audit of Consolidated accounts	3.50	3.25
	Fees for other services	11.65	11.25
	Reimbursement of		
	- out of pocket expenses	0.37	0.22
	- levies	3.95	2.42
		46.97	37.89



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

6) SEGMENT REPORTING

a) PRIMARY SEGMENTS (BUSINESS SEGMENTS)

₹ lakh

Particulars	Mining		Service		Ferroalloy & Power		Steel		Unallocable		Elimination		TOTAL	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
REVENUE														
External sales	33,834.50	27,630.46	-	-	2,437.56	669.46	4.43	1,116.61	-	-	-	-	36,276.49	29,416.53
Inter-segment revenue	184.40	-	-	-	-	-	-	-	-	-	(184.40)	-	-	-
Total revenue	34,018.90	27,630.46	-	-	2,437.56	669.46	4.43	1,116.61	-	-	(184.40)	-	36,276.49	29,416.53
RESULT														
Segment	13,623.29	3,684.59	-	-	(436.81)	(445.37)	(15.16)	(82.13)	-	-	-	-	13,171.32	3,157.09
Unallocated corporate (expense) / income (net)	-	-	-	-	-	-	-	-	(157.18)	620.64	-	-	(157.18)	620.64
Operating profit/(loss)	13,623.29	3,684.59	-	-	(436.81)	(445.37)	(15.16)	(82.13)	(157.18)	620.64	-	-	13,014.14	3,777.73
Interest expense	-	-	-	-	-	-	-	-	(236.13)	(153.53)	-	-	(236.13)	(153.53)
Profit/(loss) before taxes	13,623.29	3,684.59	-	-	(436.81)	(445.37)	(15.16)	(82.13)	(393.31)	467.11	-	-	12,778.01	3,624.20
Taxes	-	-	-	-	-	-	-	-	(4,462.00)	(1,384.00)	-	-	(4,462.00)	(1,384.00)
Net profit/(loss)	13,623.29	3,684.59	-	-	(436.81)	(445.37)	(15.16)	(82.13)	(4,855.31)	(916.89)	-	-	8,316.01	2,240.20
OTHER INFORMATION														
Segment assets	11,842.59	12,092.07	7.72	51.42	20,674.11	17,763.42	1,713.59	948.21	16,139.22	10,285.70	-	-	50,377.31	41,140.82
Segment liabilities	13,485.87	11,917.75	0.05	1.17	4,036.11	4,608.71	0.53	3.51	2,228.13	1,774.94	-	-	19,750.69	18,306.08
Capital expenditure including capital work-in-progress	191.23	175.52	-	-	2,221.73	8,678.05	-	-	2,247.58	274.70	-	-	4,660.54	9,128.27
Depreciation/amortisation	1,016.28	1,001.75	-	-	299.89	14.54	-	-	49.93	39.52	-	-	1,366.10	1,055.81
Non-cash expense other than depreciation / amortisation	-	20.82	-	-	2.78	-	-	-	-	-	-	-	2.78	20.82

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

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

b) SECONDARY SEGMENTS (GEOGRAPHICAL SEGMENTS)

i) Disclosure of Segments Revenue, based on geographical location of Customers

₹ lakh

Geographical Segments	2010-11	2009-10
India	35,354.63	22,553.03
Rest of World	921.86	6,863.50
Total	36,276.49	29,416.53

ii) Total Carrying amount of Assets, by Geographical location

₹ lakh

Location of Assets	31-3-2011	31-3-2010
India	50,377.31	41,075.93
Rest of World	-	64.99
Total	50,377.31	41,140.92

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

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

₹ lakh

Location of Assets	2010-11	2009-10
India	4,660.54	9,128.97
Rest of World	-	-
Total	4,660.54	9,128.97

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

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



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

7) Related party disclosures:

Related parties and description of relationship:

1.	Holding company	None
2.	Key Management personnel (KMP)	i) S. Y. Ghorpade, Chairman & Managing Director ii) Nazim Sheikh, Joint Managing Director (w.e.f 09 th April 2011) and Executive Director (upto 08 th April 2011) iii) S. H. Mohan, Technical Director iv) S. R. Sridhar, Director (Mines) v) U. R. Acharya, Director (Commercial) (w.e.f. 09 th April 2011) vi) K. Raman, Director (Finance) (w.e.f 09 th April 2011)
3.	Relative of KMP	i) Aditya S. Ghorpade ii) Mubeen A. Sheriff

a) Key Management Personnel

₹ lakh

Sl. No	Name of KMP	Remuneration		Amounts payable at the year end		Amounts receivable at the year end	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	S. Y. Ghorpade	54.51	68.01	-	0.67	3.76	-
2	Nazim Sheikh	49.10	61.05	1.48	9.28	-	-
3	S. H. Mohan	48.99	60.93	0.55	0.48	-	-
4	S. R. Sridhar	31.76	29.83	-	3.41	-	-
	Total	184.36	219.82	2.03	13.84	3.76	-

b) Relative of KMP

₹ lakh

Sl. No	Name of KMP	Remuneration		Amounts receivable at the year end		Amounts payable at the year end	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Aditya S. Ghorpade	5.62	5.07	1.25	0.53	-	-
2	Mubeen A. Sheriff	6.76	5.76	-	-	0.28	0.23
	Total	12.38	10.83	1.25	0.53	0.28	0.23

8) Employee Benefits

a) Defined contribution plan

The contributions recognised in the profit and loss account during the year are as under:

₹ lakh

Contribution to:	2010-11	2009-10
Provident Fund	85.85	85.31
Superannuation Fund	20.30	14.88
Total	106.15	100.19

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

In case of SMIORE Provident Fund Trust interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of trust and the notified interest rate and recognise such shortfall as an expense. There is no shortfall in the interest payable by the trust to the beneficiaries as on the balance sheet date.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

b) Defined Benefit Plan

The Company makes annual contributions to an Insurance managed fund. The scheme provides for lump sum payment to vested employees on retirement, death while in employment or on termination of employment as per the Company's Gratuity Scheme, vesting occurs upon completion of three years of service.

The gratuity benefit of the subsidiary is not funded.

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

₹ lakh

		2010-11		2009-10	
		Funded	Unfunded	Funded	Unfunded
I	Net Asset/ (Liability) recognized in the balance sheet				
1	Present value of funded obligations-A	1,130.22	1.83	763.95	1.06
2	Fair value of plan Assets-B	(830.41)	-	(741.93)	-
3	(Deficit)/Surplus-(A-B)	(299.81)	(1.83)	(22.02)	(1.06)
4	Net Asset/ Liability				
	-Assets	-	-	-	-
	-Liabilities	(299.81)	(1.83)	(22.02)	(1.06)
II	Expense recognized in the Profit and loss account				
1	Current service cost	27.39	0.99	30.64	1.19
2	Interest on Defined Benefit Obligation	52.67	0.09	49.04	0.11
3	Expected Return on Plan Assets	(51.04)	-	(47.32)	-
4	Net Actuarial Losses / (Gain) recognized during the year	348.77	(0.31)	(69.42)	(1.56)
5	Past Service cost	-	-	-	-
6	Losses on "Curtailments & Settlements"	-	-	-	-
	Total	377.79	0.77	(37.06)	(0.26)
	Actual return on plan Assets	45.66	-	74.81	-
III	Change in present value of obligation				
1	Opening Defined Benefit Obligation	763.95	1.06	774.92	1.32
2	Service Cost	27.39	0.99	30.64	1.19
3	Interest Cost	52.67	0.09	49.04	0.11
4	Actuarial Losses/(Gains)	343.38	(0.31)	(41.93)	(1.56)
5	Actuarial Losses due to Curtailment	-	-	-	-
6	Benefits Paid	(57.17)	-	(48.72)	-
7	Closing Defined Benefit Obligation	1,130.32	1.83	763.95	1.06
IV	Change in fair value of plan assets				
1	Opening fair value of plan assets	741.93	-	715.84	-
2	Expected return	51.04	-	47.32	-
3	Actuarial gains/(Losses)	(5.39)	-	27.49	-
4	Assets distributed on settlements	-	-	-	-
5	Contributions by employer	100.00	-	-	-
6	Benefits Paid	(57.17)	-	(48.72)	-
7	Closing fair value of plan assets	830.41	-	741.93	-
V	The major categories of Plan Assets as a percentage of total Plan				
1	Government of India securities	18.44%	NA	12.40%	NA
2	Corporate bonds	46.46%	NA	50.12%	NA
3	Others	35.10%	NA	37.48%	NA
VI	Principal actuarial assumptions:				
	Discount Rate	7.80% p.a.	8.10% p.a.	7.95% p.a.	8.00% p.a.
	Expected Rate of Return on Plan Assets	8.50% p.a.	NA	8.00% p.a.	NA
VII	The employees are assumed to retire at the age of 60 years				
VIII	The mortality rates considered are as per the published rates by the LIC (1994-96) mortality tables				



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

IX	Experience adjustments (₹ lakh)				
	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Defined Benefit Obligation	1,132.05	765.01	776.24	544.23	557.22
Plan Assets	830.41	741.93	715.84	394.17	408.27
Surplus / (Deficit)	(301.64)	(23.08)	(60.40)	(150.06)	(148.95)
Experience adjustments on Plan Liabilities	334.69	(1.18)	199.51	(42.43)	42.32
Experience adjustments on Plan Assets	(5.39)	27.49	61.53	(21.48)	(3.67)

Expected rate of return on plan assets is based on average yield on investments. The Company is expected to contribute ₹60.00 lakh to the gratuity fund for the year ending 31 March 2012.

c) Other Long term benefits - Unfunded

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

₹ lakh

	Liability as on 31.03.2011	Liability as on 31.03.2010
Leave Salary	251.22	170.67
Pension	1,785.00	1,185.83

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

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

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

10) The details of deferred tax asset / (liability) are as under:

₹ lakh

	As at 31.03.2010	Tax effect for the year	As at 31.03.2011
Deferred Tax (Liability)			
Fixed Assets	(1,214.48)	6.73	(1,207.75)
Sub Total	(1,214.48)	6.73	(1,207.75)
Deferred Tax Asset			
Provision for gratuity, pension and leave salary	425.13	234.90	660.03
Unabsorbed depreciation, allowance and business loss	39.11	344.61	383.72
Others	1,237.24	806.76	2,044.00
Sub Total	1,701.48	1,386.27	3,087.75
Net Deferred Tax Asset / (Liability)	487.00	1,393.00	1,880.00



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

11) Earnings per share:	2010-11	2009-10
Net profit after tax - ₹ lakh	8,493.25	2,363.23
Weighted average number of equity shares	87,50,000	87,50,000
Nominal value of shares - ₹	10.00	10.00
Basic and diluted earnings per share - ₹	97.07	27.01

- 12)** Statement pursuant to exemption granted under section 212 (8) of the Companies Act, 1956 relating to subsidiary company as at 31 March, 2011:

Name of subsidiary: Star Metalics and Power Private Limited	2010-11 ₹ lakh
Share capital	4,375.00
Reserves	4,365.00
Debit balance in profit and loss account	1,000.57
Loans	9,523.00
Total assets	20,159.81
Total liabilities	2,897.38
Income (including other income)	2,636.92
Profit/(Loss) before tax	(375.89)
Taxes	-
Profit/(Loss) after tax	(375.89)
Proposed dividend	-

- 13)** Foreign currency exposure as at 31 March 2011 that has not been hedged by a derivative instrument or otherwise is as below: (previous year figures are in bracket)

Particulars	Amount (₹ lakh)	Amount (Foreign Currency)
Receivable	(64.99)	USD (144,414)
Payable	(82.19)	USD (182,527)

- 14)** Figures pertaining to SMPPL have been reclassified, where necessary, to bring them in line with the Company's financial statements.

SIGNATURES TO SCHEDULES 1 TO 10
for and on behalf of the Board of Directors

S. Y. GHORPADE
Chairman & Managing Director

NAZIM SHEIKH
Joint Managing Director

MD. ABDUL SALEEM
Company Secretary

K. RAMAN
Director (Finance)

Place: Bangalore
Date: 28 May 2011

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

Your Directors are pleased to present their Report and Audited Statement of Accounts for the year ended 31 March 2011.

FINANCIAL RESULTS

(₹lakh)

Particulars	Current Year ended 31.03.2011	Previous Year ended 31.03.2010
Income		
Revenue	2599.67	630.31
Other Income	37.25	81.95
TOTAL	2636.92	712.26
Expenditure		
(Increase) / Decrease in finished goods	17.04	549.77
Operating and Other Expenses	2479.94	543.96
Interest on loans	207.00	-
Depreciation / Write Offs	308.82	50.97
Write back of depreciation	-	(37.27)
TOTAL	3012.80	1107.43
Profit / (Loss) before Taxation	(375.88)	(395.17)
Provision for Fringe Benefit Tax	-	-
Net Profit / (Loss) after Tax	(375.88)	(395.17)
Loss carried forward from previous year	(624.68)	(229.51)
Profit / (Loss) carried to Balance sheet	(1000.56)	(624.68)
Paid-up equity shares (FV ₹10 per equity share)	43750000	36250000
Earning Per Share (₹)		
- Basic & Diluted	(0.91)	(1.22)

The Company incurred a loss of ₹375.88 lakh for the year after charging ₹308.82 lakh towards depreciation on fixed assets, ₹207.00 lakh towards interest on loans and ₹2.7 lakh towards provision for doubtful debts. Together with the loss of ₹624.68 lakh brought forward from the previous year in the Profit and Loss Account, the loss carried to the Balance Sheet is ₹1000.56 lakh.

OPERATIONS

During the year, the Company generated 22 million units (mu) (net of auxiliary consumption) of power since commencement of commercial generation on 9 January 2011 upto 31 March 2011 (excluding 8.46 mu of power generated during trial period). Of this, 13.19 mu have been sold through Energy Exchange apart from 1.17 mu energy banked with KPTCL. The captive consumption at the Ferroalloys Plant was 6.89 mu. The transmission loss was 0.79 mu.

The Company achieved turnover of ₹22.91 lakh (net of excise duty) on sale of 51 tonnes of Silico Manganese from the finished goods stocks at the commencement of the year. The Company has also produced 4904 tonnes of Silico Manganese for a third party on job work basis and earned conversion fee of ₹867.73 lakh.

FUTURE PROSPECTS

In order to maximize the profitability and also to maintain the captive status, the Company proposes to adopt a strategy of producing Ferroalloys when sale price of electricity is not attractive and sell the power during Jan-Jun period when the power rates and demand are generally higher. Accordingly, it is proposed to operate both of its furnaces for production of Silicomanganese from June 2011 till November 2011, operate one furnace during Dec 11 and sell the entire power generated thereafter. With the stabilization of the power plant operations and the optimum mix of fuel, the cost of power generation is expected to come down in the coming months.

SUBSIDIARY

The Company has no subsidiary.

DIVIDEND

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

DIRECTORS

Pursuant to the provisions of Sections 255 and 256 of the Companies Act, 1956, S H Mohan and M S Rama Rao, Directors retire by rotation and, being eligible offer themselves for re-election. Their reappointment is included in the Notice for the ensuing Annual General Meeting.

AUDITORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. In the preparation of accounts, the applicable accounting standards have been followed
- ii. Accounting policies selected were applied consistently.
- iii. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of 31 March 2011.
- iv. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- v. The accounts of the Company have been prepared on a 'going concern' basis.

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

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

PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENTS

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

By Order of the Board
Star Metallies and Power Private Limited

S. Y. Ghorpade
Chairman

Place : Bangalore
Date : 27 May 2011



Information pursuant to Section 217(1)(e) of the Companies Act, 1956, to the extent applicable, in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2011

A. CONSERVATION OF ENERGY:

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

B. TECHNOLOGY ABSORPTION:

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

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

- | | | |
|---|---|--|
| (f) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services; export plans. | : | The Company has been exploring suitable direct export opportunities for its products. It has effected exports through third parties during the year. |
| (g) Total foreign exchange used and earned (₹) | : | |
| 1. Foreign Exchange Earnings: | : | |
| - Export Sales (including exchange difference) | : | Nil |
| 2. Foreign Exchange Outgo: | : | |
| - Capital Equipment | : | Please refer to item No.4 in the Notes to Accounts. |
| - Travelling & Conveyance and Membership & Subscription | : | Please refer to item No.5 in the Notes to Accounts |



FORM – A

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

A. POWER AND FUEL CONSUMPTION

PARTICULARS	31.03.2011	31.03.2010
1. Electricity		
(a) Purchased		
Units	7,142,192	6,629,093
Total amount (₹)	55,642,046	40,757,546
Rate / Unit (₹)	7.79	6.15
(b) Own Generation through Diesel generator/		-
Steam turbine/generator		
Units	10,444,693	-
Units Per kg of coal /Litre of fuel oil/ gas	0.85	-
Cost / Unit (₹)	6.78	-
2. Coal		
Quantity (MT)	27,889	
Total Cost (₹)	117,256,713	-
Average Rate (₹)	4204	-
3. Furnace Oil	-	-
4. Others / internal generation (please give details)	-	-

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

Particulars	Standard	Unit	31.03.2011	31.03.2010
Electricity	N. A.			
Production (Silico Manganese)	None	Tonnes	4904	1469
Electricity	None	Units	17,586,885	6,629,093
Diesel Oil		Litres	-	-

FORM – B

Form for disclosure of particulars with respect to absorption

A. RESEARCH AND DEVELOPMENT (R & D)

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

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

AUDITORS' REPORT

TO THE MEMBERS OF STAR METALLICS AND POWER PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **Star Metallies and Power Private Limited** ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

S.Sundaresan
Partner
(Membership No.25776)

Bangalore, 27th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/ activities/ results, clauses (i) (c), (iii) (b) to (d) and (f) to (g), (vi), (x), (xi), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has generally maintained records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that most of the items purchased and sold are of a special nature for which comparative alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹5 lakh in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of generation of power and are of the opinion that *prima facie* the prescribed accounts and

records have been made and maintained. We have, however not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of disputes.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

S.Sundaresan
Partner
(Membership No.25776)

Bangalore, 27th May, 2011

BALANCE SHEET AS AT 31 MARCH 2011

	Schedule	31-Mar-11 ₹	31-Mar-10 ₹
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	437,500,000	362,500,000
Advance against Share Capital		-	13,000,000
Reserves and Surplus	2	436,500,000	361,500,000
		<u>874,000,000</u>	<u>737,000,000</u>
Loan Funds:			
Secured Loans	3(a)	829,800,000	500,000,000
Unsecured Loans	3(b)	122,500,000	162,500,000
		<u>952,300,000</u>	<u>662,500,000</u>
		<u>1,826,300,000</u>	<u>1,399,500,000</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	4	1,766,877,719	383,979,808
Less: Depreciation		37,944,567	7,062,432
Net Block		<u>1,728,933,152</u>	<u>376,917,376</u>
Capital Work-in-Progress, at cost		-	1,119,656,262
		<u>1,728,933,152</u>	<u>1,496,573,638</u>
Current Assets, Loans and Advances:			
Inventories	5	73,765,749	39,599,512
Sundry Debtors	6	3,855,901	4,440
Cash and Bank Balances	7	67,799,414	61,716,515
Loans and Advances	8	141,626,993	161,013,778
		<u>287,048,057</u>	<u>262,334,245</u>
Less: Current Liabilities and Provisions:			
Liabilities	9	289,161,952	421,500,065
Provisions		576,165	376,102
		<u>289,738,117</u>	<u>421,876,167</u>
Net Current Assets		<u>(2,690,060)</u>	<u>(159,541,922)</u>
Profit and Loss Account		<u>100,056,908</u>	<u>62,468,284</u>
		<u>1,826,300,000</u>	<u>1,399,500,000</u>

Notes to Accounts

14

The Schedules referred to above form an integral part of the Balance Sheet

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

for and on behalf of the Board of Directors

S. Sundaresan
Partner

S. H. Mohan
Whole time Director

N. S. Lakshmanan
Director

Subrahmanya Hegde
Company Secretary

Place : Bangalore
Date : May 27, 2011

Place : Bangalore
Date : May 27, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Schedule	2010-11 ₹	2009-10 ₹
INCOME			
Revenue	10	259,967,629	66,945,783
Other income	11	3,724,586	4,280,672
		<u>263,692,215</u>	<u>71,226,455</u>
EXPENDITURE			
(Increase)/ decrease in finished goods	12	1,703,646	54,977,258
Operating and other expenses	13	247,994,702	54,396,620
Interest on fixed period loan		20,700,356	-
Write back of depreciation	4	-	(3,727,627)
Depreciation	4	30,882,135	5,097,101
		<u>301,280,839</u>	<u>110,743,352</u>
Profit / (Loss) before Taxation		(37,588,624)	(39,516,897)
Taxation			
Current Tax		-	-
Deferred Tax		-	-
		<u>-</u>	<u>-</u>
Profit / (Loss) after Taxation		(37,588,624)	(39,516,897)
Profit / (Loss) brought forward from previous year		(62,468,284)	(22,951,387)
Profit / (Loss) carried to the Balance Sheet		<u>(100,056,908)</u>	<u>(62,468,284)</u>
Earnings per share of ₹10 each Basic and Diluted		(0.91)	(1.22)
Notes to Accounts	14		

The Schedules referred to above form an integral part of the Profit and Loss Account

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

S. Sundaresan
Partner

for and on behalf of the Board of Directors

S. H. Mohan
Whole time Director

N. S. Lakshmanan
Director

Subrahmanya Hegde
Company Secretary

Place : Bangalore
Date : May 27, 2011

Place : Bangalore
Date : May 27, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-11 ₹	2009-10 ₹
A. Cash flow from operating activities		
Profit / (Loss) before taxation	(37,588,624)	(39,516,897)
Adjustments for:		
- Depreciation (net)	30,882,135	1,369,474
- Interest expenses	20,700,356	-
- Provision for doubtful debts and advances	278,431	-
- Interest income	(1,875,208)	(2,857,930)
Operating loss before working capital changes	12,397,090	(41,005,353)
Adjustments for:		
- (increase)/decrease in sundry debtors and loans and advances	10,271,332	(66,357,209)
- (increase)/decrease in inventories	(34,166,237)	75,114,548
- increase/(decrease) in current liabilities and provisions	(169,770,869)	(5,481,541)
	(193,665,774)	3,275,798
Cash generated from operations	(181,268,684)	(37,729,555)
- Direct taxes paid	(1,830,867)	(699,088)
Net cash used in operating activities	(183,099,551)	(38,428,643)
B. Cash flow from investing activities		
Purchase of fixed assets (*)	(233,864,661)	(748,507,033)
Interest received	1,441,136	19,371,243
Net cash used in investing activities	(232,423,525)	(729,135,790)
* net of movement in interest payable relating to borrowing cost capitalised.		
C. Cash flow from financing activities		
Proceeds from new borrowings	329,800,000	582,500,000
Repayment of borrowings	(40,000,000)	(185,071,699)
Payment of interest	(18,194,025)	(5,966,548)
Proceeds from issuance for share capital	150,000,000	-
Net cash from financing activities	421,605,975	391,461,753
Net increase/ (decrease) in cash and cash equivalents	6,082,899	(376,102,680)
Cash and cash equivalents (opening balance)	61,716,515	437,819,195
Cash and cash equivalents (closing balance)	67,799,414	61,716,515

Notes:

Cash and cash equivalents comprise of cash and bank balance including a deposit under lien of ₹ 14,319,000 (31.03.2010: ₹Nil)

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

S. Sundaresan
Partner

for and on behalf of the Board of Directors

S. H. Mohan
Whole time Director

N. S. Lakshmanan
Director

Subrahmanya Hegde
Company Secretary

Place : Bangalore
Date : May 27, 2011

Place : Bangalore
Date : May 27, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-Mar-11 ₹	31-Mar-10 ₹
1. Share Capital		
Authorised:		
50,000,000 (31.03.2010: 50,000,000) Equity shares of ₹10/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, Subscribed and Paid up		
43,750,000 (31.03.2010: 36,250,000) Equity shares of ₹10/- each fully paid up	<u>437,500,000</u>	<u>362,500,000</u>
	<u>437,500,000</u>	<u>362,500,000</u>
Note: Of the above, 32,500,000 (31.03.2010: 25,000,000) Equity shares are held by The Sandur Manganese & Iron Ores Limited, India, the Holding Company		
2. Reserves and Surplus		
Share Premium:		
As per last Balance Sheet	361,500,000	281,000,000
Additions during the year	<u>75,000,000</u>	<u>80,500,000</u>
	<u>436,500,000</u>	<u>361,500,000</u>
3. Loan funds		
3(a) Secured Loans		
From Holding company [Repayable within 1 year: ₹41,490,000 (31.3.2010: ₹ Nil)] (Secured by way of first charge on the fixed assets of the Company)	829,800,000	500,000,000
	<u>829,800,000</u>	<u>500,000,000</u>
3(b) Unsecured Loans		
From Others	122,500,000	162,500,000
	<u>122,500,000</u>	<u>162,500,000</u>
	<u>952,300,000</u>	<u>662,500,000</u>

4. FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	Upto 31.03.2010	For the year	On Deletions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Free hold Land	91,532,195	46,806,894	-	138,339,089	-	-	-	-	138,339,089	91,532,195
Buildings and Roads	145,000	168,282,750	-	168,427,750	6,780	1,494,515	-	1,501,295	166,926,455	138,220
Plant and Machinery	287,856,262	1,163,830,772	-	1,451,687,034	6,674,402	28,932,457	-	35,606,859	1,416,080,175	281,181,860
Vehicles	2,061,398	-	-	2,061,398	133,503	195,833	-	329,336	1,732,062	1,927,895
Computers Systems	606,722	48,667	-	655,389	128,419	101,630	-	230,049	425,340	478,303
Office Equipments	1,133,750	294,020	-	1,427,770	64,382	65,214	-	129,596	1,298,174	1,069,368
Furniture and Fixtures	644,481	3,634,808	-	4,279,289	54,946	92,486	-	147,432	4,131,857	589,535
	<u>383,979,808</u>	<u>1,382,897,911</u>	<u>-</u>	<u>1,766,877,719</u>	<u>7,062,432</u>	<u>30,882,135</u>	<u>-</u>	<u>37,944,567</u>	<u>1,728,933,152</u>	<u>376,917,376</u>
Previous year	<u>183,880,799</u>	<u>200,099,009</u>	<u>-</u>	<u>383,979,808</u>	<u>5,692,958</u>	<u>1,369,474</u>	<u>-</u>	<u>7,062,432</u>		
Capital work-in-progress, at cost									-	1,119,656,262
									<u>1,728,933,152</u>	<u>1,496,573,638</u>
Borrowing costs capitalised during the year as per AS-16 Borrowing Cost is ₹61,239,890 (2009-10: ₹37,550,309)										

SCHEDULES FORMING PART OF THE BALANCE SHEET

	31-Mar-11 ₹	31-Mar-10 ₹
5. Inventories		
Raw Materials	69,158,034	37,459,218
Finished Goods	264,085	2,140,294
Stores and Spares	4,343,630	-
	<u>73,765,749</u>	<u>39,599,512</u>
6. Sundry debtors (Unsecured)		
Exceeding Six Months		
- Considered good	1,218	4,440
- Considered doubtful	<u>3,222</u>	<u>-</u>
	4,440	4,440
Others considered good	3,854,683	-
	<u>3,859,123</u>	<u>4,440</u>
Less: Provision for doubtful debts	3,222	-
	<u>3,855,901</u>	<u>4,440</u>
7. Cash and bank balances		
Cash on Hand	30,107	15,412
Balances with Scheduled Banks:		
Current Accounts	53,450,307	60,179,925
Term Deposits *	14,319,000	1,521,178
* Under lien towards Bank guarantee ₹14,319,000 (31.03.2010 - ₹Nil)		
	<u>67,799,414</u>	<u>61,716,515</u>
8. Loans and advances (Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received *		
- Considered good	76,346,875	98,336,474
- Considered doubtful	<u>275,209</u>	<u>-</u>
	76,622,084	98,336,474
Balances with Excise, Customs and other Authorities	57,725,557	56,953,610
Income Tax, net of provisions	7,554,561	5,723,694
	<u>141,902,202</u>	<u>161,013,778</u>
Less: Provision for doubtful advances	275,209	-
* Includes capital advances of ₹28,478,218 (31.3.2010: ₹35,728,718)		
	<u>141,626,993</u>	<u>161,013,778</u>
9. Current liabilities and provisions		
A. Liabilities		
Sundry Creditors:		
Dues to Micro and Small Enterprises (See note 10 of schedule 14)	-	-
Others	193,030,844	389,115,178
	<u>193,030,844</u>	<u>389,115,178</u>
Interest accrued but not due on loans	96,131,108	32,384,887
	<u>289,161,952</u>	<u>421,500,065</u>
B. Provisions		
Leave Salary	393,197	270,171
Gratuity	182,968	105,931
	<u>576,165</u>	<u>376,102</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2010-11 ₹	2009-10 ₹
10. Revenue		
Sale of Silicomanganese	2,527,712	65,564,146
Less: Excise Duty	236,042	2,532,913
	<u>2,291,670</u>	<u>63,031,233</u>
Sale of Power	105,615,347	-
Sale of Raw Materials	65,287,805	-
Conversion Charges	86,772,807	3,914,550
	<u>259,967,629</u>	<u>66,945,783</u>
11. Other income		
Interest on bank fixed deposits (Gross)	1,030,343	1,661,916
[Tax deducted at source ₹102,717 (2009-10: ₹328,382)]		
Interest on deposits (Gross)	844,865	1,196,014
[Tax deducted at source ₹106,559 (2009-10 : ₹267,907)]		
Miscellaneous receipts	1,849,378	1,422,742
	<u>3,724,586</u>	<u>4,280,672</u>
12. (Increase) / decrease in finished goods		
Movement in Inventory:		
Opening Stock:	2,140,294	61,610,565
Closing Stock:	<u>264,085</u>	<u>2,140,294</u>
	1,876,209	59,470,271
Increase / (decrease) in excise duty on finished goods	(172,563)	(4,493,013)
	<u>1,703,646</u>	<u>54,977,258</u>
13. Operating and other expenses		
Raw Materials Consumed	50,190,635	2,398,861
Coal Consumed for power generation	117,256,713	-
Operation and Maintenance of power plant	7,381,399	-
Stores and spares consumed (including water and consumables)	7,584,363	5,278,989
Payments to and provisions for employees:		
Salaries, wages and bonus	11,923,347	9,611,441
Contribution to provident and other funds	537,276	464,710
Staff Welfare	<u>371,392</u>	<u>223,114</u>
	12,832,015	10,299,265
Power and Fuel	27,239,487	10,923,568
Rent	-	48,000
Repairs and Maintenance		
- Plant and Machinery	1,869,616	90,494
- Building	530,148	402,339
- Others	<u>721,883</u>	<u>632,217</u>
	3,121,647	1,125,050
Insurance	854,478	477,799
Rates and Taxes	1,228,186	655,694
Travelling and Conveyance	1,983,491	1,748,570
Advertisement and Selling Expenses	542,610	95,350
Legal and Professional Charges	2,246,412	764,250
Sub-Contracting Charges	9,265,125	3,673,437
Exchange Loss (net)	-	13,418,225
Bank Charges and Commission	87,908	97,818
Security Charges	2,394,951	2,022,579
Miscellaneous Expenses	3,506,851	1,369,165
Provision for doubtful debts and advances	278,431	-
	<u>247,994,702</u>	<u>54,396,620</u>

SCHEDULES FORMING PART OF ACCOUNTS

14. NOTES TO ACCOUNTS

1. Statement on Significant Accounting Policies

(i) Method of Accounting:

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

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.

(ii) Fixed Assets and Depreciation:

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

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

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

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

(iii) Impairment of Fixed Assets:

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

(iv) 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.

(v) Inventories:

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

The costs are, in general, ascertained as under:

- a) Raw Materials and stores and spares: Weighted average method based on actual cost.
- b) Finished goods and Work in Progress: Material cost on weighted average method plus labour and appropriate overheads and, where applicable, excise duty.

(vi) Revenue Recognition:

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

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

(vii) 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 profit and loss account.

In respect of forward exchange contracts, the premium or discount arising at the inception of such a forward

SCHEDULES FORMING PART OF ACCOUNTS

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.

(viii) Employee Benefits:

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b) Post employment benefits are recognised as an expense in the profit and loss account 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.
- c) Other long-term employee benefits are recognised as an expense in the profit and loss account 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.
- d) Actuarial gains and losses in respect of post employment benefits and other long term benefits are charged to the profit and loss account.

(ix) 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 Profit and Loss Account on straight-line basis over the lease term, estimated by the management.

(x) Segment Accounting:

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

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

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

(xi) Taxes on Income:

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

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

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

(xii) Earnings Per Share:

Annualised earnings / (loss) per equity share (basic and diluted) is arrived at based on Net Profit / (Loss) after Taxation to the weighted average number of equity shares.

(xiii) 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 to Accounts.

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

SCHEDULES FORMING PART OF ACCOUNTS

	2010-11 ₹	2009-10 ₹
2. Estimated amount of contracts to be executed on Capital Account (net of advances) and not provided for	50,521,782	60,081,624
3. Auditors' Remuneration*:		
Statutory Audit	750,000	500,000
Tax Audit	175,000	75,000
Out-of-Pocket Expenses	8,806	-
	<u>933,806</u>	<u>575,000</u>
* Excludes Service tax		
4. CIF Value of imports:		
Stores and spares (including coal, water and consumables)	9,648,000	-
Capital Goods	198,924	237,686,974
5. Expenditure in Foreign currency:		
Travelling & Conveyance and Membership & Subscription	243,826	363,791
6. Managerial Remuneration		
Directors' Sitting Fee	9,000	12,000

7. Particulars of Capacity and Production:

Class of Goods	Unit	Licensed Capacity Note (i)	Installed Capacity Note (ii)	Actual Production / Generation (Notes iii and iv)
Silicomanganese Lumps	Tonnes	NA (NA)	45,146 (26,868)	- (-)
Silicomanganese Chips	Tonnes	NA (NA)	NA (NA)	- (-)
Power	MW	NA (NA)	32 MW (-)	26.22 MUs (Note v) (-)

Notes:

- The Company is exempt from the licensing provisions of the Industries (Development and Regulation) Act, 1951.
- The Installed capacity has been certified by the management and relied upon by the auditors without verification as this is a technical matter.
- The Company has produced 4,904 tonnes (previous year – 1,469 tonnes) of silico manganese under the conversion agreements on job work basis.
- The commercial operation of Company's 32 Mega Watt (MW) thermal power plant was commenced with effect from 9 January 2011 and the actual generation is 26.22 Million Units (MUs) upto 31 March 2011 (excluding 8.46 MUs of power generated during pre-commissioning period).
- Actual generation of 26.22 MUs includes auxiliary consumption of 4.17 MUs and captive consumption of 6.89 MUs.
- Previous years figures are in brackets.

SCHEDULES FORMING PART OF ACCOUNTS

8. Particulars of Stocks and Turnover (Previous years figures are in brackets):

Class of Goods	Opening Stock		Inter Transfer		Sales (Gross)		Closing Stock	
	Quantity	Value [₹]	From	To	Quantity	Value [₹]	Quantity	Value [₹]
Silicomanganese Lumps (in tonnes)	58 (1,810)	2,137,934 (59,413,639)	- (20)	- (-)	51 (1,732)	2,527,712 (61,843,896)	7 (58)	261,725 (2,137,934)
Silicomanganese Chips (in tonnes)	0.11 (101)	2,360 (2,196,926)	- (-)	- (7)	- (108)	- (2,896,838)	0.11 (0.11)	2,360 (2,360)
Silicomanganese Powder (in tonnes)	105 (129)	- (-)	- (-)	- (13)	- (37)	- (823,412)	105 (105)	- (-)
Power (in MUs)	- (-)	- (-)	- (-)	- (-)	14.37* (-)	105,615,347 (-)	- (-)	- (-)

* Net of transmission losses of 0.79 Mus

9. a) Particulars of Raw Materials Consumed

Particulars	2010-11		2009-10	
	Quantity [Tonnes]	Value [₹]	Quantity [Tonnes]	Value [₹]
For production:				
Manganese Ore	982	5,862,889	421	1,899,769
Dolomite	443	414,868	-	-
Quartz	1,049	709,813	-	-
Coke	-	-	17	74,468
Coal	444	2,513,100	-	-
Other Materials		-		424,624
		9,500,670		2,398,861
For sale:				
Coal	81	272,861	-	-
Manganese Ore	5,234	28,803,762	-	-
Dolomite	458	429,396	-	-
Quartz	671	454,137	-	-
Coke	1,043	9,530,221	-	-
Other Materials		1,199,588		-
		40,689,965		-
Total		50,190,635		2,398,861
	%	Value [₹]	%	Value [₹]
Whereof:				
Imported	-	-	-	-
Indigenous	100	50,190,635	100	2,398,861
	100	50,190,635	100	2,398,861

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.

SCHEDULES FORMING PART OF ACCOUNTS

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

	%	Value [₹]	%	Value [₹]
Imported	8	9,648,000	-	-
Indigenous	92	115,193,076	100	5,278,989
	100	124,841,076	100	5,278,989

10. There are no micro and small enterprises to whom the Company owes dues which are outstanding as at the balance sheet date. The above information and that given under current liabilities and provisions (Schedule 9) regarding Micro Enterprises and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

11. Employee Benefits:

A. Defined Benefit Plan - Unfunded:

Details of post retirement gratuity plan are as follows:

2010-11 **2009-10**
₹ ₹

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

Obligations at the beginning of the year	105,931	132,371
Add: Current Service cost	99,632	119,415
Add: Interest cost	8,580	10,590
Add/ (Less): Actuarial Losses/(Gains) on obligations	(31,175)	(156,445)
(Less): Benefits paid during the year	-	-
Obligations at the end of the year	182,968	105,931

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	182,968	105,931
(Less): Fair Value of Plan Assets	-	-
Amount recognised in the Balance Sheet	182,968	105,931

d. Expenses recognised in Profit and Loss Account under "Employee Cost" In Schedule 13:

Current service cost	99,632	119,415
Add: Interest cost	8,580	10,590
(Less): Expected Return on Plan Assets	-	-
Add: Actuarial Losses/(Gains) recognised during the year	(31,175)	(156,445)
	77,037	(26,440)

SCHEDULES FORMING PART OF ACCOUNTS

e. Principal assumptions:			
Discount rate per annum		8.10%	8.00%
Salary escalation rate		5.00%	5.00%
Attrition rate		5.00%	5.00%
Retirement age		60 years	60 years

f. Experience adjustments	2010-11	2009-10	2008-09
	₹	₹	₹
Defined Benefit Obligation	182,968	105,931	132,371
Plan Assets	-	-	-
Surplus / (Deficit)	(182,968)	(105,931)	(132,371)
Experience Adjustments on Plan Liabilities – (Loss) / Gain	29,530	148,520	(132,371)
Experience Adjustments on Plan Assets – (Loss) / Gain	-	-	-

B. Other Long term benefit Unfunded	2010-11	2009-10
	₹	₹
The defined benefit obligation which is provided for but not funded is as under.		
Leave salary liability at the year end	393,197	270,171

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

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

C. Defined Contribution Plans:

Contributions to Provident and Other Funds under Employee Costs (Schedule 13) includes the following being expenses debited under the following defined contribution plans:

- Provident Fund and Employee's Pension Scheme	537,276	464,710
The Company has made Provident Fund contributions at predetermined rates to the SMIORE Employees' Provident Fund Trust and also to the Regional Provident Fund Commissioner towards Employee Pension Scheme.		

12. Operating Leases:

	2010-11	2009-10
	₹	₹
Rent [Including minimum lease payments: Nil (2009-10: Nil)]	-	48,000

The Company had entered into operating lease arrangements for employees' residences. The leases are generally for a period of 11 months and with renewal options after the lease term. The operating leases provide for percentage increase in rent, at the end of the original leases' term, for future renewed periods. The operating leases are cancellable by the lessor or the lessee, with a notice of two to three months.

SCHEDULES FORMING PART OF ACCOUNTS

13. Segment Reporting

a) Primary Segments (Business Segments)

₹

Particulars	Ferroalloys		Power		Unallocable		Elimination		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue :										
External Sales	154,352,282	66,945,783	105,615,347	-	-	-	-	-	259,967,629	66,945,783
Inter segment sales	-	-	33,809,200	-	-	-	(33,809,200)	-	-	-
Total Revenue	154,352,282	66,945,783	139,424,547	-	-	-	(33,809,200)	-	259,967,629	66,945,783
Result :										
Segment	(1,892,642)	(26,111,669)	(12,680,880)	(13,418,225)	-	-	-	-	(14,573,522)	(39,529,894)
Unallocated net (expense) / income	-	-	-	-	(2,314,746)	12,997	-	-	(2,314,746)	12,997
Operating profit / (loss)	(1,892,642)	(26,111,669)	(12,680,880)	(13,418,225)	(2,314,746)	12,997	-	-	(16,888,268)	(39,516,897)
Interest expense	-	-	-	-	20,700,356	-	-	-	20,700,356	-
Profit / (loss) before taxes	(1,892,642)	(26,111,669)	(12,680,880)	(13,418,225)	(23,015,102)	12,997	-	-	(37,588,624)	(39,516,897)
Taxes	-	-	-	-	-	-	-	-	-	-
Net profit / (loss)	(1,892,642)	(26,111,669)	(12,680,880)	(13,418,225)	(23,015,102)	12,997	-	-	(37,588,624)	(39,516,897)
Other Information										
Segment assets	414,657,462	491,504,569	1,600,656,982	1,201,221,435	666,765	66,181,879	-	-	2,015,981,209	1,758,907,883
Segment liabilities	127,205,690	331,741,510	1,100,356,262	751,178,875	14,476,165	1,455,782	-	-	1,242,038,117	1,084,376,167
Capital expenditure including capital work - in progress	1,658,944	199,331,872	261,582,705	683,206,620	-	767,137	-	-	263,241,649	883,305,629
Depreciation	15,521,976	1,316,648	15,281,975	-	78,184	52,826	-	-	30,882,135	1,369,474
Non-cash expense other than depreciation	278,431	-	-	-	-	-	-	-	278,431	-

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

Note 2: Inter-segment transfer from Power to Ferroalloys is at arm's length price.

13. b) Secondary Segments (Geographical Segments)

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

SCHEDULES FORMING PART OF ACCOUNTS

14. Related Party Disclosures

A. Names of related parties and description of relationship:

Ref	Description of relationship	Names of related parties
a.	Holding Company	The Sandur Manganese & Iron Ores Limited (SMIORE)
b.	Enterprise having significant influence	Euro Industrial Enterprises Private Limited (EIEPL)
c.	Key management Personnel	S. H. Mohan – Whole time Director
d.	Others:	
	(i) Entities where key management personnel are able to exercise significant influence:	Skand Private Limited (SPL)
	(ii) Relative of a Director	Mubeen A. Sheriff, relative of Nazim Sheikh

B. Summary of transactions with related parties, during the year, is as follows:

[₹]

Nature of Transactions	Holding Company	Enterprise having significant influence	Others	Total
Share Capital (including premium) issued:				
- SMIORE	150,000,000	-	-	150,000,000
	(110,000,000)	(-)	(-)	(110,000,000)
- EIEPL	-	-	-	-
	(-)	(51,000,000)	(-)	(51,000,000)
Secured Loans obtained:				
- SMIORE	329,800,000	-	-	329,800,000
	(420,000,000)	(-)	(-)	(420,000,000)
Unsecured loan obtained:				
- EIEPL	-	-	-	-
	(-)	(2,500,000)	(-)	(2,500,000)
Repayment of Loans				
- EIEPL	-	40,000,000	-	40,000,000
	(-)	(-)	(-)	(-)
Payment of Interest				
- EIEPL	-	10,000,000	-	10,000,000
	(-)	(-)	(-)	(-)
Salaries and Wages:				
- Mubeen A. Sheriff	-	-	676,000*	676,000
	(-)	(-)	(576,000)	(576,000)

*Note: Includes one time ex-gratia of ₹100,000 paid as in the case of other employees of similar grade on the occasion of inauguration of 32 MW power plant

SCHEDULES FORMING PART OF ACCOUNTS

B. Summary of transactions with related parties, during the year, is as follows: [₹]

Nature of Transactions	Holding Company	Enterprise having significant influence	Others	Total
Purchase of Material				
EIEPL	-	-	-	-
	(-)	(9,687,357)	(-)	(9,687,357)
Sale of Materials				
-SMIORE	34,817,486	-	-	34,817,486
	(-)	(-)	(-)	(-)
Conversion Charges				
- SMIORE	81,079,530	-	-	81,079,530
	(-)	(-)	(-)	(-)
Interest Expenses:				
- SMIORE	65,920,384	-	-	65,920,384
	(28,169,864)	(-)	(-)	(28,169,864)
- EIEPL	-	16,019,862	-	16,019,862
	(-)	(8,208,219)	(-)	(8,208,219)
Purchase of Vehicle				
EIEPL	-	-	-	-
	(-)	(767,137)	(-)	(767,137)
Balances as at the year end:				
Advance towards Share Capital:				
- EIEPL	-	-	-	-
	(-)	(13,000,000)	(-)	(13,000,000)
Secured Loan:				
- SMIORE	829,800,000	-	-	829,800,000
	(500,000,000)	(-)	(-)	(500,000,000)
Unsecured Loan:				
- EIEPL	-	122,500,000	-	122,500,000
	(-)	(162,500,000)	(-)	(162,500,000)
Sundry Creditors (Including interest accrued but not due):				
- SMIORE	205,812,558	-	-	205,812,558
	(329,363,884)	(-)	(-)	(329,363,884)
-EIEPL	-	24,350,653	-	24,350,653
	(-)	(7,374,043)	(-)	(7,374,043)
Salary payable				
Mubeen A Sheriff	-	-	28,489	28,489
	(-)	(-)	(23,345)	(23,345)
Corporate Guarantee issued on behalf of the Company, by				
- SMIORE	105,000,000	-	-	105,000,000
	(105,000,000)	(-)	(-)	(105,000,000)

Note:

- 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.
- Previous year figures are in brackets

SCHEDULES FORMING PART OF ACCOUNTS

15. Deferred Tax

The net Deferred Tax Liability as on March 31, 2011 amounting to ₹Nil (March 31, 2010: ₹Nil) has been arrived at as follows:

	2010-11 ₹	2009-10 ₹
A. Deferred Tax Assets arising from:		
Provision for Gratuity and Leave salary	64,910	-
Provision for doubtful debts and advances	90,337	-
Unabsorbed Depreciation allowance and business losses carried forward [Note (ii)]	38,371,998	3,912,054
	<u>38,527,245</u>	<u>3,912,054</u>
B. (Less): Deferred Tax Liabilities arising from:		
Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return	38,527,245	3,912,054
	<u>38,527,245</u>	<u>3,912,054</u>
Net Deferred Tax Asset/ (Liability)	-	-
Net Deferred Tax Charge for the year	-	-

Notes:

- The tax impact for the above purpose has been arrived by applying a tax rate of 32.445% (2009-10: 30.90 %) being the prevailing tax rate for Indian companies under the Income Tax Act, 1961.
- Deferred tax asset is restricted to the aggregate deferred tax liability on timing differences.

16. Earnings Per Share	2010-11	2009-10
Nominal value of equity share (₹)	10	10
Weighted average number of equity shares outstanding-Basic	41,325,342	32,346,301
Add: Weighed average number of equity shares pending allotment	-	650,000
Weighed average number of equity share outstanding-Diluted	41,325,342	32,996,301
Profit / (loss) after taxation considered for calculation of basic and diluted earnings per share (₹)	(37,588,624)	(39,516,897)
Earnings Per Share-Basic (₹)	(0.91)	(1.22)
Earnings Per Share-Diluted (₹)	(0.91)	(1.22)

- Previous year figures have been regrouped / recast, wherever necessary, to conform to the classification adopted for the current year.

for and on behalf of the Board of Directors

S. H. Mohan
Whole time Director

N. S. Lakshmanan
Director

Place : Bangalore
Date : May 27, 2011

Subrahmanya Hegde
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Pursuant to Part IV of Schedule VI to the Companies Act, 1956)

I. Registration details

Registration number U40102KA2007PTC043446 State code 08

Balance Sheet Date 31.03.2011

II. Capital raised during the period (Amount in Rs. Thousands)

Public issue	Nil	Right issue	Nil
Bonus issue	Nil	Private placement	75000

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total liabilities (net)	20,15,981	Total assets (net)	20,15,981
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Sources of funds :

Paid up capital	4,37,500	Reserves and surplus	4,36,500
Share Application Money	-	Unsecured loans	1,22,500
Secured loans	8,29,800		

Application of funds :

Net fixed assets	17,28,933	Investments	-
Net current assets	(2,690)	Miscellaneous expenditure	-
Accumulated losses	1,00,057		

IV. Performance of the company (Amount in Rs. Thousands)

Turnover (including other income)	2,63,692	Total expenditure	3,01,281
Profit/(loss) before tax	(37,589)	Profit/(loss) after tax	(37,589)
Earning per share	(0.91)	Dividend rate (%)	Nil

V. Generic names of three principal products / services of company

Sl.No	Product description	Item code No (ITC code)
1.	Ferro / Silico Manganese	72023000
2.	Electricity	NA

for and on behalf of the Board of Directors

S. H. Mohan
Whole time Director

N. S. Lakshmanan
Director

Subrahmanya Hegde
Company Secretary

Place : Bangalore
Date : 27 May 2011



Account No.	
No. of Shares	

FORM 2B

NOMINATION FORM

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

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

Name and Address of Nominee

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

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

Name : _____
Address : _____

SHARE HOLDERS'S INFORMATION

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

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

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

Name, Address and signature of two Witnesses

	Name and address	Signature with date
1.		
2.		

**Instructions:**

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

FOR OFFICE USE ONLY

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



The Sandur Manganese & Iron Ores Limited

PROXY FORM

I/We of being member(s) of the above named company, hereby appoint the following as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 57th Annual General Meeting of the Company to be held on Saturday, the 10th day of September 2011 at 11.00 a.m. at Anuradha Hall, Shivapur, Sandur - 583 119 and at any adjournment thereof:

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

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

RESOLUTIONS	FOR	AGAINST
Item No.1		
Item No.2		
Item No.3		
Item No.4		
Item No.5		
Item No.6		
Item No.7		
Item No.8		
Item No.9		
Item No.10		

RESOLUTIONS	FOR	AGAINST
Item No.11		
Item No.12		
Item No.13		
Item No.14		
Item No.15		
Item No.16		
Item No.17		
Item No.18		
Item No.19		

Number of Shares held _____

Signed this _____ day of _____ 2011

Folio No. / Client ID

Signature(s) of Members

1. _____ 2. _____ 3. _____

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

Affix
Revenue
Stamp