

R.Subramanian and Company LLP

CHARTERED ACCOUNTANTS

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To,
The Board of Directors,
The Sandur Manganese & Iron Ores Limited

Independent Auditor's Certificate on the accounting treatment contained in the Proposed Scheme of Amalgamation

We, the statutory auditors of **The Sandur Manganese & Iron Ores Limited**, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in clause 8 of the Draft Scheme of Amalgamation between **Star Metallics and Power Private Limited and The Sandur Manganese and Iron Ores Limited** and in terms of the provisions of section(s) 230 to 232 of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles.

Management Responsibility

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

Our responsibility is only to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

Opinion

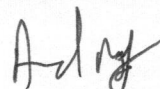
Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment with respect to the transferee company as contained in Clause 8 of the scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under, the applicable Accounting Standards notified by the Central Government under section 133 of Companies Act, 2013. For ease of reference, Clause 8 of the scheme, duly authenticated on behalf of the company is reproduced in Annexure 1 to the certificate and is initialed by us only for the purpose of Identification

Restriction of Use

This Certificate is issued at the request of the company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the Bombay Stock Exchange. This Certificate should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hand it may come without our prior consent in writing.

Place: Chennai
Date: February 14, 2018

For R Subramanian and Company LLP
Chartered Accountants
ICAI Registration No.: 004137S/S200041


Arvind Bharadwaj J

Partner

Membership Number: 243500



The Sandur Manganese & Iron Ores Limited

Registered Office: 'Satyalaya', Door No.266 (Old No.80), Ward No.1
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Annexure 1

Relevant extract of the Scheme Of Amalgamation Of Star Metallics And Power Private Limited with the Sandur Manganese And Iron Ores Limited

8. ACCOUNTING TREATMENT

- 8.1. The amalgamation shall be accounted for in the books of account of the Transferee Company according to the 'Pooling of Interests Method' of accounting as per the Accounting Standard (AS) 14, 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India or as per Ind AS 103, 'Business Combinations' notified under section 133 of the Companies Act, 2013. Accordingly, all the assets and liabilities of the Transferor Company shall be recorded at their carrying amounts as at the Appointed Date in the books of the Transferee Company.
- 8.2. The face value of Equity Shares issued by the Transferee Company to the shareholders of the Transferor Company pursuant to this Scheme along with the existing paid up capital of the Transferee Company will be recorded as Equity Share Capital of the Transferee Company;
- 8.3. The identity of the reserves of the Transferor Company shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner, in which they appeared in the financial statements of the Transferor Company, prior to this Scheme becoming effective. Accordingly, if prior to this Scheme becoming effective, there is any reserve in the financial statements of the Transferor Company available for distribution whether as bonus shares or dividend or otherwise, the same shall also be available in the financial statements of the Transferee Company for such distribution upon this Scheme becoming effective;
- 8.4. The balances of the Profit and Loss Accounts of the Transferor Company (as appearing in the books of accounts of the Transferor Company at the Appointed Date) shall be aggregated and added to or set-off (as the case may be) with the corresponding balance appearing in the financial statements of the Transferee Company;
- 8.5. Inter-company balances and investments, if any, shall be cancelled and shall be adjusted against the General reserves/balance in Profit and Loss Account;
- 8.6. The difference between the amount recorded as share capital issued by the Transferee Company and the amount of paid-up share capital of the Transferor Company shall be adjusted against the General Reserves/balance in Profit and Loss Account;



- 8.7. If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Company and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in its Capital Reserves/Goodwill as the case may be.

For The Sandur Manganese & Iron Ores Limited


K Raman

Chief Financial Officer

Place: Bangalore

Date: 14 February 2018

