

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF STAR METALLICS AND POWER PRIVATE LIMITED** **Report on the Financial Statements**

We have audited the accompanying financial statements of **STAR METALLICS AND POWER PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone Financial Statements**

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

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

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

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit and its cash flows for the year ended on that date.

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

1. As required by Section 143 (3) of the Act, we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:





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- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



Monisha Parikh  
Partner  
(Membership No. 47840)

Place: Bengaluru  
Date: May 29, 2017  
MP/SMG

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the internal financial controls over financial reporting of **STAR METALLICS AND POWER PRIVATE LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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





## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

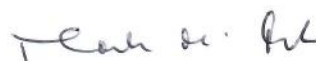
## Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No. 008072S)



Monisha Parikh

Partner

(Membership No. 47840)

Place: Bengaluru

Date: May 29, 2017

MP/SMG

## **ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.





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- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum Where dispute is pending	Period to which the amounts relates	Amount Involved (in Rs.)*
The Customs Act, 1962	Customs Duty Including interest	Customs, Excise and Service Tax Appellate Tribunal	2012-13	30,570,083

\*Net of Rs. 851,046 paid under protest.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

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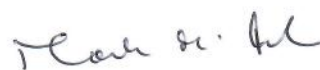
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- (xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review.

In respect of the above issue, we further report that:

- a) The requirement of section 42 of the Companies Act, 2013, as applicable, have been complied with; and
  - b) The amounts raised have been applied by the Company during the year for the purpose for which the funds were raised.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



Monisha Parikh  
Partner  
(Membership No. 47840)

Place: Bengaluru  
Date: May 29, 2017  
MP/SMG



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

BALANCE SHEET AS AT 31 MARCH, 2017

Particulars	Note No.	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	9337,97,050	9261,50,000
(b) Reserves and surplus	4	6679,79,819	6158,62,668
		<u>16017,76,869</u>	<u>15420,12,668</u>
<b>2 Non-current liabilities</b>			
Long-term provisions	5	1,78,939	1,80,744
		<u>1,78,939</u>	<u>1,80,744</u>
<b>3 Current liabilities</b>			
(a) Trade payables:			
Total outstanding dues of micro and small enterprises	22	-	-
Total outstanding dues of other than micro and small enterprises		312,52,161	909,05,420
		<u>312,52,161</u>	<u>909,05,420</u>
(b) Other current liabilities	6	272,13,815	406,30,480
(c) Short-term provisions	7	12,39,741	14,06,072
		<u>597,05,717</u>	<u>1329,41,972</u>
<b>TOTAL</b>		<u>16616,61,525</u>	<u>16751,35,384</u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	14694,67,171	15136,27,339
(ii) Capital work-in-progress		82,79,665	118,98,115
		<u>14777,46,836</u>	<u>15255,25,454</u>
(b) Long-term loans and advances	9	223,77,139	370,06,391
(c) Other non-current assets	10	-	181,89,349
		<u>15001,23,975</u>	<u>15807,21,194</u>
<b>2 Current assets</b>			
(a) Inventories	11	-	7,78,202
(b) Trade receivables	12	614,22,962	210,87,693
(c) Cash and bank balances	13	894,19,983	479,68,732
(d) Short-term loans and advances	14	91,47,979	239,74,131
(e) Other current assets	15	15,46,626	6,05,432
		<u>1615,37,550</u>	<u>944,14,190</u>
<b>TOTAL</b>		<u>16616,61,525</u>	<u>16751,35,384</u>

See accompanying notes forming part of the financial statements

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

For and on behalf of the Board of Directors

Monisha Parikh  
Partner

Nazim Sheikh  
Director

A G Suresh  
Director

V. Murali  
Company Secretary

Sachin Sanu  
Chief Financial Officer

Place : Bengaluru  
Date : 29 May, 2017

Place : Bengaluru  
Date : 29 May, 2017



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

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017**

Particulars	Note No.	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
1 Revenue from operations	16	1020,00,000	8138,15,917
2 Other income	17	185,29,020	86,51,638
<b>3 Total revenue (1 + 2)</b>		<b>1205,29,020</b>	<b>8224,67,555</b>
<b>4 Expenses</b>			
(a) Cost of coal consumed for power generation	26 b)	-	5980,80,658
(b) Cost of materials consumed	26 a)	-	36,81,964
(c) Employee benefits expense	18	89,65,218	405,33,004
(d) Finance costs	19	187	28,82,304
(e) Depreciation	8	507,35,654	508,05,052
(f) Other expenses	20	140,63,745	1484,63,262
<b>Total expenses</b>		<b>737,64,804</b>	<b>8444,46,244</b>
<b>5 Profit / (Loss) before tax (3 - 4)</b>		<b>467,64,216</b>	<b>(219,78,689)</b>
<b>6 Tax expense</b>			
(a) Current tax		-	-
(b) Short provision for tax relating to prior year		29,37,546	-
(c) MAT credit		(29,37,546)	-
(d) Deferred tax	33	-	-
		<b>-</b>	<b>-</b>
<b>7 Profit / (Loss) after tax (5 - 6)</b>		<b>467,64,216</b>	<b>(219,78,689)</b>
<b>8 Earnings per share of ₹ 10 each</b>			
Basic and Diluted	32	0.50	(0.24)

See accompanying notes forming part of the financial statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

*Monisha Parikh*

**Monisha Parikh**  
Partner

For and on behalf of the Board of Directors

*Nazim Sheikh*

**Nazim Sheikh**  
Director

*V. Murali*

**V. Murali**  
Company Secretary

*A G Suresh*

**A G Suresh**  
Director

*Sachin Sanu*

**Sachin Sanu**  
Chief Financial Officer

Place : Bengaluru  
Date : 29 May, 2017



Place : Bengaluru  
Date : 29 May, 2017





CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before tax	467,64,216	(219,78,689)
Adjustments for:		
- Depreciation	507,35,654	508,05,052
- Finance costs	187	28,82,304
- Bad trade receivables, loans and advances written off	24,02,421	6,16,155
- Provisions/ Liabilities no longer required written back	(108,77,814)	(8,19,779)
- Profit on sale of fixed assets	(22,723)	-
- Unrealised foreign currency fluctuation	5,26,976	1,67,703
- Interest income	(45,90,477)	(40,11,668)
<b>Operating profit before working capital changes</b>	<b>849,38,440</b>	<b>276,61,078</b>
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	7,78,202	1848,80,686
Trade receivables	(403,35,269)	58,31,566
Short-term loans and advances	124,23,731	162,55,507
Long-term loans and advances	-	194,97,954
Non current asset	164,07,000	-
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(447,36,564)	(1578,01,385)
Short-term provisions	(1,66,331)	(1,89,410)
Long-term provisions	(1,805)	(35,23,842)
Other long-term liabilities	-	(990,04,080)
Other current liabilities	34,61,591	(890,60,653)
	(521,69,445)	(1231,13,657)
<b>Cash generated from operations</b>	<b>327,68,995</b>	<b>(954,52,579)</b>
Net income tax (paid) / refund	146,24,252	(58,36,224)
Net cash flow from / (used in) operating activities	(A) <b>473,93,247</b>	<b>(1012,88,803)</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets (including capital work in progress and advance on capital account)	(29,76,966)	(79,87,363)
Proceeds from sale of fixed assets	42,653	
Bank balances not considered as cash and cash equivalents	(289,70,105)	156,86,016
Interest received	54,31,632	31,49,343
Net cash flow (used in) / from investing activities	(B) <b>(264,72,786)</b>	<b>108,47,996</b>
<b>C. Cash flow from financing activities</b>		
Interest payments	(84,39,315)	(28,82,304)
Net cash flow used in financing activities	(C) <b>(84,39,315)</b>	<b>(28,82,304)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>124,81,146</b>	<b>(933,23,111)</b>
Cash and cash equivalents at the beginning of the year	449,68,732	1382,91,843
Cash and cash equivalents at the end of the year (Refer note below)	574,49,878	449,68,732
Reconciliation of cash and cash equivalents with Balance Sheet	124,81,146	(933,23,111)
<b>Note:</b>		
Cash and cash equivalents (Refer note 13)	894,19,983	479,68,732
Less: Deposits against guarantee not considered as cash and cash equivalent	319,70,105	30,00,000
	574,49,878	449,68,732
See accompanying notes forming part of the financial statements		

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

*Monisha Parikh*  
Monisha Parikh  
Partner



Place: Bengaluru  
Date: 29 May, 2017

For and on behalf of the Board of Directors

*Nazim Sheikh*  
Nazim Sheikh  
Director

*V. Murali*  
V. Murali  
Company Secretary

Place: Bengaluru  
Date: 29 May, 2017

*A G Suresh*  
A G Suresh  
Director  
*Sachin Sanu*  
Sachin Sanu  
Chief Financial Officer



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

**Notes forming part of the financial statements**

**1 Corporate information**

The Company is a subsidiary of The Sandur Manganese & Iron Ores Limited (SMIORE), a listed public limited company. The Company is engaged in the production of Ferroalloys and generation of power at its plant located at Vyasankere, near Hospet in Bellary District. The Company has entered into a facility lease agreement with its Holding Company w.e.f. February 1, 2016, consequently it earns lease rentals towards the same.

**2 Significant accounting policies**

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

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies (Accounts) Rules, 2014, and the relevant provisions of the Companies Act, 2013 as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2.2 Use of estimates**

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

**2.3 Fixed assets**

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

**2.4 Depreciation**

Depreciation amount for assets is the cost of an asset or the amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the 2013 Act.

**2.5 Capital work-in-progress**

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**2.6 Impairment of fixed assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss.

**2.7 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**2.8 Inventories**

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

The costs are, in general, ascertained as under:

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

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





Notes forming part of the financial statements

2.9 Revenue recognition

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

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

Revenue from leasing is recognised on accrual basis.

Revenue from conversion contracts is recognised at the time of dispatch of goods to the contractor.

2.10 Foreign currency transactions

Initial recognition

Transactions in foreign currency entered into by the Company are recorded on the basis of the exchange rate prevailing as on the date of transaction or at rates that closely approximate the rate at the date of transaction.

Measurement at the balance sheet date

Monetary assets and liabilities of the Company, denominated in foreign currency, outstanding at the balance sheet date are restated at rates prevailing at the year-end.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.11 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

a) Short term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive/ bonus and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (ii) in case of non-accumulating compensated absences, when the absences occur.

b) Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

c) Defined Contribution Plan:

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

d) Defined Benefit Plan:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.



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

**2.12 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**2.13 Cash flow statement**

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

**2.14 Leases**

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

**2.15 Segment reporting**

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

The Company's primary segment is Ferroalloys and Power.

**2.16 Taxes on income**

**Current tax**

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

**Minimum Alternate Tax (MAT)**

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

**Deferred tax**

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

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

**2.17 Earnings per share**

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

**2.18 Provisions and contingencies**

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

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

**2.19 Operating cycle**

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule III of the 2013 Act. Normal operating cycle is based on the time between the acquisition of assets for processing and their realisation into cash and cash equivalents.



2

2



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

**3 Share capital**

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	₹	Number of shares	₹
(a) Authorised Equity shares of ₹ 10 each with voting rights	1000,00,000	10000,00,000	1000,00,000	10000,00,000
(b) Issued, subscribed and fully paid up Equity shares of ₹ 10 each with voting rights	933,79,705	9337,97,050	926,15,000	9261,50,000
	933,79,705	9337,97,050	926,15,000	9261,50,000

**Notes:**

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

Particulars	Opening balance	Fresh issue	Bonus / other changes	Closing balance
Equity shares with voting rights				
As at 31 March, 2017				
- Number of shares	926,15,000	7,64,705	-	933,79,705
- Amount (₹)	9261,50,000	76,47,050	-	9337,97,050
As at 31 March, 2016				
- Number of shares	926,15,000	-	-	926,15,000
- Amount (₹)	9261,50,000	-	-	9261,50,000

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

The Company has only one class of equity share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Directors is subject to approval by the Shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive only residual assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	% of share holding	Number of shares held	% of share holding
<b>Equity shares with voting rights</b>				
The Sandur Manganese & Iron Ores Limited, the Holding Company	752,40,000	80.58	752,40,000	81.24
Euro Industrial Enterprises Private Limited	181,09,705	19.39	173,45,000	18.73



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

	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
<b>4 Reserves and surplus</b>		
Securities premium reserve		
Opening balance	9251,50,000	9251,50,000
Add: Premium on issue of equity shares	53,52,935	-
Closing balance	9305,02,935	9251,50,000
Deficit in statement of profit and loss		
Opening balance	(3092,87,332)	(2873,08,643)
Add : Profit / (Loss) for the year	467,64,216	(219,78,689)
	(2625,23,116)	(3092,87,332)
	6679,79,819	6158,62,668
<b>5 Long-term provisions</b>		
Provision for gratuity (Refer note 28A)	69,161	66,133
Provision for compensated absences (Refer note 28B)	1,09,778	1,14,611
	1,78,939	1,80,744
<b>6 Other current liabilities</b>		
Statutory remittances	46,38,160	11,31,807
Interest accrued on borrowings	-	168,78,256
Payables on purchase of fixed assets	150,30,625	150,30,625
Advances from customers	-	44,762
Security / other deposits received	1,00,000	1,00,000
Retention money payable	74,45,030	74,45,030
	272,13,815	406,30,480
<b>7 Short-term provisions</b>		
Provision for gratuity (Refer note 28A)	4,51,907	5,53,341
Provision for compensated absences (Refer note 28B)	7,87,834	8,52,731
	12,39,741	14,06,072





Notes forming part of the financial statements

8 Fixed assets

Description Note (1)	Gross block (₹)			Accumulated depreciation (₹)			Net block (₹)	
	Balance as at 01 April, 2016	Additions / adjustments	Disposals	Balance as at 31 March, 2017	For the year	On disposals	Balance as at 31 March, 2017	Balance as at 31 March, 2016
<b>Tangible assets</b>								
Freehold land	1383,39,089 (1383,39,089)	- (-)	- (-)	1383,39,089 (1383,39,089)	- (-)	- (-)	1383,39,089 (1383,39,089)	1383,39,089 (1383,39,089)
Buildings and roads	1898,35,686 (1893,93,949)	- (4,41,737)	-	1898,35,686 (1898,35,686)	67,95,367 (67,90,990)	- (-)	1469,68,693 (1537,64,060)	1537,64,060 (1601,13,313)
Plant and machinery	15694,09,981 (15675,32,227)	54,91,166 (18,77,754)	- (-)	15749,01,147 (15694,09,981)	419,96,265 (418,73,546)	- (-)	11777,00,418 (12142,05,517)	12142,05,517 (12542,01,309)
Vehicles	37,01,054 (37,01,054)	8,49,297 (-)	1,70,000 (-)	43,80,351 (37,01,054)	5,37,807 (5,08,754)	1,50,070 (-)	21,12,149 (18,20,589)	18,20,589 (23,29,343)
Computer systems	20,56,740 (19,87,890)	19,845 (68,850)	- (-)	20,76,585 (20,56,740)	2,61,479 (3,91,821)	- (-)	1,86,096 (4,27,730)	4,27,730 (7,50,701)
Office equipments	40,57,900 (38,59,059)	2,35,108 (1,98,841)	- (-)	42,93,008 (40,57,900)	5,15,829 (6,11,064)	- (-)	12,94,235 (15,74,956)	15,74,956 (19,87,179)
Furniture and fixtures	60,05,036 (60,05,036)	- (-)	- (-)	60,05,036 (60,05,036)	6,28,907 (6,28,877)	- (-)	28,66,491 (34,95,398)	34,95,398 (41,24,275)
	19134,05,486 (19108,18,304)	65,95,416 (25,87,182)	1,70,000 (-)	19198,30,902 (19134,05,486)	507,35,654 (508,05,052)	1,50,070 (-)	14694,67,171 (15136,27,339)	15136,27,339 (15618,45,209)

Notes:

(1) Represents owned assets, unless otherwise stated.

(2) Previous years figures are in brackets

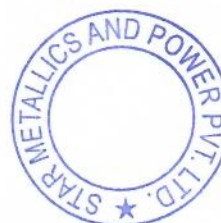
(3) All the assets are given on operating lease w.e.f. 01 February, 2016 (Refer Note 31). The depreciation recognised in the statement of profit and loss for these assets is ₹ 50,735,654. (PY ₹ 8,316,235)



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

	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
<b>9 Long-term loans and advances</b> (Unsecured, considered good)		
Capital advances	58,07,351	58,07,351
Security deposits	46,19,473	46,24,473
Advance income tax	90,12,769	265,74,567
MAT credit entitlement	29,37,546	-
	<u>223,77,139</u>	<u>370,06,391</u>
<b>10 Other non-current assets</b>		
Deposits against guarantees with maturity of more than 12 months from the balance sheet date (Refer note 13)	-	164,07,000
Interest accrued but not due on deposits	-	17,82,349
	<u>-</u>	<u>181,89,349</u>
<b>11 Inventories</b> (At lower of cost and net realisable value)		
Stores and spares	-	7,78,202
	<u>-</u>	<u>7,78,202</u>
<b>12 Trade receivables</b> (Unsecured)		
Trade receivables outstanding for a period exceeding six months from due date		
Considered good	6,99,240	-
Considered doubtful	49,57,377	49,57,377
Less : Provisions for doubtful trade receivables	(49,57,377)	(49,57,377)
Other trade receivables		
Considered good	607,23,722	210,87,693
	<u>614,22,962</u>	<u>210,87,693</u>





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

**13 Cash and bank balances**

**Cash and cash equivalents**

Cash on hand

Balances with banks

In current accounts

In EEFC accounts

Deposit accounts

**Other bank balances**

Deposits against guarantees

Deposits with original maturity of more than 3 months

Less: Amount disclosed under non-current assets

(Refer note 10)

**14 Short-term loans and advances**

(Unsecured, considered good, unless otherwise stated)

Prepaid expenses

Security deposit

Balances with government authorities

Advance to suppliers

Considered good

Considered doubtful

Less: Provision for doubtful advances

**15 Other current assets**

Interest accrued but not due on deposits

As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
------------------------------	------------------------------

15,502

55,195

126,97,136

228,43,323

58,930

63,036

446,78,310

220,07,178

574,49,878

449,68,732

189,70,105

194,07,000

130,00,000

-

-

164,07,000

319,70,105

30,00,000

894,19,983

479,68,732

7,712

8,79,961

34,38,000

34,38,000

21,83,937

102,39,350

35,18,330

94,16,820

2,96,499

2,96,499

38,14,829

97,13,319

2,96,499

2,96,499

35,18,330

94,16,820

91,47,979

239,74,131

15,46,626

6,05,432

15,46,626

6,05,432



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

For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
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**16 Revenue from operations**

**(a) Sale of products**

Sale of power

**Total (a)**

-	4630,98,236
-	4630,98,236

**(b) Other operating revenues**

Leasing income

Conversion charges

Sale of raw materials / stores and spares

Sale of scrap

**Total (b)**

1020,00,000	170,00,000
-	2375,17,351
-	958,50,007
-	3,50,323

1020,00,000	3507,17,681
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**Revenue from operations (a+b)**

1020,00,000	8138,15,917
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**17 Other income**

Interest on

Fixed deposits with banks

Security deposits

Income tax refund

43,96,052	37,98,428
1,94,425	2,13,240
11,82,986	-
57,73,463	40,11,668

Foreign exchange fluctuation (net)

-	35,79,947
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Other non-operating income

Provisions/Liabilities no longer required written back

Profit on Sale of Fixed Assets

Insurance claim received

Miscellaneous income

108,77,814	8,19,779
22,723	-
17,51,544	-
1,03,476	2,40,244

127,55,557	10,60,023
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185,29,020	86,51,638
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**18 Employee benefits expense**

Salaries, wages and bonus

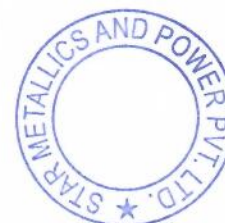
Contribution to provident fund (Refer note 28C)

Gratuity (Refer note 28A)

Staff welfare expenses

86,98,500	359,96,884
2,70,864	13,45,755
(90,966)	7,57,855
86,820	24,32,510

89,65,218	405,33,004
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**STAR METALLICS AND POWER PRIVATE LIMITED**  
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Notes forming part of the financial statements

For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
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**19 Finance costs**

Interest expense on		
Trade payables	-	28,74,846
Delayed payment of income tax and other taxes	187	7,458

<b>187</b>	<b>28,82,304</b>
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**20 Other expenses**

Operation and maintenance charges	-	294,65,290
Stores and spares consumed (Refer Note 26C)	7,78,202	555,12,964
Power and fuel	-	73,35,062
Rent (Refer Note 31) (net of recoveries ₹ Nil, 31 March, 2016 ₹ 267,682)	7,10,000	14,88,960
Repairs and maintenance		
Plant and machinery	-	35,09,045
Buildings	-	2,30,943
Others	25,923	24,99,805
	<b>25,923</b>	<b>62,39,793</b>

Insurance	14,05,208	24,91,760
Rates and taxes (Net of recoveries ₹ 24,150,105 31 March, 2016 ₹ 11,515,982)	18,55,157	51,67,920
Travelling and conveyance	1,86,969	7,68,939
Vehicle expenses	1,80,797	18,09,707
Selling expenses	-	21,88,897
Legal and professional charges	19,34,944	28,52,926
Payments to auditors (Refer note 34)	16,79,797	18,73,779
Sub-contracting charges	-	200,58,367
Security charges	-	48,65,946
Foreign exchange fluctuation (net)	5,26,976	-
Bad trade receivables, loans and advances written off	24,02,421	6,16,155
Prior period expense (represents exchange fluctuation in previous year)	-	32,82,094
Miscellaneous expenses (Net of recoveries ₹ 1,481,718, 31 March, 2016 ₹ Nil)	23,77,351	24,44,703

<b>140,63,745</b>	<b>1484,63,262</b>
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**STAR METALLICS AND POWER PRIVATE LIMITED**  
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Notes forming part of the financial statements

	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
<b>21 Contingent liabilities and commitments (to the extent not provided for)</b>		
(i) Contingent liabilities (Claims against the company not acknowledged as debt)		
Customs duty	314,21,129	293,78,954
Differential rate relating to sale of power, including interest	209,17,033	-
(ii) Capital commitments		
Estimated amount of contracts to be executed on capital account (net of advances) and not provided for	14,22,901	14,22,901

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

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end on the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

**23 Derivative disclosures**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:  
Amount payable in foreign currency on account of the following:

Particulars	For the year ended 31st March, 2017		For the year ended, 31st March, 2016	
	Amount in Rs. ₹	Foreign Currency \$	Amount in Rs. ₹	Foreign Currency \$
Trade Payable	29,38,809	45,325	24,15,939	45,325

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

	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
Raw materials	-	3262,70,836
Stores and spares	-	8,17,171
Plant and Machinery	-	35,58,669
	-	3306,46,676

**25 Expenditure in foreign currency**

**26 a) Cost of materials consumed**

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
<b>For production:</b>		
Dolomite	-	4,27,945
Quartz	-	24,17,526
Other Materials	-	98,950
<b>For sale:</b>		
Coal	-	29,44,421
Quartz	-	1,99,650
Other materials	-	3,63,038
	-	1,74,855
<b>Total</b>	-	7,37,543
	-	36,81,964

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
Whereof:		
Imported	-	-
Indigenous	-	-
	100	100
	-	36,81,964
	-	36,81,964

**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.





Notes forming part of the financial statements

b) Consumption of coal

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
	%	₹	%	₹
Imported				
Indigenous *	-	-	55	3306,46,676
	-	-	45	2674,33,982
* Includes coal sold costing ₹ Nil (for the year ended 31 March 2016 : ₹ 59,733,638)	-	-	100	5980,80,658

c) Consumption of stores and spares

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
	%	₹	%	₹
Imported				
Indigenous *	-	-	1	8,17,171
	100	7,78,202	99	546,95,793
	100	7,78,202	100	555,12,964

\* Includes stores and spares sold costing ₹ Nil (for the year ended 31 March 2016 : ₹ 35,378,826)

27 Earnings in foreign exchange

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹	₹
Export of goods calculated on F.O.B basis	-	-
	-	-

28 Employee benefit plan:

A. Defined Benefit Plan - Unfunded:

Details of post retirement gratuity plan are as follows:

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

Obligations at the beginning of the year		
Add: Current service cost	6,19,474	23,29,418
Add: Interest cost	-	5,46,711
Add/ (Less): Actuarial losses/(gains) on obligations	-	1,69,876
(Less): Liabilities transferred on account of transfer of employees to holding company	(90,966)	41,268
(Less): Benefits paid during the year	-	(21,64,761)
Obligations at the end of the year	(7,440)	(3,03,038)
	5,21,068	6,19,474

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		
(Less): Fair value of plan assets	5,21,068	6,19,474
Amount recognised in the balance sheet	-	-
- Current		
- Non-current	4,51,907	5,53,341
	69,161	66,133
	5,21,068	6,19,474

d) Expenses recognised in the statement of profit and loss under "Gratuity" in note 18:

Current service cost		
Add: Interest cost	-	5,46,711
(Less): Expected return on plan assets	-	1,69,876
Add: Actuarial losses/(gains) recognised during the year	-	-
	(90,966)	41,268
	(90,966)	7,57,855

e) Principal actuarial assumptions:

Discount rate per annum	7.10%	7.50%
Salary escalation rate	6.00%	5.00%
Attrition rate	6.00%	5.00%
Retirement age	60 years	60 years
Mortality rate	IALM (2006-08)	IALM (2006-08)
	UIT Table	UIT Table



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

f) Summary of defined benefit obligation / plan assets and experience adjustments:	2016-17	2015-16	2014-15	2013-14	2012-13
	₹	₹	₹	₹	₹
Defined benefit obligation	5,21,068	6,19,474	23,29,418	15,60,639	8,32,024
Plan assets	-	-	-	-	-
(Deficit) / surplus	(5,21,068)	(6,19,474)	(23,29,418)	(15,60,639)	(8,32,024)
Experience adjustments on plan liabilities – gain / (loss)	90,966	21,26,211	(2,62,963)	(3,24,005)	(3,52,912)
Experience adjustments on plan assets – gain / (loss)	-	-	-	-	-

**B. Other long term benefit – Unfunded**

	As at 31 March, 2017	As at 31 March, 2016
	₹	₹
The defined benefit obligation which is provided for but not funded is as under		
Liability for compensated absence at the year end		
- Current	7,87,834	8,52,731
- Non-current	1,09,778	1,14,611
	<u>8,97,612</u>	<u>9,67,342</u>

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

**Notes:**

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

**C. Defined Contribution Plan:**

The Company makes provident fund contributions which are defined contribution plans, for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 270,864 (year ended 31 March, 2016 ₹ 1,345,755) for contribution to provident fund in note 18 in the statement of profit and loss (as part of contribution to provident fund). The contributions payable to the plan by the Company are at rates specified in the rules of the scheme.

The Company has made provident fund contributions at predetermined rates to the SMIORE Employees' Provident Fund Trust and to the Regional Provident Fund Commissioner towards employee pension scheme.

**29. Segment reporting**

**a) Primary segment:**

Effective 1 April 2016, the Company has reviewed its business oversight mechanism and has realigned all its operations under single business segment (i.e.) "Ferro Alloys and Power", based on the assessment of the overall risks and rewards.

**b) Information on geographic segments:**

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



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Notes forming part of the financial statements

30 Related Party Disclosures

A Names of related parties and description of relationship

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

B Summary of transactions with related parties, during the year and year end balances are as follows

Sl.No.	Nature of Transactions / Balances outstanding	Holding Company	Enterprise having significant influence	Key Management Personnel	Total
		₹	₹	₹	₹
1	Salaries and wages: - P. Sridaran	- (-)	- (-)	- (16,76,250)	- (16,76,250)
	- A. G. Suresh	- (-)	- (-)	36,50,400 (35,24,850)	36,50,400 (35,24,850)
2	Sale of materials / stores and spares / power - to SMIORE	4850,51,010 (958,50,007)	- (-)	- (-)	4850,51,010 (958,50,007)
	- on behalf of SMIORE (Refer note iii)	1125,23,478 (1794,07,040)	- (-)	- (-)	1125,23,478 (1794,07,040)
3	Purchase of materials - on behalf of SMIORE (Refer note iii)	4850,51,010 (327,29,249)	- (-)	- (-)	4850,51,010 (327,29,249)
4	Income toward conversion charges - from SMIORE	- (2375,17,351)	- (-)	- (-)	- (2375,17,351)
5	Leasing income - from SMIORE (Refer note iii)	1020,00,000 (170,00,000)	- (-)	- (-)	1020,00,000 (170,00,000)
6	Recovery of expense - from SMIORE	256,31,823 (117,83,664)	- (-)	- (-)	256,31,823 (117,83,664)
7	Reimbursement of expense - to SMIORE	- (19,83,186)	- (-)	- (-)	- (19,83,186)
8	Allotment of equity shares - to EIEPL	- (-)	129,99,985 (-)	- (-)	129,99,985 (-)
9	Liabilities written back - interest waived off by EIEPL	- (-)	84,90,443 (-)	- (-)	84,90,443 (-)
10	Amount receivables on behalf of SMIORE transferred to SMIORE as at year end	95,52,855 (430,75,390)	- (-)	- (-)	95,52,855 (430,75,390)
	<b>Balances as at the year end:</b>				
11	Amount due as at year end: - to SMIORE	- (304,25,805)	- (-)	- (-)	- (304,25,805)
	- from SMIORE	607,23,722 (-)	- (-)	- (-)	607,23,722 (-)
	- to EIEPL	- (-)	- (298,78,256)	- (-)	- (298,78,256)
	- to A. G. Suresh	- (-)	- (-)	2,06,800 (1,82,700)	2,06,800 (1,82,700)
12	Corporate guarantee issued on behalf of the Company by - SMIORE	1050,00,000 (1050,00,000)	- (-)	- (-)	1050,00,000 (1050,00,000)

Notes:

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



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

**Notes forming part of the financial statements**

**31 Operating leases as Lessee:**

	For the year ended 31 March, 2017 ₹	For the year ended As at 31 March, 2016 ₹
Lease payments recognised in the statement of profit and loss	710,000	1,488,960

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

**Operating leases as Lessor:**

The Company has entered into operating leases with its Holding Company for the period of 3 years in respect of assets at ferroalloys & power plant, office premises and residential premise. The leasing arrangement is cancellable and is renewable by mutual consent. During the year the Company has received rental income of Rs. 102,000,000 (PY: Rs. 17,000,000) which is disclosed under note 16. There is no contingent rent.

**32 Earnings per share**

	For the year ended 31 March, 2017	For the year ended As at 31 March, 2016
Nominal value of equity share (₹)	10	10
Weighted average number of equity shares outstanding	92,734,420	92,615,000
Profit / (Loss) after taxation considered for calculation of basic and diluted earnings per share (₹)	46,764,216	(21,978,689)
Earnings Per Share – Basic and Diluted (₹)	0.50	(0.24)

**33 Deferred tax**

The net Deferred tax as at 31 March, 2017 amounting to ₹ Nil (as at 31 March, 2016: ₹ Nil) has been arrived at as follows:

	For the year ended 31 March, 2017 ₹	For the year ended As at 31 March, 2016 ₹
<b>A Deferred tax assets arising from:</b>		
Unabsorbed depreciation allowance *	218,054,417	201,688,566
	218,054,417	201,688,566
<b>B Deferred tax liabilities arising from:</b>		
Difference between carrying amount of fixed assets in the financial statements and the Income tax return	218,054,417	201,688,566
Net deferred tax asset / (liability) (A-B)	218,054,417	201,688,566
Net deferred tax charge for the year	-	-

\* Recognised to the extent that there are compensatory timing differences, the reversal of which will result in sufficient future taxable income against which this can be realised.

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

	For the year ended 31 March, 2017 ₹	For the year ended As at 31 March, 2016 ₹
For Statutory audit	1,400,000	1,550,000
For Tax audit	300,000	300,000
For Reimbursement of out of pocket expenses and levies	29,797	23,779
<b>Total</b>	<b>1,729,797</b>	<b>1,873,779</b>

**35 Details of specified bank notes held and transacted during the period November 08, 2016 to December 30, 2016:**

	SBNs	Other denomination notes	Total
Closing cash on hand as on 08.11.2016	19,500.00	13,023.00	32,523.00
(+) Permitted Receipts	-	50,000.00	50,000.00
(-) Permitted Payments	-	37,940.00	37,940.00
(-) Amount Deposited to Banks	19,500.00	-	19,500.00
Closing cash on hand as on 30.12.2016	-	25,083.00	25,083.00

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

Signatures to Notes 1 to 36  
For and on behalf of the Board of Directors

*Nazim Sheikh*

Nazim Sheikh  
Director

*A G Suresh*

A G Suresh  
Director

*V. Murali*

V. Murali  
Company Secretary

*Sachin Sanu*

Sachin Sanu  
Chief Financial Officer

Place: Bengaluru  
Date: 29 May, 2017

