

The Sandur Manganese & Iron Ores Limited

Registered Office: Lakshmpur, Sandur - 583 119, Bellary Dist., Karnataka
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CORPORATE OFFICE:

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MINES OFFICE:

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SMIORE / SEC / 170204 / 01

4 February 2017

The Secretary
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001

Dear Sir / Madam,

Sub - Matters arising out of Board Meeting held on 4 February 2017

In compliance with the provisions of Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we provide here under an update on the matters arising out of the Board Meeting held today, 4 February 2017:

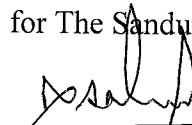
1. We provide herewith a copy of un-audited financial results of the Company for the Quarter ended 31 December 2016, duly approved by the Board. Further in compliance with Regulation 33 of SEBI (LO&DR) Regulations, 2015, we send herewith a copy of Limited Review Report of the Auditors M/s. Deloitte Haskins & Sells, Bangalore dated 4 February 2017, duly taken on record by the Board.
2. P. Vishwanatha Shetty has, vide letter dated 27 January 2017, received by the Company on 3 February 2017, submitted his resignation from the position of Independent Director on the Board of the Company in view of him being selected to be appointed as Lokayukta of Karnataka State. The Board has taken note of resignation of P. Vishwanatha Shetty with effect from 27 January 2017.

The Exchange is requested to kindly take note of the above.

Thanking You

Yours faithfully

for The Sandur Manganese & Iron Ores Limited

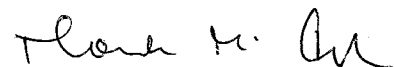

Md. Abdul Saleem
CS & CGM (Mines)

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

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

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **THE SANDUR MANGANESE & IRON ORES LIMITED** ("the Company") for the Quarter and Nine months ended December 31, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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



Monisha Parikh
Partner
(Membership No. 47840)



The Sandur Manganese & Iron Ores Limited

Registered Office : Lakshmpur, Sandur 583 119 Bellary Dist., Karnataka

CIN:L85110KA1954PLC000759

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31.12.2016

| Particulars | ₹ lakh | | | | | |
|---|---------------------------|------------------------------|---|---------------------------|---------------------------|-------------------------|
| | Three months ended | Preceding three months ended | Corresponding three months ended in the previous year | Nine Months ended | Nine Months ended | Previous year ended |
| | 31.12.2016 (Unaudited) | 30.09.2016 (Unaudited) | 31.12.2015 (Unaudited) | 31.12.2016 (Unaudited) | 31.12.2015 (Unaudited) | 31.03.2016 (Audited) |
| Statement of Standalone Unaudited/ Audited results | | | | | | |
| 1. Income from operations | | | | | | |
| (a) Net sales/ income from operations (net of excise duty) | 9,651 | 7,554 | 4,973 | 25,810 | 15,772 | 21,745 |
| (b) Other operating income | 137 | 136 | 130 | 452 | 347 | 497 |
| Total income from operations (net) | 9,788 | 7,690 | 5,103 | 26,262 | 16,119 | 22,242 |
| 2. Expenses | | | | | | |
| (a) Cost of materials consumed | 2,948 | 968 | 140 | 6,705 | 1,221 | 2,467 |
| (b) Changes in inventories of finished goods and work-in-progress | (1,836) | (72) | 1,064 | (2,303) | 332 | 746 |
| (c) Raw material conversion cost | - | - | 350 | - | 2,314 | 2,490 |
| (d) Employee benefits expense | 1,520 | 1,671 | 1,266 | 4,652 | 4,033 | 5,499 |
| (e) Mine running expenses | 1,167 | 1,260 | 1,288 | 4,296 | 3,800 | 4,842 |
| (f) Freight, loading and siding charges | 644 | 382 | 249 | 1,408 | 805 | 1,173 |
| (g) Rates and taxes (Refer Note no. 4) | 2,401 | 823 | 465 | 4,031 | 1,562 | 2,138 |
| (h) Depreciation and amortisation expense | 166 | 199 | 108 | 479 | 321 | 438 |
| (i) Other expenses | 1,162 | 1,528 | 628 | 3,869 | 1,664 | 2,852 |
| Total expenses | 8,172 | 6,759 | 5,558 | 23,137 | 16,052 | 22,645 |
| 3. Profit/ (loss) from operations before other income/ finance costs and exceptional items | 1,616 | 931 | (455) | 3,125 | 67 | (403) |
| 4. Other Income | 45 | 151 | 108 | 390 | 372 | 488 |
| 5. Profit/ (loss) from ordinary activities before finance costs and exceptional items | 1,661 | 1,082 | (347) | 3,515 | 439 | 85 |
| 6. Finance costs | 369 | - | - | 369 | 1 | 1 |
| 7. Profit/ (loss) from ordinary activities after finance cost but before exceptional items | 1,292 | 1,082 | (347) | 3,146 | 438 | 84 |
| 8. Exceptional Items- [expenses/ (income) (net)] (Refer Note no. 2) | - | - | - | - | - | 577 |
| 9. Profit/ (loss) from ordinary activities before Tax | 1,292 | 1,082 | (347) | 3,146 | 438 | (493) |
| 10. Tax expense | 490 | 380 | (115) | 1,170 | 160 | 930 |
| 11. Net profit/ (loss) from ordinary activities after tax | 802 | 702 | (232) | 1,976 | 278 | (1,423) |
| 12. Paid up equity share capital (face value : ₹10 per share) | 875 | 875 | 875 | 875 | 875 | 875 |
| 13. Reserves excluding revaluation reserves | | | | | | 36,170 |
| 14. Basic and diluted earnings per share (of ₹ 10 each) (not annualised) | 9.17 | 8.03 | (2.65) | 22.58 | 3.18 | (16.26) |
| See accompanying notes to the financial results | | | | | | |



| Segment wise revenue, results, assets and liabilities (Primary Segment) | | | | | | |
|---|--------------------|------------------------|---|-------------------|-------------------|---------------------|
| Particulars | Three months ended | Preceding three months | Corresponding three months ended in the | Nine Months ended | Nine Months ended | Previous year ended |
| | 31.12.2016 | 30.09.2016 | 31.12.2015 | 31.12.2016 | 31.12.2015 | 31.03.2016 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1. Segment revenue | | | | | | |
| (a) Mining | 7,027 | 5,694 | 3,990 | 19,512 | 12,643 | 16,605 |
| (b) Ferroalloys and Power | 3,327 | 2,295 | 1,151 | 7,829 | 3,788 | 5,914 |
| (c) Unallocable | 20 | 11 | 16 | 36 | 26 | 43 |
| | 10,374 | 8,000 | 5,157 | 27,377 | 16,457 | 22,562 |
| Less: Inter segment revenue | 586 | 310 | 54 | 1,115 | 338 | 320 |
| Total | 9,788 | 7,690 | 5,103 | 26,262 | 16,119 | 22,242 |
| 2. Segment result | | | | | | |
| (a) Mining | 2,114 | 2,459 | 170 | 6,101 | 1,994 | 2,210 |
| (b) Ferroalloys and Power | (20) | (1,036) | (357) | (1,394) | (1,050) | (1,193) |
| | 2,094 | 1,423 | (187) | 4,707 | 944 | 1,017 |
| Less: (i) Finance costs | 369 | - | - | 369 | 1 | 1 |
| (ii) Other unallocable expenditure/ (income) net of unallocable (income)/ expenditure | 433 | 341 | 160 | 1,192 | 505 | 932 |
| Net profit/(loss) before tax and exceptional items | 1,292 | 1,082 | (347) | 3,146 | 438 | 84 |
| Exceptional items (Refer Note no. 2) | | | | | | |
| (a) Mining | - | - | - | - | - | (1,723) |
| (b) Ferroalloys and Power | - | - | - | - | - | 2,300 |
| Exceptional items - [Expenses/ (Income) (Net)] | - | - | - | - | - | 577 |
| Profit/ (loss) before tax | 1,292 | 1,082 | (347) | 3,146 | 438 | (493) |
| | As at | | | | | |
| | 31.12.2016 | 30.09.2016 | 31.12.2015 | 31.12.2016 | 31.12.2015 | 31.03.2016 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 3. Segment Assets | | | | | | |
| (a) Mining | 7,785 | 7,137 | 7,742 | 7,785 | 7,742 | 6,250 |
| (b) Ferroalloys and Power | 18,350 | 16,862 | 19,164 | 18,350 | 19,164 | 17,338 |
| (c) Steel | 3,170 | 3,191 | 3,167 | 3,170 | 3,167 | 3,170 |
| (d) Unallocable | 22,272 | 21,532 | 19,570 | 22,272 | 19,570 | 20,852 |
| Total | 51,577 | 48,722 | 49,643 | 51,577 | 49,643 | 47,610 |
| 4. Segment Liabilities | | | | | | |
| (a) Mining | 10,893 | 8,900 | 9,832 | 10,893 | 9,832 | 8,163 |
| (b) Ferroalloys and Power | 1,385 | 1,114 | 441 | 1,385 | 441 | 676 |
| (c) Steel | 3 | 3 | - | 3 | - | 2 |
| (d) Unallocable | 488 | 699 | 314 | 488 | 314 | 1,724 |
| Total | 12,769 | 10,716 | 10,587 | 12,769 | 10,587 | 10,565 |



Notes :

1. The above statement of financial results was reviewed by the Board Audit Committee and approved by the Board of Directors in their meeting held on 04 February 2017. The same has been reviewed by the statutory auditors.

2. Exceptional items comprise:

| Particulars | Expenses / (Income) | | | | | |
|--|---------------------|------------------------------|---|-------------------|-------------------|---------------------|
| | Three months ended | Preceding three months ended | Corresponding three months ended in the previous year | Nine Months ended | Nine Months ended | Previous year ended |
| | 31.12.2016 | 30.09.2016 | 31.12.2015 | 31.12.2016 | 31.12.2015 | 31.03.2016 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Provision for other than temporary diminution in value of investment in Star Metalics and Power Private Limited (SMPPL), a subsidiary company | - | - | - | - | - | 2,300 |
| Provision towards Forest Development Tax for the years 2008 - 09 to 2011 - 12 written back in view of the Order of The Hon'ble High Court of Karnataka (Net of estimated expenses) | - | - | - | - | - | (1,723) |
| Net | - | - | - | - | - | 577 |

3. The Karnataka State Government promulgated the Karnataka Forest (Amendment) Act, 2016, through notification dated 26 July 2016, inserting certain amendments with retrospective effect from 16 August 2008 to the provisions of the Karnataka Forest Act, 1963, re-designating Forest Development tax ("FDT") as "Forest Development Fee" ("FDF"), including inter-alia lease holders of mines under "body notified by the Government" and increasing the rate of FDF from 8% to 12%. The Company has filed a Writ Petition contesting the above amendments before the Hon'ble Supreme Court. The Company had already filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court challenging the competence and jurisdiction of the State to legislate in the field of major minerals which is a central subject. Pending the outcome of the SLP and the Writ Petition, no provision is considered necessary at this stage towards estimated FDF of Rs. 3,558 lakh for the period 27 August 2008 to 11 July 2011, being the date of commencement of e-auction by the Monitoring committee. Subsequent to the commencement of e-auction by the Monitoring Committee, FDT/FDF is being recovered from the customers directly by the Monitoring Committee and remitted to the authorities.

4. Consequent to amendment of the Mines and Minerals (Development and Regulation) Amendment Act, ("the Act") with effect from 12 January 2015, each State was required to constitute a District Mineral Foundation ("DMF") to collect specified amounts from the iron ore lessees for the benefit of persons/areas affected by mining operations. Considering that the contribution to the Special Purpose Vehicle (SPV) at 10% of sales value is already being made as per the Order of the Hon'ble Supreme Court of India, an application was made by The Federation of Indian Mineral Industries, South Region before the Hon'ble Supreme Court of India to direct/clarify that iron ore lessees will not be required to contribute to the SPV. During the quarter, the Hon'ble Supreme Court of India heard the matter and the judgement is reserved. Considering the uncertainties involved, during the quarter, the Company has provided an amount of Rs. 1,442 lakh (including Rs.795 lakh for the period upto 31 March 2016 and Rs.424 lakh for the 6 months period ended September 30, 2016) towards contribution to DMF.

5. The figures of the previous periods have been regrouped / recasted where necessary.

for and on behalf of the Board of Directors


S.Y. GHORPADE

Chairman & Managing Director

Bengaluru
04 February 2017

