RESOURCEFUL

Adhunik Metaliks Limited | Annual Report 2010-11

ADHUNIK METALIKS LIMITED
Lansdowne Towers
2/1A Sarat Bose Road, Kolkata-700020
www.adhunikgroup.com

Forward-looking statement

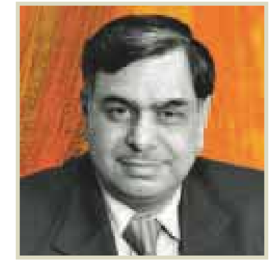
In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Content

Mr. Ghanshyamdas Agarwal, *Chairman*



Mr. Jugal Kishore Agarwal, *Director*

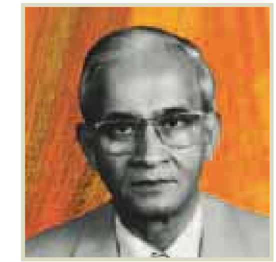
Mr. Nirmal Kumar Agarwal, *Director*

Mr. Mohan Lal Agarwal, *Director*

Mr. Mahesh Kumar Agarwal, *Director*

Mr. Nihar Ranjan Hota, *Director*

Dr. Ramgopal Agarwala, *Director*



Mr. Lalit Mohan Chatterjee, *Director*

Mr. Nandanandan Mishra, *Director*

Mr. Surendra Mohan Lakhotia, *Director*

Mr. Manoj Kumar Agarwal, *Managing Director*

Corporate information

Board of Directors

Mr. Ghanshyamdas Agarwal, *Chairman*
Mr. Jugal Kishore Agarwal, *Director*
Mr. Nirmal Kumar Agarwal, *Director*
Mr. Mohan Lal Agarwal, *Director*
Mr. Mahesh Kumar Agarwal, *Director*
Mr. Nihar Ranjan Hota, *Director*
Dr. Ramgopal Agarwala, *Director*
Mr. Lalit Mohan Chatterjee, *Director*
Mr. Nandanandan Mishra, *Director*
Mr. Surendra Mohan Lakhotia, *Director*
Mr. Manoj Kumar Agarwal, *Managing Director*

Company Secretary

Mr. Anand Sharma

Bankers

State Bank of India
Allahabad Bank
Canara Bank
HDFC Bank
ICICI Bank
IDBI Bank
Indian Overseas Bank
Punjab National Bank
Bank of Maharashtra
Corporation Bank
Syndicate Bank
State Bank of Mysore
UCO Bank
Union Bank of India

Auditor

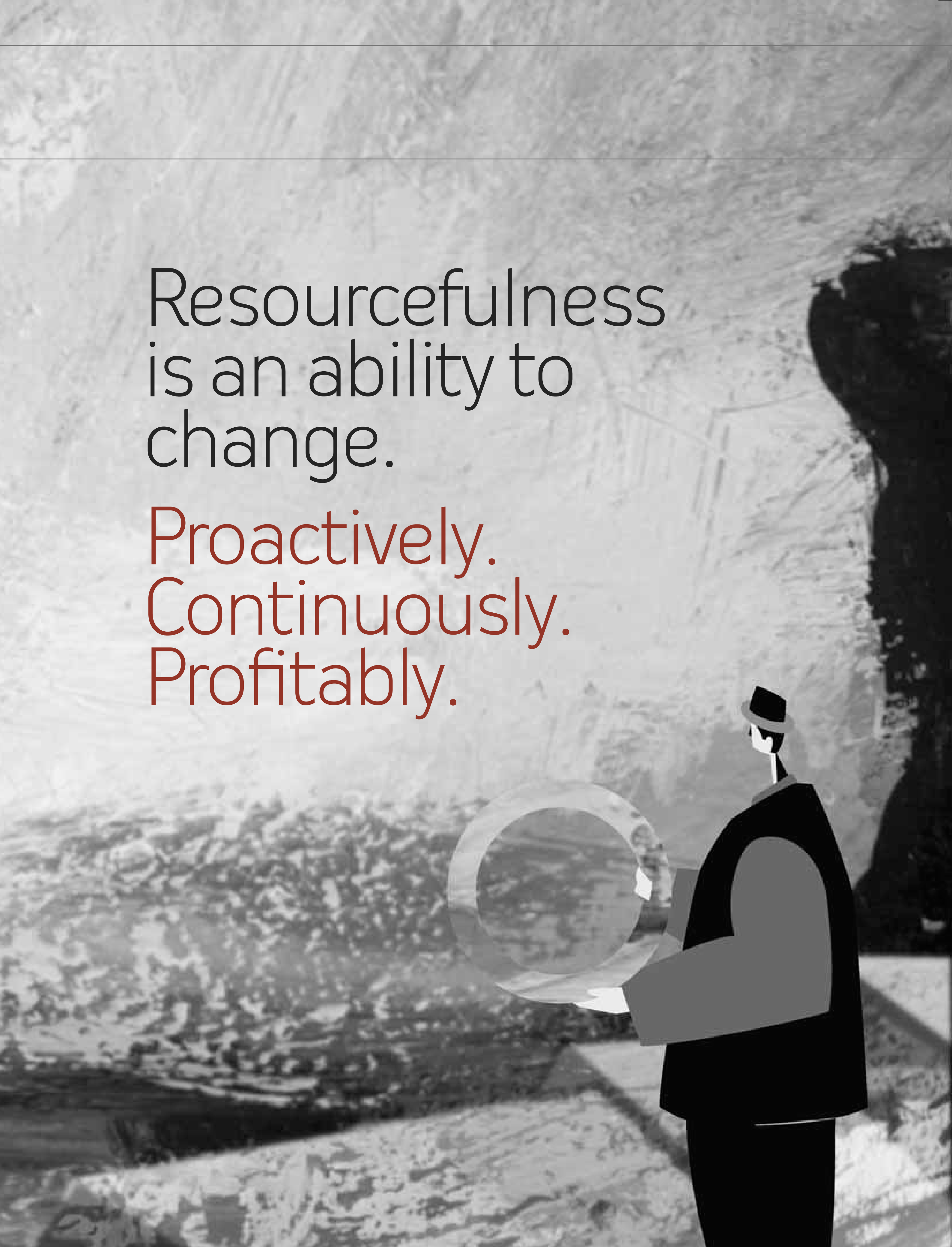
S. R. Batliboi & Co.
Chartered Accountant

Registered office

14, N. S. Road , Kolkata - 700001
Tel - 033-2242 8551 / 8553
Fax - 033 2242 8551

Corporate office

Lansdowne Towers,
2/1A Sarat Bose Road, Kolkata-700020
Tel - +91 33 3051 7100 (30 lines)
Fax - +91 33 2289 0285


Resourcefulness is an ability to change.
Proactively.
Continuously.
Profitably.

We began as a standalone steel company; we transformed into a special steel organisation; we are getting larger.

We started as a company that procured its ore requirement from the open market; we are integrated backwards into captive providers of ores (iron and manganese) as well as merchant sellers; our merchant mines have been operational since 2008; our captive iron ore mine will commence operations in 2011 and captive coal mine is expected to start by the end of 2013.

We started as a company that drew electricity from the state power grid; we created 34 MW of captive energy generation capacity; we will commission our 540 MW facility in early 2012-13.

We were a ₹461.30 cr company in 2005-06; we are a ₹1921.32 cr revenues organisation today (2010-11).

Adhunik Metaliks Limited...a fully integrated steel manufacturing company with a presence in mining (second largest manganese ore producer in India) and power generation

Lineage

- Incorporated in 2001
- Promoted by Mr. Mahadeo Prasad Agarwal and headed by Mr. Ghanshyam Das Agarwal (Chairman) and Mr. Manoj Kr Agarwal (Managing Director)
- Backed by a strong team of management professionals with rich industry experience

Line of business

- Adhunik Metaliks Limited is engaged in the manufacture of alloy and carbon steel products, catering to the auto, power, engineering, oil and gas sectors
- Engaged in iron and manganese ore mining through a 100% subsidiary – Orissa Manganese and Minerals Limited for merchant sale. OMM plans to set up a 1.2 million ton pellet plant for value-addition of mineral ores.
- Forayed into the power generation industry through Adhunik Power and Natural Resources Limited

Accreditation

- Certified ISO 9001:2000 and TS 16949 across all manufacturing units
- Awarded first prize in the 10th Mines Environment & Mineral Conservation Week for recovery of sub-grade manganese ore in our Patmunda manganese ore mines
- Awarded second prize in the10th Mines Environment & Mineral Conservation Week for waste dump management in our Ghatkuri iron ore mines

Clientele

The Company's pride-enhancing clientele for alloy steel includes TATA Motors, Mahindra & Mahindra, John Deere, BEML, Ashok Leyland, Amtek, PowerGrid Corporation, BSNL, NTPC, SKF, Sriram Pistons, MM Forgings, Rane, Cummins, Ramkrishna Forgings, Indian Railways, Maharashtra Seamless and Jindal Saw Pipes, among others.

Adhunik Metaliks Limited

- **Steel**
  - Alloy and special steels (0.45 MTPA)
  - Forging (NVFL, 59.2% subsidiary)*
  - Transmission towers (Adhunik Power Transmission Ltd (APTL).– 82.78% subsidiary)*
- **Merchant mining**
  - Orissa Manganese & Minerals Ltd (OMML): 100% Subsidiary*
    - Iron ore: 97 MMT
    - Manganese ore: 53 MMT
  - Suleipat mines (50:50 JV) Iron Ore: 80 MMT (Expected commissioning by H2 FY2012)
  - 1.2 MTPA Beneficiation Plant commissioned in March 2011
  - 1.2 MTPA Pellet Plant expected commissioning by Q3 FY2012)
- **Power**
  - Adhunik Power and Natural Resources Ltd. (APNRL): 97.96% subsidiary* IPP: 540 MW (under implementation)
  - Captive Mine
    - Coal: 69 MMT

* As on 31st March, 2011

What we achieved in 2010-11

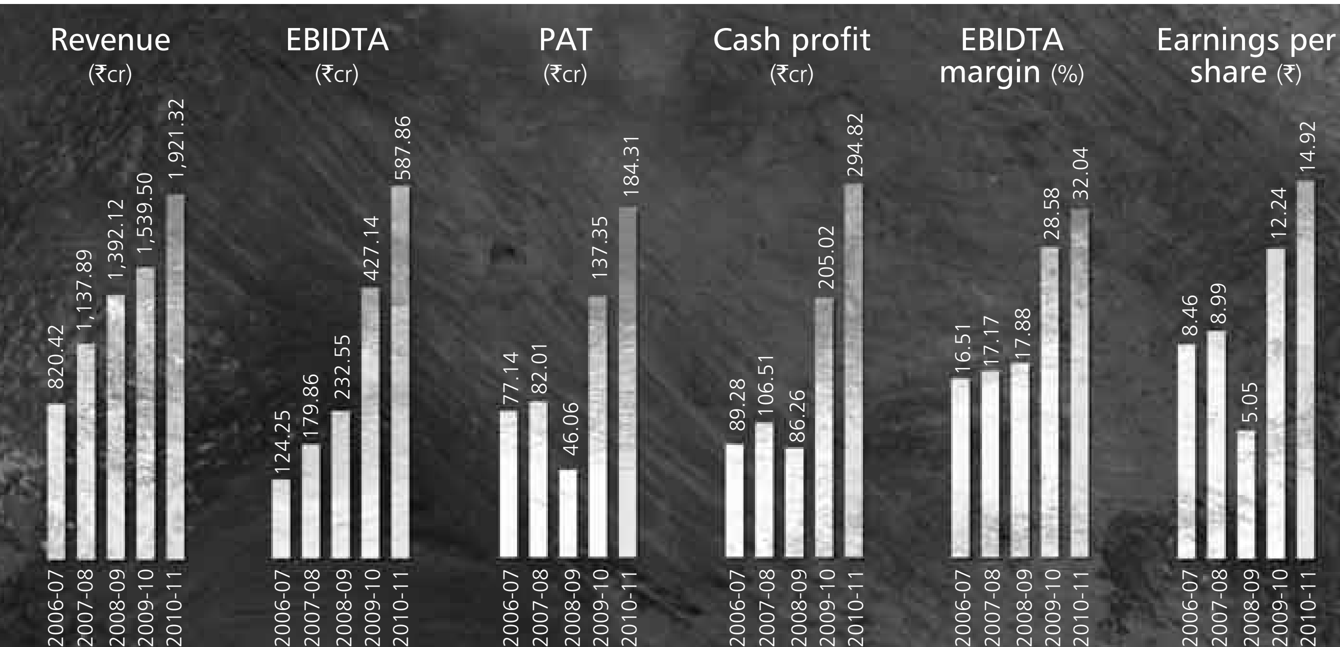
Operational performance

Steel	Mining
• Production increased from 3,32,254 tonnes in 2009-10 to 3,35,036 tonnes • Average realisation of billets increased from ₹26,601 per tonne in 2009-10 to ₹30,032 per tonne • Average realisation of rolled products increased from ₹39,419.05 per tonne in 2009-10 to ₹46,905 per tonne • Received product approval from Honda Motors, Mahindra & Mahindra and Bajaj Auto	• Enhanced medium/high-grade manganese ore mine (OMML) sales volume from 1,45,279 mn tonnes in 2009-10 to 1,93,015 mn tonnes • Increased merchant iron ore mine (OMML) realisations from ₹1,588 per tonne in 2009-10 to ₹2,703 per tonne • Increased merchant manganese ore mine (OMML) realisations from ₹5,210 per tonne in 2009-10 to ₹9,010 per tonne

Financial highlights

- Consolidated revenue increased 24.8 % from ₹1,539.50 crore in 2009-10 to ₹1,921.32 crore
- Consolidated EBIDTA enhanced 37.6 % from ₹427.14 crore in 2009-10 to ₹587.86 crore
- Consolidated post-tax profit grew 34.2 % from ₹137.35 crore in 2009-10 to ₹184.31 crore
- Consolidated EBIDTA margin stood at 32.04% against 28.58% in 2009-10
- Cash profit stood at ₹294.82 crore against ₹205.02 crore in 2009-10

Our performance snapshot*



*Consolidated figures

Review by the Managing Director

The transformation of any steel company into a resource-cum-utilities-cum alloy steel organisation is painstaking. At Adhunik, the transformation will be completed quicker than usual and be fully operational by 2012-13. Once commissioned, the business model will generate sizeable unencumbered cash, which will help rightsize the balance sheet and enhance significant value in a sustainable way.

Dear Shareholders,

A number of people still make the mistake of dismissing Adhunik as a steel company when we are clearly a resource-cum-utilities cum-special-steel organisation. This complement not only makes us unique from a mid-sized organisational perspective in India, but a number of initiatives undertaken over the years helped us emerge as a 'different' company.

This 'difference' was partly reflected in our financials of 2010-11. We reported a sizeable EBIDTA of ₹587.86 cr even as some of our facilities were yet to be commissioned, and the full import of our investments will only reflect this year and more visibly from 2012-13.

The difference

We are a different kind of company in the Indian power, metals and minerals sector for the following reasons:

- We represent a combination of the robust growth emerging out of three sectors in India – power, mining and special steel. There are a number of Indian companies with an integration across two of these businesses. There is perhaps none with as strong an exposure across all three sectors, and definitely none in the country's mid-cap space. These business complements are not mere add-ons; if spun off into separate companies, each can potentially hold its own in terms of scale and related economies
- We possess a core process competence in our business space that translates into high operational efficiency. For instance, yields in our steel melting shop and rolling mill are attractively high with a declining proportion of rework
- We demonstrated a high proportion of by-product utilisation with the objective of reducing conversion costs. We utilised our blast furnace and coke oven gases as fuel in our heating furnace; the gasification of coal helped us reduce oil and diesel consumption
- We made a better utilisation of waste through the sale of fly ash to cement makers, the pioneering beneficiation of char for onward use in our rotary kiln and boilers
- We rapidly transformed the major part (two-thirds) of our end product mix towards alloy steel
- We pioneered the technology of recovery of sub grade manganese ore through a jigging plant

The result is that we are low cost at one end and high value-added at the other, combining two diverse competencies into our organisational culture, now increasingly marked by prudent delegation, responsible experimentation and precise enumeration.

Reviewing 2010-11

During 2010-11, we reported a 24.8% increase in consolidated revenue, 37.6% increase in consolidated EBIDTA, 346 basis point increase in consolidated EBIDTA margin and 34.2 % increase in consolidated net income. We are convinced that this performance represents the start of a J curve for the following reasons:

Alloy steel business: The Company is present in the niche alloy steel segment, catering to the growing needs of downstream sectors like automobile, power, engineering and oil and gas. The Company has one of the largest single location alloy steel manufacturing units with 50% of the product portfolio comprising value-added products. Our products were approved by all major automobile OEMs (tier I and II) within just five years. This strengthened our average realisations for rolled steel production from ₹ 39,419 per tonne in 2009-10 to ₹46,905 per tonne in 2010-11

Mining business: Our mining business (merchant mining through Orissa Manganese and Minerals Limited) grew 73% in 2010-11 over 2009-10. During the year under review, realisations for iron ore and manganese ore increased 70.2% and 83.9% respectively. This resulted in an increase in the share of revenue from mining increasing to 23% of consolidated revenues in 2010-11 against 16% in 2009-10. We expect to commence our Suleipat mine (50:50 JV) by the second half of FY 2011-12. The iron ore beneficiation plant commenced operations in March 2011 (benefits to accrue in 2011-12) and we plan to commence our pellet plant from the second half of 2011-12. The beneficiation and pelletisation plants will help us transform low-grade materials and fines into pellets. Our captive iron ore mine will be operational by the second half of 2011-12 and we plan to commission captive coal mining by end 2013.

Power: We enhanced our resource base through investments in captive and merchant power generation. Our captive power plant of 34 MW is running to full capacity. Besides, the construction of the first two phases of our merchant power plant in Jharkhand (through APNRL) is proceeding as per schedule. We were allocated a captive coal mine (reserve of 69 MMT) with Tata Steel for our merchant power plant and expect to commence mining from 2013.

Growing competencies

At Adhunik, we expect to drive our profitability for the following reasons:

One, we invested significantly in ERP to integrate our entire manufacturing process - from the weigh bridge to production planning to debtors management. We introduced shared services through a centralised department to monitor the entire group activity rather than the same department being replicated across our businesses. This helped streamline our processes, enhance manpower management and increase process efficiency. We partnered with leading global IT giants like SAP, Microsoft, GE and Accenture in different areas to automate our business process.

Two, our power investment is expected to drive consolidated revenues from 2012-13 onwards as Phase I & Phase II will have been entirely commissioned by then. We intend to expand the Jharkhand project by another 540 MW at the same location. We also signed MoUs with the Chhattisgarh, Bihar and Orissa governments to commission 1,000 MW power plants in each state, which will expand our merchant power portfolio.

Three, our subsidiary which owns merchant mines is growing at more than 50% annually. Besides, the flexibility of using these resources helps us control costs and ensure raw material availability.

Four, we expect to swap high-cost loans with low-cost alternatives and repay debt through accruals.

Five, we plan to encash a part of the value of our mining assets when fully commissioned.

Spreading smiles

Adhunik is a responsible corporate citizen. The Company adopted six villages near Rourkela through timely investments in village infrastructure, healthcare, education, infrastructure, women empowerment and economic development (through Nav Nirman Sanstha).

Overview

The transformation of any steel company into a resource-cum-utilities-cum-alloy steel organisation is painstaking. At Adhunik, the transformation is being completed quicker and should be fully operational in 2012-13.

Once commissioned, our business model will generate a fair amount of unencumbered cash that will rightsize the balance sheet and enhance significant value in a sustainable way.

Regards,

Mr. Manoj Agarwal
Managing Director

Natural resource bank at Adhunik

Business segment	Mineral	Resources (MMT)	Location	Status
Merchant mining (OMML)	Iron ore	97	Ghatkuri, Jharkhand	Operational
	Manganese ore	53	Patmunda, Orissa	Operational
Merchant mining (JV company)	Iron Ore	80	Mayurbhanj, Orissa	Expected commencement in H2 FY 2012
Steel (captive) (AML)	Iron ore	25	Keonjhar, Orissa	Expected commencement in H2 FY 2012
	Coal	31	Talcher, Orissa	Expected commencement in FY 2014
Power (captive) (APNRL)	Coal	69	Ganeshpur, Jharkhand	Expected commencement in Q4 FY2013

Our competitive advantage

Integration

The Company created an integrated business model covering captive mines (iron ore and coal), DRI plant, blast furnace, sinter plant, coke oven plant, captive power generation and steel manufacture.

Project management

The Company has a dedicated project management team for timely project execution. The Company's three-phased expansion projects were completed in four years against 5-7 years taken by industry peers. The manganese and iron ore mines started operations in one year and two years respectively against the industry benchmark of 5-7 years.

Mining

The Company invested in captive iron ore and coal mines as well as merchant iron and manganese mines (through subsidiary). This reduces costs on the one hand and increases revenues on the other.

Power

The Company has a 34MW captive power plant. The Company plans to extend into power-generation (through subsidiary APNRL) with a three-phased 1,080-MW power project, of which the first two phases with a combined capacity of 540 MW will be commissioned in 2012-13.

Quality

The Company invested in state-of-the-art equipment (vacuum de-gasser, electromagnetic stirrer, LECO hydrogen, nitrogen and oxygen analyser and metallographic polishing machines, among others) enhancing product quality. The Company possesses certifications (ISO 9001:2000, TS 16949, BIS and RDSO) and customer approvals for its processes, practices and products.

Pride-enhancing clientele

The Company possesses a strong alloy steel clientele comprising Tata Motors, Mahindra & Mahindra, Amtek Auto, Ashok Leyland, BEML, L&T and Indian Railways, among others. Nearly 70% of Adhunik's revenues were derived from customers over five years old, which is rare in a company only seven years old.

Strategic location

The Company's manufacturing location in Orissa enables it to procure 75% of its raw materials from within a 200-km radius.

Value-added products

The Company is climbing the value-chain through the manufacture of alloy-steel products for the automobile, oil and gas and railways sectors. Around 50% of the Company's product portfolio in 2010-11 comprised value-added products generating realisations in excess of ₹46,000 a ton.

Strong financials

The Company reported an EBIDTA of ₹587.86 crore as on 31st March 2011 with a healthy EBIDTA margin of around 32%. Our debt (excluding debt for ongoing project i.e. merchant power plant and pellet plant) to EBIDTA ratio is also better than the industry average at 3.06.

Resourceful

INTEGRATION

At a time when the world was obsessed with commissioning projects above the ground, Adhunik made its largest and most profitable investments below instead.

The big picture

The last decade changed the global steel industry forever. The age of standalone steel manufacture is over; integration is in.

There is a fundamental reason why pure steel companies recognise the need to transform into resources plus steel companies (more resource and less steel).

As the steel industry went into a positive industry cycle at the turn of the century, unprecedented investments were made in steel capacities and there was a greater demand for upstream resources to feed this significant increase.

With one difference. The increase in downstream capacity far exceeded upstream supply capability. The result: Finite resources like iron ore, coal and coking coal embarked on perhaps a multi-decade bull run, altering their pricing dynamics forever.

It became increasingly evident that if steel companies needed to survive, they would need to make greater investments not only in their end product capacity but in securing their access to resources.

The Adhunik response

This is precisely what Adhunik has been patiently doing the last few years. The Company started out as a steel company but rapidly transformed its positioning thereafter. The result is that of the total investments made by the Company (directly or through subsidiaries) in the last seven years, 60% was invested in resources (ores, coal and power) and only 40% in steel-making.

This outlay was based in response to emerging realities:

- Enduring sustainability would be derived through a more effective capture of the value-chain, comprising resources and utilities than an ability to pass on steel cost increases to customers
- The most profitable company would inevitably be one that survived market downturns and uptrends through its competitive cost structure, rather than a company focused singularly on value-addition
- The Company of the future would be one that insulated itself to the extent possible from resource volatility through extensive backward integration

Adhunik went one step better. Rather than merely invest in resources, it invested in resources, utilities and steel. In doing so, the Company emerged as one of India's most extensively integrated mid-sized resource-cum-special steel companies with a value chain that commences from resources (iron ore, coal) at one end to intermediate utilities (power) in the middle and special and alloy steel, TMT products at the other.

The result

This integration is in line with Adhunik's vision to increase the proportion of raw materials derived from captive sources in terms of value from 5% in 2008-09 to 20% in 2010-11 and a projected 40% in 2013-14.

In a world driven by market-integration, the irony is that the success of Adhunik's market-facing business model is likely to be derived from increased insulation.

Iron ore: captive, (25 MT)
Coke oven: captive, (120,000 TPA)
Coal washery: captive, (700,000 TPA)
Sinter plant: captive, (267,300 TPA)
Sponge iron plant: captive, (300,000 TPA)
Ferro alloys plant: captive, (46,880 TPA)
Captive power plants: captive, (34 MW)

Proportion of captive raw materials (in terms of value)

2008-09	2010-11	2012-13
5%	20%	35%

EXECUTION

The biggest challenge in the resource-cum-steel industries today is not viability; it is the ability to commission projects on schedule backed by various time-taking clearances (forest, environmental, among others), accelerating revenues and payback. This is where Adhunik enjoys a credible record.

The big picture

A decade ago, some of the largest projects were announced in the Indian steel industry covering proposals by Indian and foreign companies. The stark reality is that only a fraction of these companies managed to break ground; fewer succeeded in being able to commission their projects; and yet fewer have been able to do so with any semblance of timeliness.

The reasons are evident: The commissioning of resource-cum-utility-cum steel projects which consume large tracts of land that needed to be acquired, impacting on tribal livelihood and environment security. The result is that all related projects need to pass through various community and regulatory filters before being implemented.

Over the last five years, a combination of these realities staggered project implementation; there is a general feeling that achievement within the industry is no longer about timely commissioning; it is about whether these projects can be commissioned at all.

The Adhunik response

Adhunik is one of the few Indian resource or utilities or steel companies to commission its projects on schedule or embark on projects that are likely to be commissioned on schedule over the foreseeable future.

Over the years, the Company reinforced its project commissioning through the following competencies:

- A relatively asset-light strategy wherein phased commissioning ensures that cash flow from one project is used to fund another
- A timely non-debt cash infusion to kickstart project implementation

The result

Adhunik commissioned an integrated alloy steel plant comprising two SMS units in only four years against the industry benchmark of five to eight years; the Company started its beneficiation plant in 15 months compared with the industry benchmark of 24 months; the Company will be starting its 1.2 million tonne pellet plant in 18 months against an industry average of 30-36 months, the Company is in line to commission its 540 MW power project in 32 months against an industry average of 36-40 months; the Company achieved client approvals for its alloy steel products in five years, which normally takes about a decade.

MINING

Mining emerged as one of the most sensitive words in the Indian industry, marked by rigorous regulatory clearances. At Adhunik, we complied with these regulatory requirements and either commissioned our mining assets or will do so in 2011-12

The big picture

The last decade transformed the fortunes of mineral resources and in turn the mining industry. There is a greater recognition that with China and India's metal under-penetration beginning to correct itself, the scenario for commodities will remain bullish across the coming decades.

Iron ore was around ₹400 a tonne at the start of the century; it is around ₹4,000 a tonne today.

Manganese ore was around ₹2,500 a tonne at the start of the century; it is around ₹8,000 a tonne today.

Thermal coal was around ₹500 a tonne at the start of the century; it is around ₹2,000 a tonne today.

Coking coal was around ₹1,800 a tonne at the start of the century; it is around ₹14,000 a tonne today.

Given this scenario, the standalone steel industry is transforming into dual sectors – mining and steel – as viability in the second can no longer be assured without the integration of the first.

The Adhunik response

Adhunik proactively prepared for this reality – and more.

The Company did not just invest in iron ore mines; it also invested in manganese ore mines and coal blocks.

The Company did not just invest in mines to feed its captive appetite; it invested in these with the prospect of merchant sale as well.

The Company will not merely utilise this resource base for steel-making; it is engaged in leveraging its coal block to create a 540-MW power plant that will generate large, stable and sustainable profits.

- The Company was allocated (and received clearances) a captive iron ore mine (25 mn tonne reserves with 63% Fe content) and a coal mine (31 mn tonne reserve).
- The Company's subsidiary Orissa Manganese and Minerals Limited (OMML) owns an open cast iron ore and manganese ore mines with estimated resources of 97 mn tonnes and 53 mn tonnes respectively.
- The Company's subsidiary Adhunik Power and Natural Resources Limited (APNRL) was allocated a coal mine with an estimated share of 69 mn tonnes - F-grade coal with a 3,200 kcal/kg calorific value -- suitable for power generation for its power project of 540 MW.

The result

The proportion of the Company's EBIDTA derived from mining increased from 2.70% in 2007-08 to 58% in 2010-11.

Going ahead, the high-margin mining business will generate an attractive surplus that will provide the Group with adequate resources for reinvestment, strengthening the virtuous cycle.

Proportion of mining revenue in total consolidated revenue

2008-09		2010-11
6%	→	23%

Proportion of mining EBIDTA in total consolidated EBIDTA

2008-09		2010-11
30%	→	58%

POWER

There is a growing preference for captive power generation with an eye to reduce costs. There is a growing interest in power generation on account of government incentives and attractive tariffs. Adhunik is one of the few companies to have combined both possibilities into its business model.

The big picture

There is a growing demand for power in India: Expected to rise 55.6% to 1,400 billion kilowatt hours (bkwh) by March 2017.

There is a growing cost for power as well: Power cost increased from ₹2 per unit at the beginning of the decade to ₹4 per unit presently.

There is a growing government encouragement for the Indian power sector: The government is providing tax holidays as well as ensuring the availability of adequate financing arrangements for the power sector. The government intends to add 1,00,000 MW in the Twelfth Five Year Plan.

The Adhunik response

Adhunik extended into captive and merchant power generation through a proposed 540 MW plant. The first unit of 270 MW is expected to be commissioned by April 2012 and the second unit by September 2012

The Company de-risked this business initiative through the following initiatives:

- Coal block co-ownership (with Tata Power) in addition to linkages from Central Coalfields covering 540 MW. The proceeds from the coal block will provide for 100% of the Company's needs for 25 years.
- The Company entered into a power purchase agreement with a power trading company for 100 MW (net generation) at ₹2.75 per unit with an upside 85:15 sharing clause between APNRL and the power trading company. The Company sold another 100 MW for 25 years to a distribution company. Nearly 9% of the power generated will be consumed within the power plant as auxiliary consumption.
- The ₹3,150 cr project achieved financial closure around a 3:1 gearing.
- The proposed facility is only one km from the 400 KVA sub-station of PGCIL. The Company received MoEF clearance and NOC from Pollution Control Board for Phase I and II (2x540 MW).

The Company also signed MOUs for 1000 MW each in Chhattisgarh and Bihar.

The result

The ₹3,150 cr project (being commissioned through a majority owned subsidiary) will start generating revenues from 2012-13.

Power capacity over the years

2008-09
17 MW (captive)

→ 2010-11
34 MW (captive)

→ 2012-13
34 MW (captive)
540 MW (merchant)

LIQUIDITY

In the resource-cum-utilities-cum steel business, solidity comes from liquidity; prosperity comes from patience. Adhunik is getting there.

The big picture

The general standard for a resource-cum-utilities-cum-alloy-steel organisation would be to make a large public offering of shares leading to a large (and relatively unserviceable) equity capital.

The Adhunik response

Adhunik walked the road less travelled.

The Company invested a cumulative ₹3,756 crore in its resources, power (merchant and captive), raw material and steel projects. The management did not consider it prudent to dilute its equity through a subsequent public offering to fund its entry into the other two businesses; it preferred to privately place equity at an attractive valuation and mobilise debt to address rare and fleeting opportunities in the area of mine (manganese ore and iron ore) ownership.

In doing so, the Company did not just enter three standalone businesses; it created a unique self-sustaining business model: The asset-light resources business will provide a surplus to feed the capital-intensive and value-added steel business; the utilities business (backed by coal linkages and captive coal mines) will generate attractive profits to funds its own growth. This interplay of fund flows will make it possible for the Group to expand in a sustainable way, to capitalise on opportunities provided by an industrially resurgent India.

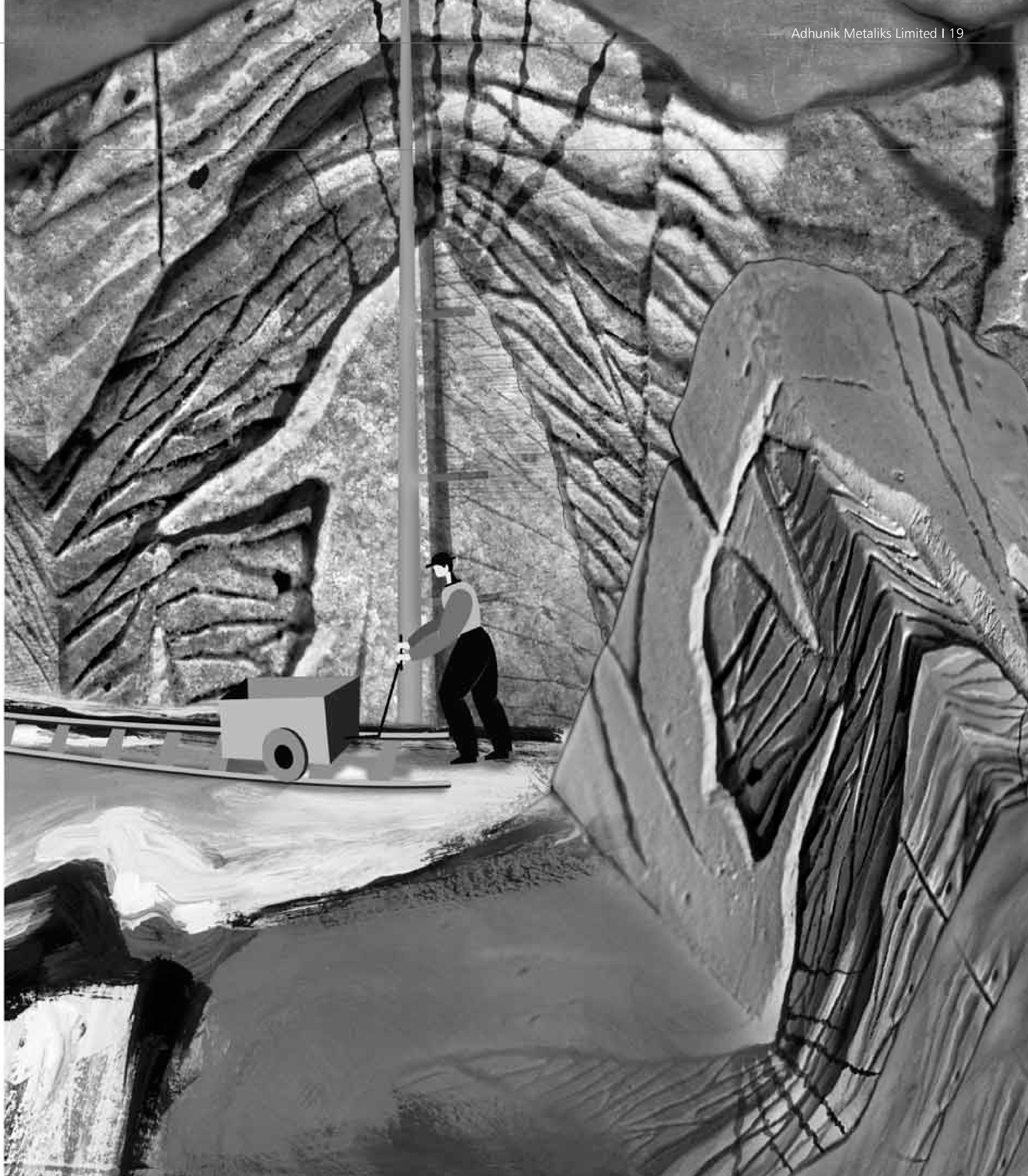
Considering that the resources and utilities businesses have relatively long gestation tenures, the Company is required to service its debt for a longer period, resulting in a temporary interest bulge and corresponding profitability decline. However, the positive feature of this business strategy is that even during a challenging 2010-11 when steel prices were relatively flat, our Company reported a sizeable consolidated EBIDTA of ₹587.86 cr.

The result

As our resource-utility-steel projects are commissioned (2011-13), revenues will increase, higher profits will be generated and debt progressively repaid. High-cost debt will be replaced with low-cost alternatives. We expect to complete the operationalisation of all our mining assets, resulting in unencumbered cash generation that could help us strengthen our balance sheet. A combination of these initiatives will pare debt and prepare the way for robust underleveraged sustainable growth.

Debt repayment

2008-09	2010-11
₹100.08 crore	₹234.51 crore



VALUE-ADDITION

In 2010-11, Adhunik marketed 317,476 MT of steel to some of the most demanding clients in India. We think this is an absolutely remarkable achievement.

The big picture

There are two models in the global steel industry today. One, invest in the biggest scale possible, make as much and market as much, while focusing on efficient throughput. Two, there is a more asset-light alternative, where it is possible to enhance viability through an investment in mid-sized alloy and special steel capacities.

The Adhunik response

At Adhunik, we decided to invest in the latter model. We invested in a 0.45-MTPA integrated alloy steel manufacturing facility (captive power plant, coke oven, ferro alloy plant and sinter plant, among others) enabling us to produce value-added products on the one hand and control costs on the other. Besides, we worked closely with leading automobile OEMs in India and received approvals from most.

The result

The result is reflected in our realisations:

- Improved steel billet realisation from ₹26,601 per tonne in 2009-10 to ₹30,032 per tonne in 2010-11.
- Improved rolled steel realisation from ₹39,419 per tonne in 2009-10 to ₹46,905 per tonne in 2010-11.

Growing average realisations for billets and rolled products

2008-09		2010-11
₹28,595 per tonne	→	₹38,042 per tonne

MANAGEMENT DISCUSSION AND ANALYSIS

Indian economic review

The Indian economy rebounded from the global economic slowdown of 2008, its GDP rebounding from 8% in 2009-10 to 8.6% in 2010-11, following a recovery in agriculture, and sustained momentum in its manufacturing sector. The country's manufacturing growth remained constant at 8.8% while mining declined 6.2% in 2010-11 against 6.9% in 2009-10. India's GDP is expected to grow at 8.5% in 2011-12

Iron ore

Iron ore is the primary source of iron for the world's iron and steel industries. It is essential for steel production, which in turn is critical for a strong industrial base. Almost all (98%) iron ore is used in steel-making. Iron ore is mined in about 50 countries. The seven largest of these countries account for about three-quarters of the total world production. Australia and Brazil together dominate the world's iron ore exports, each accounting for a third of total exports.

Global scenario: It is estimated that there are 800 billion tonnes of global iron ore resources containing more than 230 billion tonnes of iron. Of this, the United States has 110 billion tonnes of iron ore representing 27 billion tonnes of iron. World production averages two billion metric tonnes of raw ore annually. China is the world's largest steel producer with a share of more than 44%. Despite being the second-largest producer, it is the leading importer of iron ore. In 2010, China's total iron ore imports amounted to 619 million tones, a modest decline of 1.5% over the previous year. China is the world's largest iron ore consumer at 800 million tonnes. The bulk of the supply to China comes from Brazil and Australia. India accounts for only a fifth of China's imports.

Indian scenario: The Indian iron ore industry is fragmented. A total of 577 mining leases are in force, which produces around 225m tonnes of iron ore, implying an average of 0.4m tonnes from each lease. Goa has 187 mining leases, with the lowest average per mine production of 157,000 tonnes per annum. Karnataka and Jharkhand have an average per mine production of 289,000 tpa and 435,000 tpa, respectively. India produced around 226 million tonnes of iron in 2009-10 and shipped over 1,117.37 million tonnes of iron ore in 2009-10. Around 90% was in the form of fines.

Outlook: Developing Asia (including China) and Africa will be the fastest-growing regions, driven by population and income growth. If steel use intensity follows trends in developed economies, iron ore demand from these regions could hit 1,300 Mt by 2020, representing a CAGR of 8%.

Manganese ore

Demand for manganese is primarily driven by the steel industry, which consumes 94% of the manganese ore produced the world over in the form of manganese alloys. Globally, manganese reserves are estimated at 5.2 billion tonnes (75% of reserves in South Africa). Other major ore producing countries comprise Australia, India, Ukraine, China and Brazil, among others.

Manganese ore deposits are relatively widespread across more than 40 countries. Manganese is the twelfth most abundant element in the earth's crust. Nevertheless, it is rarely found in concentrations high enough to form a manganese ore deposit. Among 300 minerals containing manganese, only a dozen are of mining significance. Current estimates of world manganese reserves (including low grade ore) reached several billion tonnes. But if only high grade ores (defined as having more than 44% Mn content) are considered, then reserves are in the range of 680 million tonnes of ore, primarily situated in the southern hemisphere with Australia, Brazil, Gabon and South Africa catering to over 90% of the international market demand. Ghana and India, both large suppliers in the past, are now exporting only limited quantities of low or medium grade ore. During 2009-10, India emerged as the fifth-largest manganese ore producer globally with a production of 2.44 million tonnes, a decline of 12.52% over the previous year.

India demand outlook: The Indian steel industry is growing rapidly, owing to its fast-growing economy, with steel production expected to double to 125 million tonnes by 2015. This provides strong demand for manganese ore, whose growth in India is expected to be around 9% per annum.

Alloy steel

Alloy steel is a type of steel to which one or more elements besides carbon are added to produce a desired physical property or characteristic. Common elements added to make alloy steel comprise molybdenum, manganese, nickel, silicon, boron, chromium and vanadium. Alloy steel is often sub-divided into high and low alloy steels.

Indian alloy steel market

- The Indian alloy and special steel long products demand grew sharply in the past few years, following a boom in the automotive, capital goods and engineering goods industries.
- Consumption could have been higher but for the lack of adequate production facilities, quality and pricing issues.
- Indian alloy steel units are small by global standards, in which an increased operational scale will enhance competitiveness.
- The Indian alloy steel industry largely caters to the growing automobile sector

Auto sector

The Indian auto component industry is set to emerge as a global manufacturing auto component hub. The Indian auto component industry is expected to post a CAGR of 11% during 2008-15 on the back of strong domestic auto industry growth (CAGR 8.5%) and exports (CAGR 34%) according to ACMA, correspondingly increasing the demand for alloy steel products. The auto sector contributes 60% to the country's total steel revenue; over 40% of its product mix comprises specialised alloy steel.

followed by the railways and defence sectors.

Steel

Global steel industry: In 2010, the global steel industry remained stable compared with the volatility in steel and raw material prices during the financial crisis. Timely support by the governments of major economies through stimulus packages provided the base for a global sectoral recovery. World crude steel production reached 1,414 million metric tonnes (mmt) in 2010, an increase of 15% compared with 2009. All major steel-producing countries and regions showed double-digit growth in 2010. Asia's annual production was 897.9 mmt in 2010, an increase of 11.6% compared with 2009. The world steel production decreased from 65.5% in 2009 to 63.5% in 2010. China's crude steel production in 2010 reached 626.7 mmt, an increase of 9.3% in 2009. China's share of the world crude steel production declined from 46.7% in 2009 to 44.3% in 2010.

Indian steel overview: India retained its position as the fifth-largest producer in 2010 and recorded a growth of 11.3% as compared with 2009. India also emerged as the largest sponge iron/direct reduced iron (DRI) producing country in 2010.

India presents high growth potential with a per capita finished steel consumption of 54 kg, compared with 430 kg in China and 200 kg globally. The urban per capita steel consumption is expected to touch 165 kg by 2019-20. Interestingly, India's per capita steel consumption in rural locations is only 2 kg, with a majority of the population (70% of Indians) residing in these areas. The government set a target for raising the per capita rural consumption of steel to 4 kg per annum by 2019-20.

According to the Ministry of Steel estimates, India is expected to add around 200 mn tonne of capacity in this decade, increasing overall crude steel capacity from 78 mn tonnes in 2010-11 to around 280-290 mn tonnes by 2020. It is projected that India will emerge as the world's second-largest steel producer by 2015-16.

Production: India produced 67 million tonnes of steel in 2010-11 compared with 60 million tonnes in 2009-10 with integrated steel producers contributing 55% of the total crude steel production in 2010-11 and 45% by secondary producers. The Indian crude steel production recorded a compounded annual growth rate of 9.2%

Consumption: In 2010-11, steel consumption grew at a healthy 10% from 59 million tonnes in 2009-10 to 65 million tonnes in 2010-11, owing to strong demand from the infrastructure, construction, automobile, industrial and manufacturing sectors. Rising production capacities reduced India's import dependence from 13% in 2009-10 to about 10% in 2011-12.

Stainless steel

The key differentiator of stainless steel from other steel types is its corrosion resistance. There are close to 150 grades of stainless steel (15 commonly used).

Global overview: Stainless steel production is concentrated in Asia, which produces nearly 60% of the world demand. The largest producer is China, accounting for 33% of the world's stainless steel production. The facilities in China are characterised by flexible capacities which can produce carbon and stainless steel. The world over, series 200 is yet to gain popularity as it has in India. However, with increasing nickel prices, this product mix is likely to change. In 2014, the global stainless steel market is expected to be 39 million tonnes a year.

Indian industry overview: India's stainless steel demand is predominantly derived from use in utensils (70% of demand), consumer durables, transport, construction and tubes. With the government's focus on infrastructure development and growing consumer affluence, stainless steel consumption is slated to grow rapidly and India is expected to emerge as the world's third-largest producer of stainless steel by 2014.

RAW MATERIAL MANAGEMENT

Highlights 2010-11

- Implemented SAP in logistics management
- Widened the vendor base for superior raw material procurement.

Overview

Steel manufacture requires four tonnes of raw material for one tonne of the end-product. Adhunik's strategic location in Sundergarh (Orissa) makes it possible to procure 75% of its raw material requirements (iron ore, coal, coke, limestone, power, and manganese ore, among others) from within 200 kms.

Iron ore: Adhunik's captive iron ore mine in Keonjhar (Orissa) has estimated resources of 25 mn tonnes (will start operations in 2011-12). This is expected to meet upto 60% of the iron ore requirement from 2012-13. Around 40% of the requirement is currently procured from the merchant mines of OMML, 120 kms away.

Coal: The Company procured non-coking coal through a linkage with Mahanadi Coalfields Limited and e-auction. Coking coal was imported from Australia through long-term contracts. The Company was allocated a coal mine in Talcher (estimated reserve 31 mn tonnes) which is expected to commence operations in FY 2014.

Limestone: The Company procured limestone and dolomite from Katni and Gomadi mines and captively from United Minerals (partnership status).

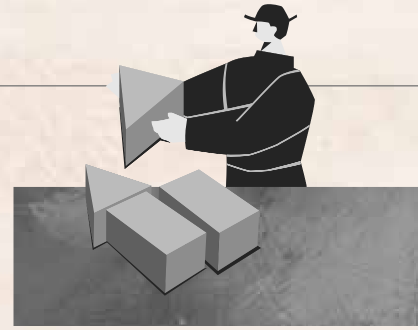
Manganese ore: The Company sourced manganese from OMML's Patmunda mine, one of the largest of its kind in India (manganese content 22% to 52%).

Power: The Company met 40% of its power requirements from a 34-MW captive power plant and the rest from the state electricity grid.

Road ahead

Going ahead, the Company plans to source its entire raw material requirement from captive sources (once its mines become fully operational). The logistics department is evaluating finished goods transportation through rakes and a hub-and-spoke product distribution model.

OPERATIONS



Highlights 2010-11

- Increased production from 3,32,254 tonnes in 2009-10 to 3,35,036 tonnes
- Sales volume of value-added rolled products increased by 12.43% from 1,34,057 tonnes in 2009-10 to 1,50,716 tonne in 2010-11
- Initiated total productive maintenance (TPM) to minimise downtime

Overview

Adhunik invested in a fully-integrated business model with captive mines and power plants, captive railway sidings and rakes, among others, comprising the following capacities: 445,400 TPA of steel, 3,00,000 TPA of sponge iron, 2,13,792 TPA of pig iron, 46,880 TPA of ferro alloys, 267,300 TPA of sinter, 1,20,000 TPA coke oven plant and a 34-MW captive power plant.

In a business where the price of end products is market-dependent, profitability is derived from cost control across core processes and by-product and waste utilisation.

Road ahead

Going ahead, the Company expects to further increase the capacity utilisation of its various facilities, bringing about operational efficiency.

Improvement strategies

Core processes	By product utilisation	Waste utilisation
• Improved yield and capacity utilisation from 87% and 72% in 2009-10 to 94% and 82%, through proper process analysis	• Blast furnace gas and coke over gas is used as fuel in the steel plant, resulting in a reduction in furnace oil consumption by 50% • Installed coal gassifiers for use of coal gas	• Fly ash and blast furnace slag (in granulated form) is supplied to the cement plants • Reused the char from rotary kiln through washing in and boiler – a first of its kind in India

QUALITY MANAGEMENT

Highlights 2010-11

- Reduced quality rejects from 3.45% in 2009-10 to 2.25%
- Products were approved by all major Indian OEMs

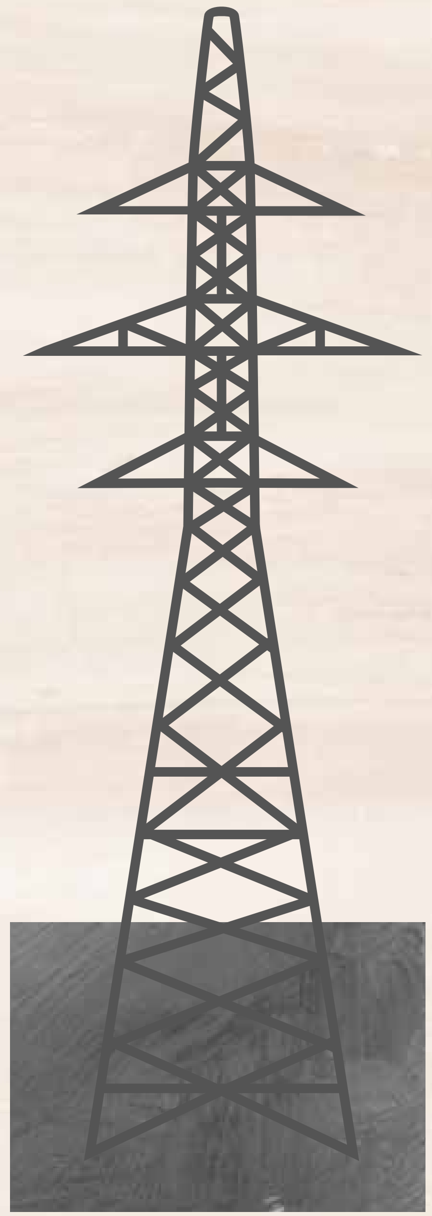
Overview

Quality is critical in a business where products are supplied to major automobile OEMs, resulting in longstanding relationships.

Adhunik's six-member quality team ensured strict conformance with globally-benchmarked quality standards across various operational functions. The Company invested in a state-of-the-art quality control laboratory, equipped with sophisticated equipment (vacuum de-gasser, electromagnetic stirrer, LECO hydrogen, nitrogen and oxygen analyser and metallographic polishing machines, among others). The Company is ISO 9001:2000-certified and also received coveted certificates like TS 16949, BIS (IS: 2830/IS: 2831) and RDSO.

Road ahead

Going ahead, the Company will remain focused on maintaining and enhancing its product quality.



POWER GENERATION

Highlights 2010-11

- Captive power plant achieved a PLF of 82% against 78% in 2009-10
- Acquired entire land requirement for 540-MW power plant
- Entered into an equity tie-up with SBI Macquarie for ₹125 crore.
- Tapering linkage received for the entire 540-MW power plant
- MOEF clearance for the entire 540-MW plant

Captive generation: Steel manufacture is power-intensive. Adhunik's two captive power plants (cumulative 34 MW) provide 40% of its power needs; the rest is sourced from the state grid. The power plant uses waste generated from the DRI plant, waste char (around 20% carbon) and coal washery rejects. Average per unit generation cost for the Company was ₹2.63 compared with grid purchases at ₹4 per unit.

Merchant power: The Group forayed into the power generation business through a subsidiary (Adhunik Power and Natural Resources Limited). It will establish a 1,080-MW plant across three phases in Jharkhand. In the first two phases, one unit of 270 MW each will be commissioned by April 2012 and another unit by September 2012. The Company acquired 400 acres of land (93% of total requirement) and necessary clearance from MoEF, Pollution Control Board and Airport Authority.

Progress of Phase I

- Awarded a boiler-turbine-generator contract from BHEL for 540 MW; placed orders for balance of plant (BoP)
- Allotted a captive coal mine (share 69 mn tonnes) with Tata Steel
- Entered into equity tie-ups with IDFC for ₹250 crore and SBI Macquarie for ₹125 Crore
- Received approvals for sourcing water from a perennial river 10 km away
- Received permission for constructing a railway siding
- Signed a long-term power purchase agreement for 200 MW.
- Signed a 850-MW bulk power transmission agreement with PGCIL for open access
- Received coal linkage from Central Coalfields for 540 MW generation capacity

Road ahead

Merchant power: The Company intends to establish an additional 540 MW (third phase) pursuant to an MoU signed with the Jharkhand government. It received MOEF clearance for an additional 540 MW. The Company signed MoUs with the Chhattisgarh, Orissa and Bihar governments for establishing 1,000-MW plants in each state.

MINING

Highlights 2010-11

- Increased manganese ore sales volume to 193,015 in 2010-11 from 145,279 in 2009-10, recording an increase of 32.85%
- Manganese ore realisations increased significantly by 85.14 % from ₹4,835 in 2009-10 to ₹8,952 in 2010-11, due to increased focus on high grade manganese ore mining
- Iron ore realisations increased significantly by 70.17% from ₹1,588 in 2009-10 to ₹2,702 in 2010-11
- OMM received working permission for three non-operative manganese mines in Orissa; commenced development
- The 1.2-million tonne iron ore beneficiation plant commenced operations in March 2011. The progress on the 1.2 million tonne pellet plant is on track

Overview

The Company, through its subsidiary, possesses iron ore and manganese ore mines with estimated resources of 97 mn tonnes and 53 mn tonnes respectively. These resources are expected to last over 30 years based on the Company's post-commissioning throughput. The iron ore and manganese ore mines are open cast with a low stripping ratio. The ratio of lumps to fines is 60:40. Some of the Company's major clients comprise Bhushan Steel, MSP Sponge Iron, Jindal Stainless and Rohit Ferro-Tech, among others. The Company is investing in a 1.2-MTPA iron ore beneficiation plant and pellet plant to convert iron ore fines into pellets and enhance revenues. The iron ore beneficiation plant was already commissioned in March 2011 and the pellet plant is expected to commence operations by the second half of 2012.

Road ahead

Going ahead, the Company expects to commission the pelletisation plants. The Company is also focused on commissioning the captive coal, iron ore and Suleipat iron ore mines on schedule.

OMML mining resources

Particulars	Ghatkuri Iron Ore Mines	Suleipat Iron Ore Mines (50:50 JV)	Patmunda Manganese Ore Mines	Other Manganese Ore Mines
Location	West Singbhum, Jharkhand	Mayurbhanj, Orissa	Sundergarh, Orissa	Koira, Orissa (5 mines)
Estimated resources (MMT)	97	80	53	5
Mine type	Open cast	Open cast	Open cast	Open cast
Grade	Fe: 58-62%	Fe: +64%	Mn: 28-38%+	Mn: 28-38%+
Area under mining lease (Ha)	276	618	807.3	150
Area under operations (Ha)	141	NA	91	100
Approved mining plan (MTPA)	2.00	0.6 (applied for 3.00 MTPA)	0.36	0.18
Current status	Operational since Jan 2009	COD H2 FY2012	Operational since Jan 2008	2 operational 2 under development

MARKETING

Highlights 2010-11

- Increased revenues 16.10% from ₹1,345.50 cr in to ₹1,562.19 cr
- Increased sales volume of finished steel 5.51% from 3,00,880 tonnes in 2009-10 to 3,17,476 tonnes
- Strengthened average manganese ore from ₹4,836 per ton to ₹9,010 per ton
- Strengthened average iron ore realisations from ₹1,588 per ton in 2009-10 to ₹2,703 per ton
- Introduced eddy current and automotive multiprobe ultrasound facility in the plant, which will enable the Company to manufacture quality products

Overview

Adhunik's 50-member marketing team enables it to identify customers and provide them with the right products. The Company is present in India with 15 marketing offices in 12 states. The Company sold 85% of its products to forging and engineering companies with onward applications for the automobile, power and oil and gas sectors. The Company's products are approved by major OEMs, resulting in threat minimisation from competitors. The Company installed TPM across the organisation including the marketing team. The dedicated sales team ensures a harmonious relationship with its customers, resulting in 70% of the revenues derived from customers more than five years old.

Road ahead

Going ahead, the Company will seek approvals from more OEMs. The Company is already in the process of receiving an approval from Hero Honda – India's leading two-wheeler manufacturer. It also expects to strengthen its order book in the coming year.

INFORMATION TECHNOLOGY

Adhunik invested in information technology to integrate the entire business process through the following initiatives:

- The Company implemented SAP-based ERP system from weighbridge to outbound material with the objective to identify goods-in-transit and reduce pilferage.
- The Company focused on enhancing the velocity of the valuechain to convert demand into sale into cash, reducing the production cycle time by 30%.
- The Company commissioned shared services to reduce manpower and ascertain the Group's cash position on a regular basis.
- The Company associated itself with SAP, Microsoft, Bosch, GE and Accenture for various services.

The Company also installed cameras in plants for remote monitoring. The Company invested in Cloud solution (Microsoft) to connect employees electronically across locations.

PEOPLE MANAGEMENT

Recruitment: Adhunik recruited candidates from premier polytechnic institutions in West Bengal, Orissa, Jharkhand and Chattishgarh, among others.

Highlights, 2010-11: The Company strengthened its people management through the following initiatives:

- Recruited 65 diploma engineers in 2010-11 (50 in the previous year)
- Recruited management graduates from renowned business schools (IMT Ghaziabad, ISM Dhanbad)
- Started competency mapping at the managerial level
- Worked with E&Y for process streamlining

Training: Adhunik conducted training programmes at managerial and shopfloor levels. It organised six training managerial programmes. Nominees of 30 landowners from whom plots were taken for the power project, were given technical training. Women workers are given computer training.

Appraisal: Adhunik introduced the Balance Scorecard system to appraise employee performance.

Motivation: Adhunik provided attractive compensation and other incentives (subsidised canteen services, medical facilities) to enhance employee loyalty.

ACCREDITATIONS

1. ISO/TS-16949
2. ISO 9001:2000
3. ISO 14001 for Effective Environment Management System by M/s BVCI
4. OHSAS 18001 for Effective Occupational Health and Safety Management System by M/s BVC
5. RDSO (for IS:1875 BLT/BLM/RCS/ROUNDS, IS:2062 Gr.B&C ROUNDS, Cr-Mo-V/Si-Mn SPRING STEEL ROUNDS),
6. RDSO-IS:1875 CL-1-4 ROUNDS / IS:2062 GR.B&C ROUNDS /Cr-Mo-V & Si-Mn ROUNDS /IS:1875 CL 1-4 RCS.
7. Central Boiler Board -
8. IBR known steel maker for as cast blt/blm/rounds for boiler application,
9. Approval of BHEL for manufacturing of boiler qlty steels.
10. BIS-IS:2830/IS:2831/TMT, E.RLY, S.E.RLY,
11. ORDNANCE UNITS - OFC/OFAJ/GCF/HVF/EFA/DRDO,
12. POWER GRID CORPN.,
13. AUTOMOTIVE & ENGINEERING OEMs etc
14. BIS-TMT.

FINANCE REVIEW

Income accounting method

The Company's financial statements were prepared in line with the Generally Accepted Accounting Principles and Accounting Standards as per Section 211(3C) of the Companies Act, 1956. The financial statements of the Company were prepared under the historical cost-convention basis and disclosures were made in accordance with the requirements of Schedule VI of the Companies Act, 1956, and the Indian accounting standards.

All the figures in this section are from the consolidated books of accounts.

Highlights, 2010-11

- Total income grew 22.76% from ₹1,494.45 cr in 2009-10 to ₹1,834.54 cr
- EBIDTA grew 37.63% from ₹427.14 cr in 2009-10 to ₹587.86 cr
- PAT surged 35.19% from ₹137.36 cr in 2009-10 to ₹184.31 cr
- Basic EPS increased 21.93% from Rs.12.24 in 2009-10 to Rs.14.92
- Cash profit increased 43.79% from ₹205.03 cr in 2009-10 to ₹294.81 cr

Revenues

The Company's total revenues (net sales) increased 23.71% in 2010-11, owing to the following reasons:

- Higher proportion of value-added products in the Company's product portfolio – from 1,34,057 tonnes in 2009-10 to 1,50,716 tonnes in 2011

Better sales realisation of billets and rolled products in 2010-11:

(In ₹)

Particulars	2010-11	2009-10
Billets	30,032	26,602
Rolled products	46,905	39,419

- Higher contribution by the mining business

Income by geography

Owing to a buoyant domestic steel demand in 2010-11, domestic revenues increased 18.61% from 1,535.39 cr in 2009-10 to 1,821.16 cr in 2010-11. The Company enjoys a market presence across various Indian states with 15 marketing offices, in addition to its presence in eastern India.

In 2010-11, export revenues accounted for 5.75% of revenues (0.22% in 2009-10). The Company's exports increased from ₹2.98 cr in 2009-10 to ₹104.71 cr in 2010-11, owing to increased global demand and the Company's enhanced focus on the export market.

Income by sources

Other income declined 8.19% from

₹44.80 cr in 2009-10 to ₹41.13 cr, largely owing to a lower write-back of unspent liabilities.

Cost analysis

The Company's total operating cost increased 16.81% from ₹1,067.31 cr in 2009-10 to ₹1,246.68 cr, largely owing to a rise in raw material and power and fuel costs, owing to enhanced production and improvement in key raw material prices.

Total cost, as a proportion of revenue, declined from 71.42% in 2009-10 to 67.96% in 2010-11, reflecting superior cost management.

Raw material cost: The Company's major raw materials comprised iron ore, coal and coke. Raw material cost increased 34.27% from ₹524.29 cr in 2009-10 to ₹703.95 cr, owing to increased production and cost inflation. Raw material cost, as a percentage of revenue, increased from 36.17% in 2009-10 to 39.25% in 2010-11.

Power and fuel cost: The Company's power and fuel cost, as a proportion of sales, increased from 4.70% in 2009-10 to 6.19% in 2010-11. Around 45% of the Company's power requirement was met through the captive 34-MW power plant, providing greater cost control. Average power cost of the Company stood at ₹3.38 per unit in 2010-11 against ₹2.72 per unit in 2009-10.The higher cost was owing to a rise in purchase cost and coal prices.

Manufacturing expenses: Manufacturing expenses (excluding power and fuel) increased 35.13% from ₹283.21 cr in 2009-10 to ₹382.69 cr in 2010-11, owing to an increase in royalty paid for mining, repairs and maintenance, among others. Manufacturing cost, as a proportion of revenue, stood at 21.34% in 2010-11 against 19.54% in 2009-10.

Employee and administration expenses: Cost under this head increased 46.01% from ₹57.34 cr in 2009-10 to ₹83.72 cr in 2010-11, owing to the organisation's expansion which further necessitated the creation of a larger team and an annual increment for employees. Employee cost, as a proportion of total revenue, stood at 4.67% in 2010-11 against 3.96% in 2009-10.

Capital employed

Capital employed increased 48.48% from ₹2,864.09 cr in 2009-10 to ₹4,252.65 cr in 2010-11, owing to funds deployed for expansion and increased integration. The Company ventured into merchant power generation and is setting up a 1.2-MT pellet plant requiring huge capital investment. The Company's return on capital employed declined from 14.91% in 2009-10 to 13.82% in 2010-11, as the capital invested in other businesses is yet to reap benefits.

Net worth: The Company's net worth strengthened 20.90% from ₹719.97 cr in 2009-10 to ₹870.41 cr in 2010-11, owing to an increase in reserves and surplus.

Equity capital: The Company's equity share capital comprised 12,34,99,536 shares of ₹10 each which remained unchanged during the year under review. As on March 31, 2011, the promoter's holding in the Company stood at 55.52%

Reserves and surplus: Reserves and surplus increased 25.11% from ₹597.02 cr as on March 31, 2010 to ₹746.91 cr in 2010-11, primarily owing to earnings retained in business. Around 65.67% of the reserves were free in nature as on 31st March 2011.

Borrowed funds

The Company's total debt portfolio comprised secured and unsecured loans. Total debt increased 54.70% from ₹1,943.49 cr as on March 31, 2010 to ₹3,006.54 cr as on March 31, 2011. Secured loans, comprising 95.83% of the debt portfolio as on March 31, 2011 (87.3% as on March 31, 2010) increased 69.81% from ₹1,696.70 cr as on March 31, 2010 to ₹2,881.24 cr as on March 31, 2011, owing to funds raised for the Company's ongoing expansion activities.

Unsecured loans, comprising 4.17% of the loan portfolio as on March 31, 2011 (12.7% as on March 31, 2010), declined 49.23% from ₹246.79 cr as on March 31, 2010 to ₹125.29 cr as on March 31, 2011, owing to debt repayment. The Company had a debt-equity ratio of 3.45 in 2010-11 (2.7 in 2009-10).

Interest cost

Interest charges increased from ₹159.46 cr in 2009-10 to ₹208.34 cr in 2010-11, an increase of 30.66%, owing to an increase in debt taken for business expansion (term loan).

Gross block

The Company's gross block increased 28.76% from 1,823.18 cr as on March 31, 2010 to ₹2,347.44 cr as on March 31, 2011, owing to the setting up of additional plants and machinery and increase in freehold land. Return on net block stood at 25.61% in 2010-11 against 26.39% in 2009-10, as the results of the gross block addition will be reflected in the coming years.

Depreciation

The Company adopted the straight line method of depreciation on its fixed assets, as prescribed in Schedule XIV of the Companies Act, 1956. On account of additions in gross block, depreciation increased 63.30% from ₹67.67 cr in 2009-10 to ₹110.50 cr in 2009-10. The accumulated depreciation, as a percentage of gross block, was 11.82%, indicating asset newness.

Investments

Investments increased 46.24% from ₹8.65 lacs as on March 31, 2010 to ₹12.65 lacs as on March 31, 2011, owing to investments made in the group company.

Working capital

Working capital outlay increased 15.30% from ₹430.07 cr as on March 31, 2010 to ₹495.86 cr as on March 31, 2011, owing to enhanced operations. Working capital, as a percentage of capital employed, declined from 15.02% in 2009-10 to 11.66% in 2010-11, owing to superior working capital management.

Sundry debtors: Debtors constituted 20% of the total current assets as on March 31, 2011, and increased 37.27% from ₹220.62 cr as on March 31, 2010 to ₹302.83% as on March 31, 2011. Debtors outstanding for over six months comprised 1.98% of the total debt. The average debtor days increased from 47 to 53 days of turnover equivalent.

Inventory: Inventories constituted 53.1% of the total current assets and increased 53.59% from ₹525.75 cr as on March 31, 2010 to ₹807.50 cr as on March 31, 2011. The increase in inventory was owing to an increase in finished goods, work in progress and traded goods. The inventory cycle stood at 134 days of turnover equivalent in 2010-11, against 115 days in 2009-10.

Cash and bank balance: The Company's cash and bank balance decreased 13.25% from ₹178.63 cr in 2009-10 to ₹154.96 cr as on March 31, 2011.

Loans and advances: Loans and advances constituted 16.64% of the Company's current assets, increasing 36.02% from ₹183.36 cr as on March 31, 2010 to ₹249.40 cr as on March 31, 2011. This was owing to a rise in security deposits, loans given to corporate bodies and cash advances.

Current liabilities and provisions: It increased 50.18% from ₹682.46 cr in 2009-10 to ₹1,024.88 cr in 2010-11. This was on account of larger raw material requirement on the back of capacity expansion.

Taxation

Total tax (including current tax and provisions for the earlier year) increased 32.40% from ₹62.94 cr in 2009-10 to ₹83.33 cr in 2010-11. This tax charge was owing to an increase in pre-tax profits.

Foreign exchange management

The Company made a foreign currency exchange income (net) of ₹1.01 cr during the year under review.

RISK MANAGEMENT

Risk is an expression of an uncertainty of events and its possible outcomes that can have a material impact on performance prospects. At Adhunik, the objective is to estimate, control, quantify and counter these risks and take initiatives which reduces risk and enhances rewards for the Company.

Industry risk

Industry downturn may hamper growth prospect of the Company.

Risk mitigation

- According to ACMA, the Indian auto component industry is expected to post a CAGR of 11% during 2008-15 on the back of strong growth in the domestic and export auto segments.
- Besides the auto sector, the Company developed other markets as well like engineering, power and railways to diversify its target market.
- The manganese ore demand growth is estimated at 9% per annum
- Asia's iron ore demand is expected to touch 1,300 mn tonnes by 2020.

Raw material risk

Non availability of the right quality of raw material at the right price could affect viability.

Risk mitigation

- The Company sources 40% of its iron ore requirements from Orissa Minerals and Manganese, a 100% subsidiary.
- The Company was allotted a captive iron ore mine (25 MMT) which is expected to be operational by 2011-12
- The Company was also allotted a captive coal mine (31 MMT) which is expected to be operational by 2014.
- Around 75% of the Company's raw materials is procured within 200 km from the manufacturing units.

Business strategy risk

The expansion strategies undertaken by the Company may not be successful.

Risk mitigation

- The Company created an integrated business model, helping manage production costs and enjoy high realisations through value-added products
- The Company is investing in merchant mining (through a 100% subsidiary) which contributes to 23% of the Company's consolidated revenue
- The Company is investing in a merchant power plant (India suffered a 12.1% peak power shortage during 2010-11)

Project execution risk

Delay in project execution could lead to cost over run on one hand and delay revenue generation on the other.

Risk mitigation

- The Company has a five-member dedicated project management team ensuring timely project completion
- The Company commissioned its iron ore mine in two years and manganese mine in one year against an industry average of 5-7 years
- All expansion projects of the Company are proceeding as per schedule

Funding risk

The Company may also not be able to mobilise funds at a competitive rate and in sufficient amounts; it may not also be able to service debt.

Risk mitigation

- The Company achieved financial closure for all its projects
- The Company had a debt-equity ratio of 3.45:1 (2010-11) which will be progressively strengthened following project commissioning
- The Company reported attractive viability – EBIDTA of ₹587.86 cr in 2010-11 on a debt of ₹1,740 crore excluding debt taken for non-operational assets i,e. APNRL, pellet plant and suleipat mines
- Going ahead, the commissioning of all its mines will enhance cash flow. Enough to feed its other businesses

Liquidity risk

The Company may not be able to fund its regular expenses, affecting operations.

Risk mitigation

- The Company enjoyed a current ratio and quick ratio of 1.48:1 and 1.19:1 respectively in 2010-11
- The Company enjoys a consortium of nine banks for working capital loans

Environmental risk

Non-compliance with environmental norms could affect operations.

Risk mitigation

- The Company received all necessary environment clearances related to mining
- It installed an effective dust suction system and electrostatic precipitators to minimise dust and other emissions
- It installed sprinklers at the material handling site to reduce dust emission.

CORPORATE SOCIAL RESPONSIBILITY






Sustainable development is an integral aspect of our business philosophy. We at Adhunik are committed to improve the human development index of the population we serve. Adhunik adopted 106 villages in five Indian states. We have a structured process of stakeholders' engagement to incorporate valuable suggestions for improvement. Adhunik developed and implemented CSR projects in all locations to address and meet the needs, concerns and aspirations of the community. Their participation is ensured in our monitoring, review and project execution.

All CSR projects are executed in partnership with Nav Nirman Sanstha, an NGO under Societies Registration Act, 1860, and the respective Gram Panchayats.

Key initiatives undertaken comprise community health services, strengthening anganwadis, improving literacy, strengthening the primary education system, sustainable livelihood, supporting local sports, art and cultural activities and the development of need-based village assets (infrastructure development).

Women empowerment: Women comprise half the population, most who live in villages near our project area represent the unserved and tribal community. They are socio-economically underprivileged. Adhunik Group initiated skill development programmes to empower women and make them economically self-reliant. Our key programmes include soap making, envelope making, phenyl making, domestic food products, paper envelopes, mushrooms, pattals (plates made of leaves), incense sticks, among others. Various training programmes on stitching, embroidery, tailoring and fashion designing are conducted at all locations. We facilitate backward and forward linkages for 30 SHGs. The average income of each SHG member improved by almost 25%.

Health: Regular health camps are organised to provide basic health services to the community by a team of qualified doctors, pharmacists and paramedics. Patients requiring referrals are treated at nearby hospitals and nursing homes. Treatment expenses are sponsored by us.

We execute healthcare projects in partnership with the district health system and the village development committee.

Education: Adult literacy classes are organised in villages. In the previous year, nearly 460 women and men were provided with the gift of literacy. Adhunik Group is working towards strengthening 53 anganwadi centres under ICDS, with an objective to eliminate severe malnutrition among the anganwadi beneficiaries.

School building renovation and furniture arrangements are undertaken as and when required, besides extending financial support to underprivileged children. Study material and teaching aids are provided to various students in the nearby villages. Free bus services are provided to college girls.

Training and self-employment: Adhunik Group organised training programmes for women groups on health, hygiene, sanitation, childcare, first aid and kitchen gardening through self-help groups in adopted villages. Terracotta, computer skills, electrical and electronic home appliance repairs, fitter and welding, driving and nursing training, among others, are extended to various villages, providing a source of income for villagers.

Training programmes on modern techniques of farming, use of quality seeds and organic farming for 'kisan samities' are also held.

Village infrastructure development: Safe drinking water is a thrust area in our CSR approach. We initiated and completed a safe drinking water project successfully in the villages. We operationalised an innovative project known as Nero Pristine in partnership with Brace Foundation at two villages in the Kuarmunda block of Sundergarh district in Odisha.

We provided electricity, RCC roads, drains, sanitary toilets, playground, among others, to our adopted villages.

Sports: We proactively supported and organised sporting events for school children, girls and youth. A sports club was developed in partnership with the local youth, and sports kits and equipment were provided. We supported and participated in local festivals and cultural activities throughout the year.

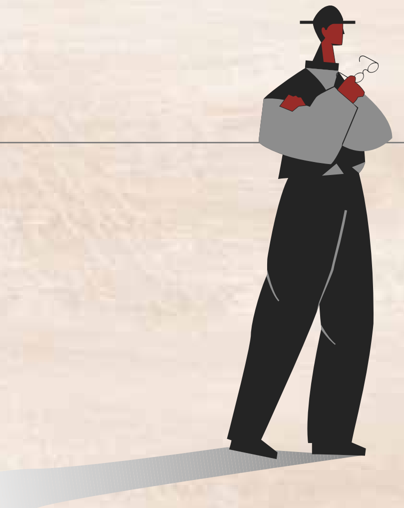
Employee safety

Employee safety is the Company's prime concern. The Company introduced several initiatives to ensure employee safety at workplaces. The Company conforms to the statutory safety standards. Use of personal protective equipment by employees to prevent injury is strictly enforced.

The Company instituted an emergency management plan. Fully-equipped fire station with fire tender, communication facilities and fire extinguishers with fire fighting crew is in place. Additionally, fire training drills are conducted periodically, providing hands-on training and thereby improving employee ownership in promoting safety. Adhunik Metaliks Limited also coveted ISO14001:2004 and OSHAS 18001:2007 for effective management system and occupational health & safety management system.

Safety training

The Company's employees are imparted regular safety training. Safety training is conducted in critical plant operations and maintenance areas. The month-long safety training campaign titled 'Our safety is in our hands' which ended on 15th December 2010, covered 4,402 employees, including contractors' workmen, through a series of one-day safety training programmes.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Tenth Annual Report and Audited Accounts for the financial year ended March 31, 2011.

Financial

The financial performance of the Company for the year ended March 31, 2011 is summarised below:

	2010-11		2009-10	
Particulars	₹ lakhs	$ mn	₹ lakhs	$ mn
Sales, services and job work	1,56,218	350	1,34,550	298
Less: Excise duty	12,488	28	8,691	19
	1,43,730	322	1,25,859	279
Profit before interest, depreciation and tax	32,150	72	26,414	58
Less: Interest	16,732	37	13,802	30
Depreciation	8,758	20	5,823	13
Profit before tax	6,661	15	6,789	15
Less: Provision for taxation	974	2		
Current tax	-	-	1,125	2
Income tax relating to earlier years/	-	-	273	1
(Excess provision for taxation written back)				
Profit after taxation	5,686	13	5,391	12
Add: Balance brought forward from previous years	21,266	48	18,391	40
Less: Adjustment of loss on amalgamation			581	1
Profit available for appropriation	26,952	60	23,201	51
Less: Transfer to General Reserve	284	1	135	0
Proposed dividend	1,853	4	1,544	3
Dividend Distribution tax	8	0	256	1
Profit carried to balance sheet	24,806	55	21,266	47

* 1$ = ₹44.65 exchange rate as on March 31, 2011 (1$ = ₹45.14 as on March 31, 2010)

Operations

Your Company continues to progress well as a result of our focus on high value-added rolled products despite recent raw material cost pressures. The Company also benefited from the continued strong demand of steel in the auto, infrastructure and engineering sectors during the year. In the mining business, we continued to ramp up our production and focused on medium to high grade manganese ore which helped improve average price realisations. Iron ore prices also increased significantly during the year, which also contributed to an increase in margins of the mining business. The first phase of power venture is expected to commence production by March 2012.

The Company achieved net sales of ₹1,437.30 cr in FY 2011, an increase of 14.2% compared to the prior year primarily due to an increase in sales volumes and prices. Profit after tax also increased to ₹56.86 cr in FY 2011 against ₹53.90 cr in FY 2010. The Company's sales volume of billets and rolled products increased from 3,00,880 MT in FY 2010 to 3,17,892 MT in FY 2011.

The Company's consolidated net sales increased to 1,793.41 cr in FY 2011, an increase of 23.7% compared with the prior year, driven by strong performance in the mining segment. The consolidated profit after tax also increased from ₹137.35 cr to ₹184.31 cr in FY 2011, recording a jump of 34.2%.

Deposits

Your Company did not accept any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

Transfer to Reserves

In compliance with sub-section (2-A) of section 205 of the Companies Act, 1956 and in accordance with The Companies (Transfer of Profits to Reserves) Rules, 1975, it is proposed to carry an amount of ₹284.30 lakhs (₹134.76 lakhs) to the General Reserves.

Dividend

Yours Directors recommended a dividend of ₹1.50 per share (last year ₹1.25 per share) subject to approval of the shareholders at the ensuing Annual General Meeting. The dividend will be paid on 12,34,99,536 equity shares in line with the applicable regulations. The dividend will be paid to the members whose name appear in the Register of Members as on August 31, 2011; in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central depository Services (India) Limited, as beneficial owners. The total dividend outflow is ₹2,153.01 lakhs, as against ₹1,800.14 lakhs in the previous year.

Deferred tax

In terms of Accounting Standard on 'Accounting for Taxes on Income' (AS-22) issued by Institute of Chartered Accountants of India and in compliance with Hon'ble Calcutta High Court order dated May 7, 2007, and order dated March 29, 2010 the Securities Premium Account was utilised towards net deferred tax liability amounting to ₹1,289.03 lakhs (₹3,545.32 lakhs) during the year under review.

Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

The Company has executed the Mining Lease with Government of Orissa, Department of Steel & Mines, for iron ore over an area of 33.803 hectares in village - Deojhar, Kulum and Mahadevnasa under Champua sub-division of Keonjhar district. These strategies and initiatives are aimed at ensuring that Adhunik delivers long-term sustainable growth and creates unprecedented value for all its stakeholders.

Subsidiaries

Your Company has four subsidiaries viz.:

- Adhunik Power Transmission Limited (Formerly Unistar Galvanisers & Fabricators Limited) became a subsidiary of the Company with effect from July 17, 2006. During the year under review, the name of Unistar Galvanisers & Fabricators Limited was changed to Adhunik Power Transmission Limited vide ROC Certificate dated January 4, 2011 issued pursuant to section 23(1) of the Companies Act, 1956.

- Orissa Manganese & Minerals Limited became a subsidiary of the Company with effect from April 5, 2007
- Neepaz V Forge (India) Limited became subsidiary of the Company with effect from October 4, 2007
- Adhunik Power & Natural Resources Ltd became subsidiary of the Company with effect from November 14, 2008. However with effect from December 24, 2010 Adhunik Power & Natural Resources became a subsidiary of Orissa Manganese & Minerals Limited, the wholly-owned subsidiary of the Company.

During 2010-11, Adhunik Power & Natural Resources Limited which is in the process of implementing 270 MW X 2 thermal power project in the state of Jharkhand also received equity commitment of ₹125 crore from SBI Macquarie Infrastructure Fund. This was in addition to ₹250 crore of equity commitment from IDFC Project Equity Fund.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the balance sheet, profit and loss account and other documents of the subsidiary companies namely Orissa Manganese & Minerals Limited, Adhunik Power & Natural Resources Limited, Neepaz VForge (India) Limited and M/s Adhunik Power Transmission Limited (formerly M/s Unistar Galvanisers & Fabricators Limited) are not being attached with the balance sheet of the Company. The annual accounts of the subsidiary companies and the related detailed information is available on the Company's website. The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and of the subsidiary companies concerned. The consolidated financial statements presented by the Company include the financial results of its subsidiary companies. The statement as required under General Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs with respect to disclosure of certain information in the consolidated balance sheet in aggregate for each subsidiary including subsidiaries of subsidiaries is annexed, and forms part of consolidated balance sheet:

Consolidated Financial Statement and Cash Flow Statement

The consolidated financial statements were prepared by your Company in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and the same together with the Auditor's Report thereof form a part of the Annual Report. The consolidated net profit of the Company amounted to ₹18,431 lakhs as compared with ₹5,687 lakhs for the Company on a standalone basis. In conformity with the provisions of Clause 32 of the Listing Agreement the Cash Flow Statement for the year ended March 31, 2011 is included in the annual accounts.

Personnel

At Adhunik, values make for more than just a powerful tagline. We have a proven role model for creating wealth ethically and legally. We engage employees through a fair and rewarding work environment. The information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is provided in the Annexure, attached hereto, and forming part of this report.

Directors

During the year under review, Mr. Makhan Lal Majumdar resigned as Independent Director of the Board with effect from February 11, 2011. The Board placed on record its deep sense of appreciation for the services rendered by Mr. Makhan Lal Majumdar as an Independent Director of the Board.

In accordance with the provisions of the Companies Act, 1956 and Article 152 of the Articles of Association, Mr. Ghanshyam Das Agarwal, Mr. Mohan Lal Agarwal, Mr. Lalit Mohan Chatterjee and Mr. Nihar Ranjan Hota, Directors of your Company, retire from the Board by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re-election. The Board has recommended their re-election.

Pursuant to Clause 49 of the Listing Agreement, the details of the Directors seeking reappointment together with the nature of their expertise in specific functional areas, their shareholding and names of the companies in which they hold office as Director and/or the Chairman/Membership of Committees of the Board, are provided in the Notice of the ensuing Annual General Meeting.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm and state that:

(i) In the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards were followed and there were no material departures;

(ii) The Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for that period;

(iii) The Directors took proper and sufficient care to maintain 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 fraud and other irregularities;

(iv) The Directors had prepared the annual accounts on a going concern basis.

Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI.A separate section on Corporate Governance is annexed and forms part of the annual report. A certificate from Mr. B. P. Dhanuka, Practicing Company Secretary (Past President of Institute of Company Secretaries of India), regarding compliance of conditions and provisions of the Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is given as annexure to the report along with a certificate from CEO/CFO in terms of sub Clause (v) of Clause 49 of the Listing Agreement.

Code of Conduct

In compliance with Clause 49 of the Listing Agreement, the Company adopted a Code of Conduct for all Board Members and Senior Management of the Company. A copy of the said Code of Conduct for all Board Members and Senior Management of the Company is available on the Company's website. All the members of the Board and Senior Management of the Company have affirmed compliance with the Code for the financial year 2010-11. A declaration to this effect signed by the Managing Director is annexed and forms part of the annual report.

Code for Prevention of Insider Trading Practices

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations1992, a comprehensive code for prevention of Insider Trading is in place. The objective of the Code is to prevent purchase and /or sale of shares of the Company by insider while in possession of unpublished price sensitive information. The Code is available on the Company's website.

Statutory Disclosures

None of the Directors of the Company are disqualified as per the provisions of Section 274(1)(g) of the Companies Act 1956. The Directors made necessary disclosures, as required under various provisions of the Companies Act and Clause 49 of the Listing Agreement.

Equity Shares in Suspense Account

As per Clause 5A(I) of the Listing Agreement, the Company reports the following details in respect of equity shares lying in the suspense account which were issued pursuant to the public issue or any other issue as provided by the Registrar & Transfer Agents:

Particulars	No. of shareholders	No. of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2010	6	1,574
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	2	750
Number of shareholders to whom shares were transferred from the suspense account during the year	2	750
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2011	4	824

The voting rights on the shares outstanding in the suspense account as on March 31, 2011 shall remain frozen till the rightful owner of such shares claims the shares.

As per Clause 5A(II) of the Listing Agreement, there are no shares issued in physical form pursuant to a public issue or any other issue and remain unclaimed.

Transfer of amounts to Investor Education and Protection Fund

Pursuant to the provisions of section 205A(5) of the Companies Act, 1956, the Company is not required to transfer any amount to Investor Protection and Education Fund as the Company is declaring dividends since financial year 2005-06 and as such there is no amount of dividend which was due and payable and remained unclaimed and unpaid for a period of seven years.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Informations required pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Company's (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in the annexure attached hereto and forming part of this report.

Auditors

M/s. S. R. Batliboi & Co., Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment.

The Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act. The Board recommends their reappointment.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Appreciation

The Board takes this opportunity to express its sincere appreciation for the excellent support and cooperation received from Company's customers, suppliers, government authorities, bankers, investors, financial institutions and shareholders for their consistent support to the Company. The Directors also sincerely acknowledge the outstanding support and services of the workers, staff and executives of the Company, which have together contributed to the efficient operation and management of the Company.

Registered office

14 Netaji Subhas Road, Kolkata -- 700001
Date: May 20, 2011

For and on behalf of the Board

Ghanshyam Das Agarwal
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 under section 217(1)(e)

a. **Energy conservation measures taken:**

- Energy conservation measures in Adhunik Metaliks Limited have been given the top most priority as the Company is committed to be a green plant. Utilisation of waste product, by-product gases, better thermal efficiency are some of the activities.

1. Installation of rare earth magnet in DRI circuit to separate magnetic material from Char and thereby increase in % of char, which otherwise create waste disposal problem in coal blend of captive power plant resulting in less raw coal consumption.
2. Washing of char to increase fixed carbon content of char, thereby making it suitable to replace a part of raw coal charge in producing DRI.
3. Installation of new producer gas plant to decrease/eliminate oil consumption in rolling mill no. 2.
4. Optimisation of combustion air volume in R.H furnace of RM-1 to conserve oil consumption.

b. **Additional investments and proposals, if any, being implemented for reduction of consumption of energy;**

- Feasibility of having fluidised boiler which can use up to 60% char is being examined.

c. **Impact of the above (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods;**

- Use of char in DRI and CFBC boiler as part replacement of raw coal saves ₹2 lacs/day for each 100 ton of char use per day.

Form A

Form for Disclosure of Particulars with respect to conservation of energy.

Power and fuel consumption

Electricity	Standards, if any	Current year	Previous year
Purchased			
Unit (lakhs – kwh)		2,688.73	2,500.26
Total amount (₹in lakhs)		10,750.87	8,196.02
Rate/unit (₹in lakhs)		4.00	3.28
Own generation			
Through diesel generator			
Unit (lakhs – kwh)		3.15	0.28

Electricity	Standards, if any	Current year	Previous year
Units per ltrs. of high-speed diesel		3.65	0.10
Cost/unit (₹in lakhs)		9.54	3.07
Through steam turbine/generator			
Units (lakhs – kwh)		2,204.63	2,098.11
Total amount (₹in lakhs)		5,804.81	4,299.22
Cost/unit (₹in lakhs)		2.63	2.05
Coal			
Quantity (tonnes)		4,27,865.00	6,62,243.00
Total cost		2,07,07,90,130.00	1,67,10,17,000.00
Average rate		4,839.82	2,523.27
Coke			
Quantity (tonnes)		1,44,238.00	1,40,698
Total cost		2,20,71,82,989.00	1,85,28,03,429
Average rate		15,302.37	13,168.66
Furnace oil			
Quantity (k. ltrs)			
Total amount			
Average rate			
Light diesel oil			
Quantity (k. ltrs)			
Total amount (₹ in lakhs)			
Average rate (₹ per k. ltrs)			
High speed diesel oil			
Quantity (k. ltrs)		1,444.425	2,765
Total amount (₹ in lakhs)		497.62	0.86
Average rate (₹ per k. ltrs)		34.45	31.22
Consumption (in units) per ton of sponge iron			
Electricity		113.65	105.82
Coal		1.59	1.28
Furnace oil			
Others			
Light diesel oil (litres)			
High-speed diesel oil (litres)			
Consumption (in units) per ton of pig iron			
Electricity		155.49	150.03
Coal		0.56	0.32
Furnace oil		0.69	0.70
Others			
Light diesel oil (litres)			
High-speed diesel oil (litres)			

Electricity	Standards, if any	Current year	Previous year
Consumption (in units) per ton of billet			
Electricity		768.19	680.97
Coal		0.01	0.01
Furnace oil		0.02	0.02
Others			
Light diesel oil (litres)			
High -speed diesel oil (litres)			
Consumption (in units) per ton of rolled product			
Electricity		98.39	70.86
Coal			
Furnace oil			
Others			
Light diesel oil (litres)			
High-speed diesel oil (litres)			
Electricity		4,450.56	4,170.97
Coal		0.01	0.13
Furnace oil		0.65	0.77
Others			
Light diesel oil (litres)			
High-speed diesel oil (litres)			

Form B

Form for disclosure of particulars with respect to absorption

Research & Development (R&D)

Specific areas in which R&D carried out by the Company	Some fundamental research work were conducted on changes in mode of de-oxidation practice by using coke in ladle during tapping instead of following the conventional practice of use of substantial qty of alloys. This has improved the steel cleanliness dramatically since the product of de-oxidation is gas and can leave the steel easily. Hot heel & EBT practices in EAF has a more profound influence on the success of this research.
Benefits derived as a result of the above R&D	This improved practice has resulted in saving of deoxidiser's qty being used for preliminary de-oxidation. Steel quality has improved also.
Future plan of action	• Manufacturing and supply of rolled products to forgers in higher size Round & RCS with controlled D.I for heavy duty gear application and export to Italy. • Study of the relationship of matls Creep Properties at varying N2 level is underway.
Expenditure on R&D	All the above activities are a part of Continual Improvement Project and therefore separate head of expenses on R&D is not maintained.
Capital	–

Recurring	–
Total	–
Total R&D expenditure as a percentage of total turnover	–

Technology absorption, adaptation and innovation

Efforts, in brief, made towards technology absorption, adaptation and innovation	Presently the Company has become one of most cost-competitive companies due to large reserve of raw materials supported by good logistics, product quality and strong and flexible business strategies best suited to the market condition keeping Customer needs in focus.
Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development and import substitution, among others.	Effect of all the above multi-directional efforts have given the Company a strong customer base having highest ever customer satisfaction level. Manufacturing and supply of rolled products to forging & critical engg. applications has been increased substantially. Steel supplied by the Company is being used by the most reputed automakers e.g. HONDA , HERO- HONDA , MARUTI SUZUKI , DANA SPICER,DAIMLER BENZ, among others
In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished	
Technology imported	Discussions with NIPPON STEEL on technology co-operation is underway
Year of import	2010 -'11
Has technology been fully absorbed?	In process
If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.	

Foreign exchange earnings and outgo

Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans;

Total foreign exchange used and earned	Current year	Previous year
Foreign exchange earnings (₹ in lakhs)	12,179.63	298.44
Foreign exchange outgo (₹ in lakhs)	8,268.31	65.05

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Sl. No.	Name	Designation	Remu-neration Received (in ₹)	Nature of Employment and other terms	Nature of Duties	Qualification and Experience (yrs)	Date of Employ-ment	Age	Last Employment and Designation	% of Equity Shares
1	Manoj Agarwal	Managing Director	12,000,000.00	Contractual & full time employment from 16.03.2009 to 15.03.2014	Management & overall incharge	B.E. (Engg.) 19 years	16.03.04	41	-	1.05%
2	Sanjay Pratap	ED - Mines & Govt. Affairs	8,520,609.00	Permanent & Full time employment	Liasoning with Govt Offical related to Mining	BA, LLB 21 years	01.11.09	45	Bhushan Group of Industries, Dy. General Manager	-
3	Ashok Kumar*	C.E.O	3,370,543.69	Permanent & Full time employment	Head of Steel Business of Rourkela Plant	B.SC. Engg. in Metallurgy 38 years	08.11.10	61	Bhilai Steel Plant, Executive Director	-
4	Nilotpal Roy **	Joint Managing Director & CEO	4,305,919.80	Permanent & Full time employment	Head of Steel Business of Rourkela Plant.	BE(Chem), M.Tech(Chem) 39 years	11.02.08	63	IISCO (SAIL), Managing Director	-

* Employed for the part of the year

**Employed for the part of the year i.e. till 21.10.2010

For and on behalf of the Board

Ghanshyam Das Agarwal
Chairman

Registered office

14 Netaji Subhas Road, Kolkata -- 700001
Date: May 20, 2011

Details as per MCA direction under section 212 of the Companies Act, 1956 as on 31.03.2011

	2010-11			
Particulars	Orissa Manganese & Minerals Ltd	Adhunik Power Transmission Limited	Neepaz VForge (India) Limited	Adhunik Power and Natural Resources Limited
Authorised Capital	35,000,000	35,000,000	250,000,000	5,150,000,000
Paid-up Capital	20,000,000	32,960,000	158,333,330	3,065,817,530
Reserves	2,627,781,495	156,536,246	394,998,197	11,290
Total Assets	9,028,284,180	651,607,282	3,139,455,742	15,470,299,834
Total liabilities	7,546,402,685	462,111,036	2,586,224,215	12,404,471,014
Investments	1,165,900,000	-	100,000	-
Turnover	4,380,371,710	209,342,508	1,161,152,441	-
Profit Before Taxation	2,270,649,960	3,143,137	28,732,468	-
Provision for Taxation	758,091,571	(2,395,231)	(19,819,332)	-
Profit after Taxation	1,512,558,389	5,538,368	48,551,800	-
Proposed Dividend	180,000,000	-	-	-

Statement Pursuant to Section 212 of the Companies Act, 1956

Name of the subsidiary	Financial Year ending of the subsidiary	Number of equity share held	Extent of holding	For finacial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in Col. 6).	Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company.	Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in Col. 8)	Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company.
				(₹in lacs)	(₹in lacs)	(₹in lacs)	(₹in lacs)
				(5)	(6)	(7)	(8)
Orissa Manganese & Minerals Ltd	31.03.2011	2,000,000	100%	13,325.58	1,800.00	12,735.96	-
Adhunik Power & Transmission Ltd. (Formely Known as United Galvanisers & Fabricators Ltd.)	31.03.2011	2,728,350	82.78%	45.85	-	535.86	-
Neepaz V Forge (India) Limited	31.03.2011	9,373,042	59.20%	287.43	-	(394.97)	-
Adhunik Power & Natural Resources Limited	31.03.2011	170,036,393	97.96%	-	-	-	

REPORT ON CORPORATE GOVERNANCE

Your Company has been practicing the principles of good Corporate Governance, which comprise all activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management.

The details of the Corporate Governance compliance by the Company as per Clause 49 of the Listing Agreement with stock exchanges are as under:

Company's philosophy on Corporate Governance

Company's philosophy on Corporate Governance is to achieve business excellence and to dedicate itself for increasing long term shareholder's value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. We believe that Corporate Governance is voluntary and self-discipline code which means not only ensuring compliance with regulatory requirements but also by being responsive to our stakeholders needs.

The key elements of good Corporate Governance include honesty, trust, integrity, openness, performance orientation, responsibility and accountability, mutual respect, and a commitment to the organisation. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of Corporate Governance. This improves public understanding of the structure, activities and policies of the organisation. Consequently, the organisation is able to attract investors, and enhance the trust and confidence of the stakeholders.

The Board of Directors ('the Board') is at the core of our Corporate Governance practice and oversees how the management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure highest standards of corporate governance.

Best Corporate Governance practices: The Company believes in maintaining the highest standards of Corporate Governance and it's the Company's constant endeavour to adopt the best Corporate Governance practices. Some of the best governance norms put into practice include the following:

- All Stock Exchanges and SEBI quarterly/half yearly compliances are reviewed by the Shareholders'/ Investors' Grievance Committee of Directors of the Company.

• The Company undergoes internal audit conducted by independent auditors and they give quarterly presentations on the scope of work defined by Audit Committee Meeting for each quarter towards strengthening the internal control process.

• Recruitment and remuneration of senior management;

• Report and analysis of financial statements by Statutory Auditors.

Shareholders communications: The Board recognises the importance of two-way communication with shareholders and giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. Company's corporate website: www.adhunikgroup.com has information for institutional and retail shareholders alike. Shareholders seeking information may contact the Company directly or through the Company's Registrars and Transfer Agents, details of which are available on the Company's website. The Company ensures that queries, complaints and suggestions are responded in a timely and consistent manner.

The Ministry of Corporate Affairs has taken a "Green initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circular stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the depository through their concerned depository participant. Members who hold shares in physical form are requested to register their e-mail addresses with Karvy Computershare Private Limited, Registrar and Transfer Agents of the Company by mentioning the Company Name and Folio Number/DPID & Client ID through e-mail to our Registrars M/s Karvy Computershare Pvt. Limited at adh.cs@karvy.com<mailto:adh.cs@karvy.com>.

Board of Directors

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Managing Director is assisted by the Senior Managerial personnel in overseeing the functional matters of the Company.

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic supervision of the Company and its subsidiaries. As trustees, the Board ensures that the Company has clear goals relating to shareholder value and its growth and seeks accountability for their fulfillment. The Company's Board comprises an adequate blend of professional, executive and Independent Directors.

Composition

The total strength of the Board during the year under review was twelve (12). However, as on March 31, 2011 there were eleven (11) Directors, out of which five (5) Directors were Independent. Since Mr. Makhan Lal Majumdar resigned as Independent Member of the Board with effect from February 11, 2011, there was one casual vacancy in the office of Independent Director of the Board. The Board undertakes to fill the vacancy within the prescribed time limit as provided under Clause 49(1)(c)(iv) of the Listing Agreement with Stock Exchanges.

During the year under review, the Board met four times on May 30, 2010, August 12, 2010, November 13, 2010 and February 11, 2011. The maximum time gap between any two consecutive meetings was not more than four months.

The constitution of the Board during the year ended March 31, 2011 and their attendance at the board meetings, last Annual General Meeting and the Directorship/ Chairmanship/ Membership of Committee of each Director in other limited companies are as under:

Serial number	Name of Director	Attendance Board	Last AGM	Category of Directors	Other Directorship	Other Committee Membership	Other Committee Chairmanship
1	Shri Ghanshyam Das Agarwal	4	Yes	Non-Executive Chairman	10	02	X
2	Shri Jugal Kishore Agarwal	4	Yes	Non-Executive Director	11	X	X
3	Shri Nirmal Kumar Agarwal	4	Yes	Non-Executive Director	12	02	X
4	Shri Mohan Lal Agarwal	3	No	Non-Executive Director	10	X	X
5	Shri Mahesh Kumar Agarwal	3	No	Non-Executive Director	12	X	X
6	Shri Surendra Mohan Lakhotia	4	Yes	Independent Director	02	02	01
7	Shri Nihar Ranjan Hota	4	Yes	Independent Director	X	X	X
8	Shri Lalit Mohan Chatterjee	4	No	Independent Director	01	01	X
9	Dr. Ramgopal Agarwala	2	No	Independent Director	01	X	X
10	Shri Nandanandan Mishra	4	No	Independent Director	03	03	X
11	Shri Makhan Lal Majumdar	2	No	Independent Director	X	X	X
12	Shri Manoj Kumar Agarwal	4	Yes	Managing Director	13	02	X

Notes

1. Directors (serial nos. 1 to 5 and 12) are related to each other.
2. Committee includes Audit Committee and Shareholders'/Investors' Grievance Committee only.
3. Other directorship includes Directorship in Companies as per section 275/278 of the Companies act, 1956.
4. All the Directors certified that the disqualifications mentioned under section 274(1)(g) of the Companies Act, 1956 do not apply to them.
5. None of the Directors is a member in more than 10 committees or act as a Chairman of more than five committees across all Companies in which he is a Director and the same is in compliance with Clause 49(1)(c)(iv) of the Listing Agreement.
6. No other fees/compensation except sitting fees is being paid to Non-Executive Directors.
7. Mr. Makhan Lal Majumdar resigned from the Board w.e.f. February 11, 2011.

Shareholding of Directors in the Company as on March 31, 2011

Name of Directors	Number of equity shares
Shri Ghanshyam Das Agarwal	10,85,536
Shri Jugal Kishore Agarwal	12,52,032
Shri Nirmal Kumar Agarwal	15,40,825
Shri Mohan Lal Agarwal	14,53,763
Shri Mahesh Kumar Agarwal	12,13,846
Shri Lalit Mohan Chatterjee	1,000
Shri Nihar Ranjan Hota	Nil
Dr. Ramgopal Agarwala	Nil
Shri Nandanandan Mishra	Nil
Shri Makhan Lal Majumdar	Nil
Shri Surendra Mohan Lakhotia	Nil
Shri Manoj Kumar Agarwal	12,97,256

Board business

The normal business of the Board includes:

- General notice of interest of Directors
- Appointment, remuneration and resignation of Directors, Chief Financial Officer and Company Secretary of the Company
- Declaration of independent directors at the time of appointment/ annually
- Strategies for shaping of portfolio and direction of the Company and priorities, in corporate resource allocation
- Corporate annual plan and operating framework
- Quarterly business performance reports
- Convening a meeting of shareholders of the Company, setting the agenda thereof, and ensuring that a satisfactory dialogue with shareholders takes place
- Declaration/recommendation of dividend
- Formation/reconstitution of Board Committees and their terms of reference
- Review of functioning of the Board and its Committees
- Review of functioning of the material non-listed subsidiary companies
- Minutes of meetings of Audit Committee and other Committees of the Board and minutes of the Board meetings of material unlisted subsidiary companies
- Annual review of accounts for adoption by shareholders
- Quarterly and annual results announcements
- Merger, acquisition, joint venture or disposal, if any
- Materially important show cause, demand, prosecution and penalty notices
- Significant development in the human resources and industrial relations fronts;
- Risk evaluation and control
- Summary of all long-term borrowings made, bank guarantees issued, loans and investments made
- Significant changes in accounting policies and internal controls
- Statement of significant transactions and arrangements entered by material unlisted subsidiary companies
- Internal Audit findings and External Audit Reports (through the Audit Committee)
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer (if any), etc.(through the Shareholders/ Investor's Grievance Committee)
- Brief on statutory developments, changes in government policies, etc. with impact thereof, Directors' responsibilities arising out of any such developments
- Brief on information disseminated to the press
- Compliance with all relevant legislations and regulations

Board support

The management and the conduct of the affairs of the Company lie with the Managing Director, who heads the management team. He is collectively entrusted with the task of ensuring that all management functions are executed professionally, and are accountable to the Board for their actions and results.

The Company Secretary of the Company attends all the meetings of Board.

Board independence

For a Director to be considered independent, the Board determines that the Director does not have any direct or indirect material pecuniary relationship with the Company. The Board has adopted guidelines which are in line with the applicable legal requirements. Our definition of independence of Directors is derived from Clause 49 of the Listing Agreement with Stock Exchanges. Based on the confirmation/disclosures from the Directors and on evaluation of relationships disclosed, the Company had optimum mix of Independent Directors on the Board of the Company.

The Independent Directors have the requisite qualifications and experience in their respective fields which is of great use to the Company. They contribute in significant measure to Board Committees. Their independent role vis-à-vis the Company means that they have a special contribution to make in situations where they add a broader perspective by ensuring that the interests of all stakeholders are kept in acceptable balance and in providing an objective view in any instances where a (potential) conflict of interest may arise between stakeholders.

Board meetings

Scheduling and selection of agenda items for Board meetings:

i) Minimum four pre-scheduled Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice at any time to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

ii) The meetings are usually held at the Company's Corporate Office at 2/1 A, Sarat Bose Road, "Lansdowne Towers", Kolkata - 700020.

iii) Meetings are governed by a structured agenda. All departments in the Company are encouraged to schedule their work plans well in advance, particularly with regard to matters requiring discussion/approval in the Board meetings. All such matters are required to be communicated to the Secretarial Department in advance so that the same could be included in the Agenda for the Board meetings. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.

iv) The Board is given presentations covering finance, the major business segments and operations of the Company, before taking on record the results of the Company for the preceding financial quarter at each of the pre-scheduled Board meeting.

The Managing Director and the Company Secretary in consultation with the other concerned persons in senior management finalise the agenda papers for the Board Meeting. Directors have access to the Company Secretary's support on all information of the Company and are free to suggest inclusion of any matter in the agenda.

Board material distributed in advance

The Agenda, setting out the business to be transacted at the Meeting, and Notes on Agenda are circulated to the Board Members, in advance. Each item of business is supported by a note setting out the details of the proposal and, where approval by means of a Resolution is required; the draft of such Resolution is set out in the note. All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any documents to the agenda, the same are placed on the table at the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

Recording minutes of proceedings at Board/Committee meetings

The Company Secretary records the minutes of the proceedings of each Board Meeting. Draft minutes are circulated to all the members of the Board for their comments. The minutes of proceedings of a meeting are entered in the minutes book within 30 days from the conclusion of the meeting.

Post meeting follow up mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process of the decisions taken by the Board and Board Committees thereof. The important decisions taken by the Board/Committees meetings are communicated to the respective departments/division concerned promptly. Action taken report on the decisions/minutes of the previous meeting(s) is placed at the meeting of the Board/Committee for their noting.

Committees of the Board

The Board committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas/activities which concern the Company and need a closer review. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the

Company Secretary under advice of respective Committee Chairman. The minutes of Board Committee meetings are placed for the information of the Board. Matters requiring the Board's attention/approval are generally placed in the form of notes to the Board from the respective Committee Chairman.

To enable better and focused attention on the affairs of the Company, the Board constituted the following committees

Audit Committee

The terms of reference, role and scope of the Audit Committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange(s). The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment. During the year, the audit committee ('the committee') comprised four independent directors and the Managing Director namely

- Shri Surendra Mohan Lakhotia, Chairperson
- Shri N. R. Hota, Independent Director
- Shri L. M. Chatterjee, Independent Director
- Shri. Ramgopal Agarwala, Independent Director
- Shri Manoj Kumar Agarwal, Managing Director

The Committee is mandated to meet at least four times in a year and the Company Secretary acts as the Secretary to the Committee. Statutory auditors, internal auditors and Head of Finance & Accounts of the Company are permanent invitees to Audit Committee meetings.

The primary objective of the Committee is to supervise the Company's internal control and to monitor and provide effective supervision of the management's financial reporting process with a view to ensuring accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting viz.:

A. Powers of the Audit Committee:

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

B. The role of Audit Committee includes:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible
- Recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment of any other services
- Reviewing with management the annual financial statements before submission to the Board
- Reviewing with management the quarterly financial statements before submission to the Board
- Reviewing with the management the annual financial statements of the subsidiary companies
- Reviewing with the management and external and internal auditors, the adequacy of internal control systems
- Statement of related party transactions
- Reviewing the adequacy of internal audit function
- Discussing with internal auditors any significant findings and follow up on such issues
- Discussing with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain area of concern, if any
- Reviewing the Company's financial and risk management policies
- Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company

The Committee met four times during the financial year on May 30, 2010, August 12, 2010, November 13, 2010 and February 11, 2011. The maximum time gap between any two consecutive meetings was not more than four months.

Attendance record of Audit Committee members

Name of Directors	Number of meetings	Meetings attended
Shri Surendra Mohan Lakhotia	4	4
Shri Nihar Ranjan Hota	4	4
Shri Lalit Mohan Chatterjee	4	4
Dr. Ramgopal Agarwala	4	2
Shri Manoj Kumar Agarwal	4	4

The Chairman of the Audit Committee was present at the last Annual General Meeting.

Compensation Committee

The Compensation Committee ('the committee') comprised three Independent Directors. They are:

- Shri L. M. Chatterjee,, Chairperson
- Shri N. R. Hota, Independent Director
- Shri. M. L. Majumdar, Independent Director

Since, Shri. M. L. Majumdar resigned as Independent member of the Board with effect from February 11, 2011. Effective February 11, 2011, the Committee was reconstituted as follows:

- Shri L. M. Chatterjee, Chairperson
- Shri N. R. Hota, Independent Director
- Shri Nandanandan Mishra, Independent Director

The Compensation Committee was set up to review the overall compensation structure and related policies of the Company with a view to attract, motivate and retain employees. The Committee determines the Company's policies on remuneration packages payable to Managing Director and also reviews the compensation levels vis-à-vis other companies and the industry in general. The Company Secretary acts as the Secretary to the Committee. No meetings were held during the financial year.

The Directors are being paid a sitting fee of ₹20,000 for attending Board Meeting and ₹10,000 for Audit Committee Meeting.

Details of remuneration paid to the Directors during 2010-11

(Figures in ₹)

Name of Director	Basic + Benefit	Board Meeting sitting fees	Committee meeting fees	Total
Shri Ghanshyam Das Agarwal	Nil	80,000	Nil	80,000
Shri Jugal Kishore Agarwal	Nil	80,000	Nil	80,000
Shri Nirmal Kumar Agarwal	Nil	80,000	Nil	80,000
Shri Mohan Lal Agarwal	Nil	60,000	Nil	60,000
Shri Mahesh Kumar Agarwal	Nil	60,000	Nil	60,000
Shri Surendra Mohan Lakhotia	Nil	80,000	40,000	1,20,000
Shri Nihar Ranjan Hota	Nil	80,000	40,000	1,20,000
Shri Lalit Mohan Chatterjee	Nil	80,000	40,000	1,20,000
Dr. Ramgopal Agarwala	Nil	40,000	20,000	60,000
Shri Nandanandan Mishra	Nil	80,000	Nil	80,000
Shri Makhan Lal Majumdar	Nil	40,000	Nil	40,000
Shri Manoj Kumar Agarwal	1,20,00,000	NIL	Nil	1,20,00,000

Shareholders/Investors' Grievances Committee

The Shareholders Grievances Committee ('the committee') comprised three Non-Executive Directors including one Independent Director. They are:

- Shri L. M. Chatterjee, Independent Director
- Shri Ghanshyam Das Agarwal, Director
- Shri. Mahesh Kumar Agarwal, Director

This Committee was constituted to address investor grievances and complaints in the matters such as transfer of equity shares, non-receipt of annual reports and non-receipt of declared dividends, among others, and ensure an expeditious resolution to the matter. The Committee also evaluates performance and service standards of Registrar & Transfer Agent and provides continuous guidance to improve the service levels for investors.

The Company Secretary was appointed as the Compliance Officer under relevant regulations.

The Committee met two times during the financial year 2010-11 on May 30, 2010 and November 13, 2010.

Attendance record of Shareholders/Investors' Grievances Committee

Name of Directors	Number of meetings	Meetings attended
Shri Ghanshyam Das Agarwal	2	2
Shri Mahesh Kumar Agarwal	2	2
Shri Lalit Mohan Chatterjee	2	0

Details of queries and grievances received and disposed off during 2010-11 (As per R&TA records)

Sl. no.	Nature of query/complaint	Received	Disposed off
1	Non-receipt of refund	0	0
2	Non-receipt of dividend	27	27
3	Non-receipt of electronic credit	5	5
4	Duplicate refund order	1	1
5	SEBI/Stock Exchange complaints	1	1
6	Duplicate dividend warrant*	48	48
	Total	82	82

* Includes duplicate/revalidation/correction of dividend warrant

No complaints were pending as on March 31, 2011. Given below is a chart showing reduction in investor's complaints for the last five years:

No of complaints

Functional committees

The Board is authorised to constitute such functional committees delegating thereto powers and duties with respect to specific purposes. Meetings of such committees are held as and when need arises. Time schedule for holding the meetings of such functional committees are finalised in consultation with the committee members.

Procedure at committee meetings

The Company's guidelines relating to Board meetings are applicable to committee meetings as far as may be practicable. Each committee has the authority to engage outside experts, advisers and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the committee meetings are placed before the Board meeting for perusal and noting.

Code of Conduct

The Code of Conduct as adopted by the Board is applicable to Directors and Senior Management of the Company. The Code is designed from three interlinked fundamental principles viz. good Corporate Governance, good citizenship and exemplary personal conduct. The Code covers commitment to sustainable development concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance and the philosophy of leading by persona example. The Code has been circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually. The Code is available on the Company's website.

Declaration as required under Clause 49 of the Listing Agreement

All the members of the Board and Senior Management Personnel of the Company affirmed due observance of the Code of Conduct, framed pursuant to clause 49 of the Listing Agreement with Stock Exchanges, in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March 2011.

Manoj Kumar Agarwal

Kolkata, May 20, 2011 *ManagingDirector*

Code for prevention of Insider Trading Practices

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations1992, a comprehensive Code for Prevention of Insider Trading is in place. The objective of the Code is to prevent purchase and /or sale of shares of the Company by insider while in possession of unpublished price sensitive information.

The Code has been circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually. The Code is available on Company's website.

CEO/CFO Certification

The CEO and CFO certification issued in accordance with the provisions of Clause 49 of Listing Agreement with Stock Exchanges for the year is attached and forms part of the Annual Report.

Subsidiary Monitoring Framework

All subsidiary companies of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies, inter alia, by the following means:

(a) Financial statements, in particular the investments made by the material unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.

(b) All minutes of Board meetings and Committee meetings of the material unlisted subsidiary companies are placed before the Company's Board regularly.

(c) A statement containing all significant transactions and arrangements entered into by the material unlisted subsidiary companies is placed before the Company's Board.

The Company has two material unlisted Indian subsidiaries namely, Adhunik Power & Natural Resources Limited and Orissa Manganese & Minerals Limited. In compliance with Clause 49(III)(i) of the Listing Agreement with Stock Exchanges the Company has nominated independent director(s) of the Company on the Board of its material unlisted Indian subsidiary companies. Dr. Ramgopal Agarwala, Independent Director of the Company has been appointed as a Director on the Board of Orissa Manganese & Minerals Limited and Mr. Surendra Mohan Lakhotia, Independent Director of the Company has been appointed as a Director on the Board of Adhunik Power & Natural Resources Limited.

Disclosures

- There was no materially significant related party transaction entered into by the Company with the promoter Directors or their relatives or with subsidiaries during the period that may have potential conflict with interest of the Company at large. All transactions with related parties as required under AS 18 are disclosed in Note No. 25(b) of Schedule25 to the accounts in the Annual Report.
- There has been no instance of non-compliance on any matter related to capital markets during last three years and hence no penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority.
- There were no inter-se or pecuniary relationships or transactions with the Non-Executive Directors.
- The Company complied with all the mandatory requirements and adopted the non-mandatory requirements of Remuneration Committee.
- Whistle Blower Policy being non- mandatory requirement has not been adopted by the Company. However, the management affirms that no personnel have been denied access to the Audit Committee.
- Management Discussion and Analysis Report forms part of the Annual Report.

Means of communication

- Quarterly results: The quarterly results are normally published in Economic Times/Business Standard/ Financial Express (English) and Aajkal (Bengali) newspaper. The results are also displayed on the Company's website www.adhunikgroup.com.
- News releases, presentations, etc.: Official news releases, detailed presentations made to media, analysts, institutional

investors, etc. are displayed on the Company's website. Official media releases are sent to the stock exchanges.

• Website: The Company's website contains a special dedication section 'Investor Relations' where shareholders information is available.

• Annual report: Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto and are also available in the website in a user-friendly and downloadable form.

Details of previous Annual General Meeting and postal ballots

The last three Annual General Meetings of the Company were held as per details given below:

Year	Date	Time	Venue	Number of special resolutions passed
2009-10	September 10, 2010	11.00 AM	Kalakunj, 48 Shakespeare Sarani, Kolkata – 700 017	Nil
2008-09	September 11, 2009	11.00 AM	Kalakunj, 48 Shakespeare Sarani, Kolkata – 700 017	1. Reappointment of Managing Director 2. Adjustment of Deferred Tax 3. Increase in Authorised Capital
2007-08	September 09, 2008	11.30 am	Kalakunj, 48 Shakespeare Sarani, Kolkata – 700 017	1. Increase in remuneration of Managing Director 2. Alteration of AOA for increase in numbers of Directors to 14

Postal ballot

No resolution was passed through Postal Ballot in 2010- 11. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a resolution through postal ballot.

Compliance Certificate

The Compliance Certificate from Shri B. P. Dhanuka, Practicing Company Secretary that the Company complied with the conditions of Corporate Governance as were applicable as on March 31, 2011 and stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s) is annexed hereto.

General shareholders' information

AGM details

Day and date	September 15, 2011
Time	11.00 A.M.
Venue	"Kalakunj", 48 Shakespeare Sarani,Kolkata – 700017

Book closure dates	September 1, 2011 to September 15, 2011(both days inclusive)
Dividend payment date	On or after September 20, 2011 (within statutory limit of 30 days) subject to approval of shareholders.

Registrar & Share Transfer Agents

M/s Karvy Computershare Private Limited.
Unit: Adhunik Metaliks Limited
Plot No. 17-24, Vittalrao Nagar
Madhapur, Hyderabad -- 500 081
Ph No. 040-44655000
Fax No. 040-23420814
E-mail id : einward.ris@karvy.com

Share transfer system

The Registrars & Share Transfer Agent M/s Karvy Computershare Private Limited register the Share Transfer after the shares are lodged for transfer, within a period ranging from 10 to 15 days provided the documents lodged with the Registrars/Company are in order. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

Dematerialisation of shares

As per SEBI requirement the Company enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the Company's shares are available for trading under both the depository systems in India. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE400H01019. The Company has paid annual custody fee for the financial year 2011-12 to NSDL and CDSL, the depositories. As on March 31, 2011 12,15,03,403 shares of the Company constituting 98.39% of the issued and subscribed share capital stood dematerialised.

Details of DEMAT and Physical Shares as on March 31, 2011

Description	Number of holders	Number of shares	% to equity
CDSL	8,408	1,27,42,577	10.32%
NSDL	19,356	10,87,60,826	88.07%
Physical	42	19,96,133	1.61%
Total	27,806	12,34,99,536	100.00%

Liquidity

The Company's equity shares are among the most liquid and actively traded shares on the Indian Stock Exchanges.

Relevant data for the average daily turnover for the financial year 2010-11 is given below:

	BSE	NSE	Total
Shares (nos.)	1,36,146	2,90,388	4,26,534
Value (in ₹ lakhs)	151.20	325.97	477.17

[Source: This information is compiled from the data available from the websites of BSE and NSE]

Distribution of shareholding as on March 31, 2011

Shareholding of nominal value	Shareholders		Share amount	
₹	Number	% to total	₹	% to total
Up to 5000	25,047	90.08 %	3,06,91,850	2.49 %
5001-10000	1,488	5.35 %	1,22,50,200	0.99 %
10001-20000	633	2.28 %	98,52,410	0.80 %
20001-30000	202	0.73 %	52,52,520	0.42 %
30001-40000	79	0.28 %	28,21,540	0.23 %
40001-50000	71	0.25 %	34,13,470	0.28 %
50001-100000	109	0.39 %	80,81,990	0.65 %
100001 and above	177	0.64 %	1,16,26,31,380	94.14 %
Total	27,806	100 %	1,23,49,95,360	100.00%

Categories of shareholders as on March 31, 2011

Serial number	Category	Number of holders	Number of shares	% to equity
1	Clearing members	84	2,02,543	0.16
2	Foreign institutional investor	39	1,62,84,896	13.19
3	Mutual funds	16	92,49,750	7.49
4	Bodies corporate	684	60,72,804	4.92
5	HUF	599	2,72,334	0.22
6	Non-resident Indians	489	2,33,536	0.19
7	Overseas corporate bodies	1	1,000	0.00
8	Foreign corporate bodies	1	54,63,180	4.42
9	Banks	1	2,35,964	0.19
10	Indian financial institutions	3	41,06,402	3.33
11	Persons acting in concert	7	39,99,840	3.24
12	Company promoters	20	6,45,63,461	52.27
13	Resident individuals	25,862	1,28,13,826	10.38
	Total	**27,806**	**12,34,99,536**	**100.00**

Global depository receipts

During the year under review, the Company did not issue any GDR or ADR or warrants or any convertible bonds.

Listing of shares on stock exchanges with stock code

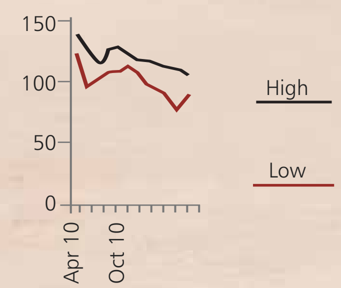
Stock Exchange		Stock code
National Stock Exchange of India Ltd		ADHUNIK
Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai – 400051		
Telephone no: 022-2659 8100/14	Facsimile no.: 022-2659 8120	Website: www.nseindia.com
Bombay Stock Exchange Ltd		532727
Phiroz Jeejeebhoy Towers, Dalal Steel, Mumbai – 400001		
Telephone no: 022-2272 1233/34	Facsimile no.: 022-2272-1919	Website: www.bseindia.com

The annual listing fee for the year 2011-12 has been paid by the Company to both the above stock exchanges.

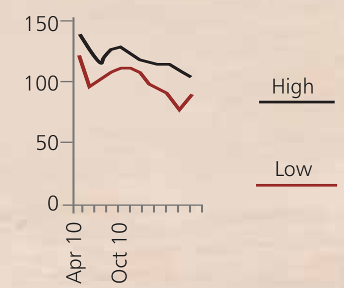
Monthly high and low quotes and volume of shares traded on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE)

	ADHUNIK BSE Price (₹)			NSE		
Month	High	Low	Volume	High	Low	Volume
2010						
April	136.70	120.00	43,82,080	136.50	119.00	1,14,37,619
May	124.70	94.15	28,84,479	124.90	94.15	67,58,388
June	114.50	102.25	24,00,302	114.25	102.15	57,98,003
July	125.50	105.50	37,83,126	125.25	105.35	76,19,613
August	127.40	106.25	27,09,919	127.45	109.75	70,93,125
September	121.00	110.25	30,77,310	120.90	110.15	50,23,286
October	116.30	105.95	16,20,361	116.25	105.90	37,78,139
November	115.50	96.30	21,72,645	115.50	96.05	58,13,511
December	112.70	92.40	52,24,065	113.00	92.55	81,33,123
2011						
January	109.60	87.10	17,36,993	113.00	87.00	36,32,929
February	108.10	77.00	33,84,398	108.00	77.55	57,33,742
March	104.80	89.10	12,05,579	104.15	89.75	29,37,269

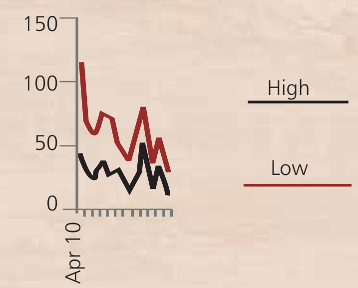
BSE



NSE



Volume



Dividend history

Financial year	Dividend per share (₹)	Total dividend (₹ in lakhs) (Inclusive of Div. Tax)
2010-11*	1.50	2,153
2009-10	1.25	1,801
2008-09	1.00	1,234
2007-08	1.20	1,281
2006-07	1.00	1,067
2005-06	0.50	519

*Subject to approval of members

Financial calendar

Financial year 2011-12		
1	First quarter results	Within August 14, 2011
2	Second quarter and half-year results	Within November 15, 2011
3	Third quarter results	Within February 14, 2012
4	Fourth quarter and annual results	Within May 30, 2012

Dedicated e-mail id

Exclusively for investor servicing, the Company has designated an e-mail id, viz. investorsrelation@adhunikgroup.co.in.

Plant location

Vill. – Chadrihariharpur
P.O. Kuarmunda
Dist. Sundergarh, Orissa
India

Investors correspondence

All queries of investors regarding the Company's shares or other matters may be sent at the following addresses

The Company Secretary
Adhunik Metaliks Limited
Lansdowne Towers
2/1A, Sarat Bose Road
Kolkata – 700020
Tel no. 91-33-30517100
Fax no. 91-33-22890285

or

M/s Karvy Computershare Private Limited.
Unit: Adhunik Metaliks Limited
Plot No. 17-24, Vittalrao Nagar
Madhapur, Hyderabad -- 500 081
Ph No. 040-44655000
Fax No. 040-23420814
E-mail id : einward.ris@karvy.com

Registered office

14 Netaji Subhas Road, Kolkata -- 700001
Date: May 20, 2011

For and on behalf of the Board

Ghanshyam Das Agarwal
Chairman

CEO AND CFO CERTIFICATION

We, Manoj Kumar Agarwal, Managing Director and Pawan Kuamr Rathi, Head of Finance and Accounts, responsible for the finance function certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2011 and confirm that to the best of our knowledge and belief :

(i) these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;

(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) There are, to the best of their 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 and that they have evaluated the effectiveness of the internal control systems of the Company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee :

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Kolkata
20th May 2011

Manoj Kumar Agarwal
Managing Director

Pawan Kumar Rathi
Head of Finance & Accounts

COMPANY SECRETARY CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
M/s. Adhunik Metaliks Limited
Kolkata

Re: Certificate regarding compliance of conditions of Corporate Governance

I have examined the compliance of conditions of Corporate Governance by ADHUNIK METALIKS LIMITED for the year ended on 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the Company as per the RTA records.

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

Kolkata
20th May 2011

B. P. Dhanuka
Practicing Company Secretary
C.P. No. 6041
FCS – 615

Auditors' Report

To
The Members of
Adhunik Metaliks Limited

1. We have audited the attached Balance Sheet of **Adhunik Metaliks Limited** ('the Company') as at March 31, 2011 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 (as amended) issued by the Central Government of India in terms of sub–section (4A) of Section 227 of the Companies Act, 1956 ('the Order'), we enclose 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 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 appears from our examination of those books;

   iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, read with paragraph 5 below;

   v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

5. Without qualifying our opinion, we draw attention to Note no. 7(b) on Schedule 25 regarding utilisation of Securities Premium Account of ₹1,289.03 lacs (₹3,545.74 lacs) towards meeting the net deferred tax liability arisen during the year, pursuant to the Hon'ble High Court of Calcutta's Order dated March 29, 2010. The above accounting treatment is not in line with the Accounting Standard 22 "Accounting for Taxes on Income" (AS-22) as notified by the Companies (Accounting Standards) Rules 2006 (as amended).

6. 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 Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

   b) in the case of Profit and Loss account, of the profit for the year ended on that date; and

   c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.
Firm registration number: 301003E
CHARTERED ACCOUNTANTS

per R. K. AGRAWAL
Partner
Membership No. 16667

22 Camac Street
Block 'C', 3rd Floor
Kolkata–700 016.
Date : May 20, 2011

Annexure to the Auditors' Report

(Referred to in our report of even date to the members of Adhunik Metaliks Limited as at and for the year ended 31st March, 2011)

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification in a phased manner to cover all the items of fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification of fixed assets during the year.

c) There was no substantial disposal of fixed assets during the year.

ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year.

b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

iii) a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.

b) According to information and explanations given to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

v) a) Based on the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register under section 301, have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) The Company has not accepted any deposits from the public within the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and rules framed there under.

vii) In our opinion, the Company's internal audit system is commensurate with the size and 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 for the products of the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

ix) a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have *generally been deposited with delays with the appropriate authorities.* As explained, there is no amount due for deposit with Investor Education & Protection Fund.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c) According to the records of the Company, there are no dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute except as mentioned below :

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Orissa Entry Tax	Entry tax on machinery & spares & Capital Goods	59.92	2002-08	Orissa Sales Tax Tribunal / Additional Commissioner of Sales Tax. Cuttack
Central Sales Tax (Orissa) Rules 57	Demand against transfer of stock to branches and consignment agents	123.40	2003-04	Orissa Sales Tax Tribunal, Cuttack
Central Sales Tax	Demand against discrepancies identified during investigation	20.05	2003-04	Deputy Commissioner of Sales Tax, Rourkela
Central Sales Tax	Disallowance of sale against Form-C, Form-H and transfer of stock to branches	68.97	2004-08	Orissa Sales Tax Tribunal, Cuttack, Deputy Commissioner of Sales Tax, Rourkela, Additional Commissioner of Sales Tax, Cuttack
Orissa Value Added Tax	Dispute on account of disallowance of Input Tax credit	140.16	2005-07	Orissa Sales Tax Tribunal & High Court, Orissa, Cuttack
Orissa Sales Tax	Dispute on gross turnover vis-à-vis taxable turnover	6.65	2003-05	Orissa Sales Tax Tribunal, Cuttack, Deputy Commissioner of Sales Tax, Rourkela
Orissa Sales Tax	Demand against discrepancies identified during investigation	12.06	2003-04	Deputy Commissioner of Sales Tax, Rourkela
Central Excise and Service Tax	Dispute on Cenvat credit on structural steel used for construction of capital goods, input, classification, excise duty on job work, transaction value for stock transfer, short production booking	1,121.60	2003-09	CESTAT (Kolkata), Additional Commissioner (Adjudication) Bhubaneswar, Commissioner (Appeal), Bhubaneswar

* Net of payments made by the Company under protest.

x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

xi) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks *except for a delay of less than 30 days in repayment of dues amounting to ₹ 2,896.90 lacs and that of 30 to 90 days towards repayment of ₹ 4,551.80 lacs.* However there was no amount outstanding against such defaults as on the balance sheet date. Further, as informed, there were no outstanding dues to the debenture holders and financial institutions.

xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.

xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

xv) According to the information and explanations given to us, the Company has pledged a part of its investments / given corporate guarantee for loans taken by two of its subsidiaries from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. Further, the said corporate guarantee has been released by the bank on full repayment of the relevant loans as on 30th March 2011.

xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these loans were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

xviii) The Company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.

xix) The Company did not have any outstanding debentures during the year.

xx) The Company has not raised any money through a public issue during the year.

xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S. R. Batliboi & Co.
Firm registration number: 301003E
CHARTERED ACCOUNTANTS

22 Camac Street
Block 'C', 3rd Floor
Kolkata–700 016.
Date : May 20, 2011

per R. K. AGRAWAL
Partner
Membership No. 16667

Balance Sheet As at March 31, 2011

(₹ in Lacs)

	Schedule	31.03.2011	31.03.2010
SOURCES OF FUNDS			
A. Shareholders' Funds			
Share Capital	1	12,349.95	12,349.95
Reserves and Surplus	2	51,736.53	49,200.48
		64,086.48	61,550.43
B. Loan Funds			
Secured Loans	3	127,009.44	97,269.64
Unsecured Loans	4	7,430.04	24,578.59
		134,439.48	121,848.23
C. Deferred Tax Liabilities (Net)	5	14,713.02	13,423.99
		213,238.98	196,822.65
APPLICATION OF FUNDS			
A. Fixed Assets			
a) Gross Block	6	149,774.62	145,677.47
b) Less : Accumulated Depreciation/Amortisation		23,439.66	14,682.05
c) Net Block		126,334.96	130,995.42
d) Capital Work-in-Progress including Capital Advances	7	6,735.96	3,559.03
e) Capital expenditure on New Projects & Trial Run expenses	8	1,597.53	247.22
		134,668.45	134,801.67
B. Investments	9	20,707.33	20,606.99
C. Current Assets, Loans & Advances			
a) Inventories	10	65,779.03	44,695.01
b) Sundry Debtors	11	29,737.14	20,615.16
c) Cash & Bank Balances	12	5,860.32	9,953.88
d) Other Current Assets	13	2,385.33	232.35
e) Loans & Advances	14	12,099.48	14,858.66
		115,861.30	90,355.06
D. Less : Current Liabilities and Provisions	15		
a) Current Liabilities		55,706.70	46,821.47
b) Provisions		2,291.40	2,119.60
		57,998.10	48,941.07
Net Current Assets		57,863.20	41,413.99
E. Miscellaneous expenditure	16	–	–
(To the extent not written off or adjusted)		213,238.98	196,822.65

Significant Accounting Policies and Notes On Accounts 25

Schedules 1 to 16 and 25 referred to above form an integral part of the Balance Sheet

As per our attached report of even date

For S. R. Batliboi & Co.
(Firm Registration No: 301003E)
CHARTERED ACCOUNTANTS

per R. K. Agrawal
Partner
Membership No. 16667

Place: Kolkata
Date: May 20, 2011

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Profit and Loss Account For the year ended March 31, 2011

(₹ in Lacs)

	Schedule	2010-11	2009-10
INCOME			
Sales	17	156,218.50	134,550.12
Less: Excise Duty		12,488.45	8,691.17
		143,730.05	125,858.95
Other Income	18	5,247.05	3,695.02
Total Income		148,977.10	129,553.97
EXPENDITURE			
Decrease/(Increase) in Stocks	19	(20,516.97)	(7,621.27)
Excise Duty on Stocks (Refer Note no. 20 on Schedule 25)		316.84	1,204.22
Raw Materials Consumed	20	83,600.51	59,236.98
Purchase of Trading Goods		1,514.83	9,650.43
Manufacturing expenses	21	35,180.16	26,490.16
Personnel expenses	22	5,778.22	4,232.19
Selling & Administrative expenses	23	10,920.04	9,795.08
Interest	24	16,732.29	13,802.20
Preliminary expenditure Written Off		–	0.46
Share of (Profit)/Loss in Partnership Firm		1.03	(0.48)
Depreciation/ Amortisation		8,757.61	5,823.45
Prior Period Items (Net) (Refer Note no. 22 on Schedule 25)		31.93	151.18
Total Expenditure		142,316.49	122,764.60
Profit Before Taxation		6,660.61	6,789.37
Provision for Taxation -			
Current Tax		974.52	1,125.84
For Earlier Years		–	272.85
Profit after Taxation		5,686.09	5,390.68
Add: Balance brought forward from previous year		21,266.06	18,391.23
Less : Adjustment of loss pertaining to the amalgamating Companies		–	580.94
Profit available for appropriation		26,952.15	23,200.97
Less- Transfered to General Reserve		284.30	134.77
Proposed Dividend		1,852.49	1,543.74
Dividend Tax		8.52	256.40
Profit Carried to Balance Sheet		24,806.84	21,266.06
Earning Per Share (Nominal Value of Shares ₹10 each) (₹)			
Basic		4.60	4.80
Diluted (Refer Note No. 14 on Schedule 25)		4.60	4.74

Significant Accounting Policies and Notes On Accounts 25

Schedules 17 to 25 referred to above form an integral part of the Profit and Loss Account

As per our attached report of even date

For S. R. Batliboi & Co.
(Firm Registration No: 301003E)
CHARTERED ACCOUNTANTS

per R. K. Agrawal
Partner
Membership No. 16667

Place: Kolkata
Date: May 20, 2011

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Cash Flow Statement For the year ended March 31, 2011

(₹ in Lacs)

Particulars	2010-11		2009-10	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax		6,660.61		6,789.37
Adjustments for :				
Depreciation	8,757.61		5,823.45	
Gratuity & Leave Provision	103.67		140.93	
Interest Expenses	16,732.29		13,802.20	
Forex Fluctuation (unrealised)	(159.29)		(39.45)	
Surplus on Fixed Assets Sold	–		(0.15)	
Dividend Income	(1,800.00)		–	
Share of Loss in Partnership Firm	1.03		–	
Profit on Sale on Investment	(101.39)		–	
Interest Income	(2,700.34)	20,833.57	(2,016.69)	17,710.30
Operating Profit Before Working Capital Changes		27,494.18		24,499.66
Adjustments for:				
(Increase)/Decrease in Trade Receivables	(9,121.94)		(9,267.05)	
(Increase)/Decrease in Inventories	(21,084.02)		(7,459.78)	
(Increase)/Decrease in Loans and Advances & Other Current Assets	(948.84)		5,931.20	
Increase/(Decrease) in Trade Payables and Other Payables	8,140.84	(23,013.96)	15,183.07	4,387.44
Cash Generated From Operations		4,480.23		28,887.10
Income Tax Paid (Net)		(818.46)		(787.89)
Net Cash Generated from Operating Activities .....(A)		3,661.77		28,099.21
B. CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of Fixed Assets (including interest capitalized				
₹1164.91 (₹3,193.93 Lacs)		(7,721.57)		(28,945.34)
Loans given to / repaid by Body Corporates		3,242.54		(2,402.45)
Fixed Deposits		1,150.20		980.05
Sale of fixed assets		–		23.57
Investments made in subsidiaries incl. share application money		(200.00)		(2,795.98)
Proceeds from sale of Investments		200.00		–
Interest Received		2,664.08		3,140.35
Net Cash from/(used in) Investing Activities ..... (B)		(664.75)		(29,999.80)

Cash Flow Statement (Contd) For the year ended March 31, 2011

(₹ in Lacs)

	2010-11		2009-10	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of equity Shares		–		28,871.86
Receipt on Amalgamation				
Securities Premium		–		1,094.40
General Reserve		–		(151.67)
Defered Tax Liabilities		–		(62.93)
Secured Loans				
Long Term Borrowings received		45,363.71		16,313.50
Long Term Borrowings repaid		(21,629.98)		(9,014.39)
Working Capital Loan (Net)		6,531.63		(1,660.43)
Deferred Payment Credit From Banks (Net)		(525.57)		(657.05)
Unsecured Loans				
Conversion of Debentures		–		(10,000.04)
Short Term Loans (Net)		(17,148.55)		(5,254.18)
Dividend Paid		(1,799.30)		(1,234.37)
Interest Paid		(16,732.32)		(13,960.29)
Net Cash from Financing Activities.....(C)		(5,940.38)		4,284.41
Net Increase in Cash and Cash Equivalents (A+B+C)		(2,943.36)		2,383.82
Cash and Cash Equivalents at the beginning of the year		4,218.19		1,834.37
Cash and Cash Equivalents at the end of the year		1,274.83		4,218.19
Note:				
Cash & Cash Equivalents* represent the following:				
Cash, Cheques / Drafts in hand		312.85		173.46
Balance with Scheduled Banks:				
In Current Account		951.02		2,012.51
In unclaimed dividend and unclaimed application money account**		10.96		10.09
In Fixed Deposits		–		2,022.13
		1,274.83		4,218.19

* Excludes Fixed Deposits and Margin Money ₹4,585.49 Lacs (₹ 5,735.69 Lacs), having a maturity period of greater than 90 days

** Represents Bank Balanace with restrictive use

As per our attached report of even date

For S. R. Batliboi & Co.
(Firm Registration No: 301003E)
CHARTERED ACCOUNTANTS

per R. K. Agrawal
Partner
Membership No. 16667

Place: Kolkata
Date: May 20, 2011

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Schedules forming part of the Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 1 SHARE CAPITAL		
Authorised		
14,518,0000 Equity Shares of ₹10 each	14,518.00	14,518.00
2,000 Preference Shares of ₹100 each	2.00	2.00
	14,520.00	14,520.00
Issued, Subscribed and Paid Up		
12,34,99,536 Equity Shares of ₹10 each fully paid up	12,349.95	12,349.95
Note :		
Issued, Subscribed and Paid Up Capital includes 8,033,322 Equity Shares of ₹10 each issued for consideration other than cash and 8,545,152 shares issued & allotted as fully paid up Bonus shares by capitalisation of Securities Premium.		
	12,349.95	12,349.95

	31.03.2011	31.03.2010
Schedule 2 RESERVES AND SURPLUS		
Capital Reserve		
As Per Last Account	588.78	–
Add: Arisen on account of forfieture of share warrants	–	588.78
	588.78	588.78
Securities Premium		
As Per Last Account	25,897.16	780.20
Add : Received on Amalgamation	–	1,094.40
Add: Received during the year	–	28,112.16
	25,897.16	29,986.76
Less: Share Issue expenses	–	543.86
Less: Adjustment of Deferred Tax Liability (Refer Note no. 7 (b) on Schedule 25)	1,289.03	3,545.74
	24,608.13	25,897.16
General Reserve		
As Per Last account	1,448.48	884.44
Add : Transferred from Profit & Loss Account	284.30	134.77
Add : Received on Amalgamation	–	429.27
	1,732.78	1,448.48
Profit & Loss Account Balance	24,806.84	21,266.06
	51,736.53	49,200.48

	31.03.2011	31.03.2010
Schedule 3 SECURED LOANS*		
(Refer Note No. 5 of Schedule 25)		
Rupee Term Loan From Banks	86,404.74	62,671.01
Working Capital Finance From Banks		
- In Indian Currency	39,115.98	28,534.24
- In Foreign Currency	897.45	4,947.55
Deferred Payment Credits		
- From Banks	236.70	437.99
- From Others	354.57	678.85
	127,009.44	97,269.64
* Including Interest Accrued & Due ₹ 715.46 lacs (₹ 822.43 lacs)		

Schedules forming part of the Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 4 UNSECURED LOANS		
Short Term Loan from -		
– Bodies Corporate	10.00	200.49
– Banks *(Refer Note No. 5(d) on Schedule 25)	7,344.28	24,183.87
– Others	75.76	194.23
	7,430.04	24,578.59
* Including Interest Accrued & Due ₹83.07 lacs (₹150.45 lacs)		

	31.03.2011	31.03.2010
Schedule 5 DEFERRED TAX LIABILITIES (NET)		
(Refer Note No. 7 (c) on Schedule 25)		
As Per Last account	13,423.99	9,941.19
Add : For the year	1,289.03	3,545.73
	14,713.02	13,486.92
Less: Transfer on Amalgamation	–	62.93
	14,713.02	13,423.99

Schedule 6 FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2010	Additions	Sales/ Adjustments	As at 31.03.2011	As at on 01.04.2010	For the Year	On Sales/ Less:Adjustments	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets										
Freehold Land (Including Site Development Expenses)	373.04	458.64	–	831.68	–	–	–	–	831.68	373.04
Leasehold Land	465.33	373.03	–	838.36	8.19	9.29	–	17.48	820.88	457.14
Buildings	5,880.17	1,031.08	–	6,911.25	524.18	284.50	–	808.68	6,102.57	5,355.99
Plant & Machinery	128,190.14	1,896.04	–	130,086.18	12,412.74	7,697.24	–	20,109.98	109,976.20	115,777.40
Vehicles	1,321.23	43.87	–	1,365.10	543.91	144.48	–	688.39	676.71	777.32
Computers	282.09	58.57	–	340.66	138.44	49.80	–	188.24	152.42	143.65
Furniture & Fixtures	258.45	94.16	–	352.61	95.30	17.06	–	112.36	240.25	163.15
Office Equipments	282.93	49.28	–	332.21	55.68	17.75	–	73.43	258.78	227.25
Rolling Stock	2,550.35	–	–	2,550.35	576.20	255.04	–	831.24	1,719.11	1,974.15
Railway Siding	5,766.55	87.98	–	5,854.53	232.56	265.01	–	497.57	5,356.96	5,533.99
Intangible Assets										
Net Present Value for Forest Restoration	210.63	–	–	210.63	10.21	7.66	–	17.87	192.76	200.42
Computer Software	96.56	4.50	–	101.06	84.64	9.78	–	94.42	6.64	11.92
Total	145,677.47	4,097.15 (a)	–	149,774.62	14,682.05	8,757.61	–	23,439.66	126,334.96	130,995.42
Previous Year's Total	95,780.25	49,922.50	25.28	145,677.47	8,860.46	5,823.45	1.86	14,682.05	130,995.42	

Note:

(a) Includes ₹325.67 Lacs (₹5,407.09 Lacs) being the amount of Borrowing Costs capitalized during the year.

Schedules forming part of the Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 7 CAPITAL WORK-IN-PROGRESS (AT COST)		
Civil Construction and Structural Works	1,726.76	11,420.66
Plant & Machinery and other assets*	7,347.70	22,286.93
Capital Goods in Stock	5.70	35.97
	9,080.16	33,743.56
Less: Transfer to Fixed Assets	2,344.20	30,184.53
	6,735.96	3,559.03
* Includes advaces against Capital goods ₹4,093.09 lacs (₹1,244.93 lacs)		

	31.03.2011	31.03.2010
Schedule 8 CAPITAL EXPENDITURE ON NEW PROJECTS & TRIAL RUN EXPENSES		
Opening Balance Brought Forward	247.22	6,513.13
Add : Acquired on Amalgamation		
Vedvays Ispat Ltd	–	646.21
Sri. M P Ispat & Power Pvt. Ltd	–	721.32
EXPENDITURE		
Raw Materials Consumed	–	7,531.59
Manufacturing Expenses		
Power & Fuel	296.22	3,348.38
Labour Charges	–	399.70
Consumption of Stores & Consumable	0.75	800.73
Personnel Expenses		
Salaries & Bonus etc.	262.77	409.60
Staff Welfare	–	4.57
Selling & Administrative Expenses		
Professionl & Consultancy Charges	14.53	54.05
Travelling & Conveyance	–	13.74
Selling & Distribution Expenses	–	24.93
Miscellaneous Expenses	76.38	166.59
Interest		
To Banks on Term Loans	1,157.70	3,127.59
To Banks & Others on Other Loans	7.21	66.34
Sub-Total (A)	2,062.78	23,828.47
Less:		
INCOME		
Sales	–	4,370.59
Less: Excise Duty	–	308.13
	–	4,062.46
Add: Increase / (Decrease) in Stock		
Opening Stock		
Finished Goods	–	103.08
Work in Progress	–	–
By - Product	–	24.87
	–	127.95

Schedules forming part of the Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 8 CAPITAL EXPENDITURE ON NEW PROJECTS & TRIAL RUN EXPENSES (Contd.)		
Less: Trial Run Stocks Transferred (Refer Schedule 19)		
Finished Goods	–	1,222.37
Work in Progress	–	676.57
By - Product	–	469.03
	–	2,367.97
Add : Stock acquired on Amalgamation		
Finished Goods	–	32.06
Sub-Total (B)	–	6,270.42
Total (A-B)	2,062.78	17,558.05
Less: Transfer to Fixed Assets	465.25	17,310.83
	1,597.53	247.22

(₹ in Lacs)

	Number of Shares	Face value per Share (₹)	As at 31.03.2011	As at 31.03.2010
Schedule 9 INVESTMENT (AT COST)				
Long Term, Unquoted (Trade)				
Fully Paid Equity Shares				
– Adhunik Meghalaya Steels Private Limited	76,500	10	7.65	7.65
Subsidiary Companies -				
– Adhunik Power Transmission Limited	27,28,350	10	961.58	961.58
(Formely Unistar Galvanisers & Fabricators Limited)				
– Neepaz V Forge (India) Limited	93,73,042	10	5,244.96	2,352.86
	(36,90,000)			
– Orissa Manganese & Minerals Limited				
(Refer Note no. 6 on Schedule 25)	20,00,000	10	6,309.60	6,309.60
– Adhunik Power & Natural Resources Ltd.	8,04,96,393	10	8,174.50	8,073.12
	(7,94,67,040)			
Share Application Money				
– Neepaz V Forge (India) Limited			–	2,892.10
Investment in Capital of Partnership Firm				
United Minerals (Refer Note no. 23 on Schedule 25)			9.04	10.08
			20,707.33	20,606.99

	31.03.2011	31.03.2010
Schedule 10 INVENTORIES*		
At Lower of Cost and Net Realisable Value		
– Raw Materials	12,233.03	12,181.62
– Finished Goods	21,241.52	13,920.49
– Work in Progress	17,347.98	11,192.71
– Stores & Spares,Consumables and Packing Materials	2,575.61	2,059.96
– Trading Goods	8.66	163.35
– By-Products	12,372.23	5,176.88
	65,779.03	44,695.01

* Includes materials in transit ₹1,369.28 lacs (₹1,037.42 lacs) and with Consignment Agents/ Conversion Agents ₹1242.51 lacs (₹1,293.98 lacs).

Schedules forming part of the Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 11 SUNDRY DEBTORS*		
(Unsecured, considered good except otherwise stated)		
Debts Outstanding for More Than Six Months **	519.07	562.35
Other Debts	29,225.99	20,060.73
	29,745.06	20,623.08
Less : Provision for Doubtful Debts	7.92	7.92
	29,737.14	20,615.16
* Refer Note no. 10 on Schedule 25		
** Includes considered doubtful ₹7.92 lacs (₹ 7.92 lacs)		

	31.03.2011	31.03.2010
Schedule 12 CASH AND BANK BALANCES		
Cash on Hand [Including Cheques / Drafts in hand of ₹ 283.44 Lacs (₹ 138.12 Lacs)]	312.85	173.46
Balance with Scheduled Banks on:		
a) Current Accounts	951.02	2,012.51
b) Fixed Deposit Accounts *	4,585.49	7,757.82
c) Unclaimed Application Money Account **	2.52	3.61
d) Unclaimed Dividend Account **	8.44	6.48
	5,860.32	9,953.88
* Receipts pledged as security / margin with banks, Deputy Director of Mines, Orissa and Sales Tax Authority, Orissa.		
** Represents Bank Balanace with restrictive use		

	31.03.2011	31.03.2010
Schedule 13 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Interest Receivable on loans, deposits etc.	235.00	198.73
Dividend Receivable from a subsidiary	1,800.00	–
Export Benefits Receivable	350.33	31.65
Insurance & Other Claims Receivable	–	1.97
	2,385.33	232.35

	31.03.2011	31.03.2010
Schedule 14 LOANS AND ADVANCES		
(Unsecured, considered good, except otherwise stated)		
Advances recoverable in cash or in kind for value to be received or pending adjustments*		
(Refer note no. 11 on Schedule 25)	8,899.75	8,567.86
Less: Provision for Doubtful Advance	61.30	61.30
	8,838.45	8,506.56
Loans to a Body Corporate	224.92	3,467.46
Security Deposits	2,004.47	1,731.17
Advance Income Tax (Net of Provisions)	–	148.80
Balance with Excise, Custom & Other Government Departments (Including payments under appeal)	683.32	587.14
Sales Tax / VAT and Other refunds receivable (Including payments under appeal)	348.32	417.53
	12,099.48	14,858.66
* Includes ₹ 61.30 lacs (₹ 61.30 lacs) considered doubtful and ₹ Nil (₹ 6.72 lacs) due from the Directors. Maximum amount due from the Directors at any time during the year ₹ 40.52 lacs (₹ 38.30 lacs).		

Schedules forming part of the Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 15 CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Acceptances	21,514.01	23,333.13
Sundry Creditors for goods, services, expenses etc.		
– Due to Micro & Small Enterprises (Refer Note no. 21 on Schedule 25)	130.91	166.29
– Due to Others *	30,189.90	17,873.03
Advance from customers	705.70	2,469.12
Interest accrued but not due on loans	–	0.03
Book Overdraft from Banks	202.69	200.29
Trade Deposits	10.00	10.00
Other Liabilities	2,942.56	2,759.49
Amounts to be credited to Investor Education & Protection Fund as and when due**		
Unpaid Dividend Account	7.32	6.48
Unpaid Share application Money	3.61	3.61
* Includes due to United Minerals ₹ 3.70 lacs (₹ 10.59 lacs), the Joint Venture Partnership Firm		
** Amount not yet due for deposit.		
	55,706.70	46,821.47
B. Provisions For		
Gratuity	290.39	215.03
Leave Liability	132.74	104.43
Income tax (Net of advance payment and tax decucted at source)	7.26	–
Proposed Dividend	1,852.49	1,543.74
Tax on Proposed Dividend	8.52	256.40
	2,291.40	2,119.60
	57,998.10	48,941.07

	31.03.2011	31.03.2010
Schedule 16 MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary expenses:		
Transferred on Amalgamation	–	0.46
Less: Written Off During the year	–	0.46
	–	–

Schedules forming part of the Profit and Loss Account

For the year ended March 31, 2011

(₹ in Lacs)

	2010-11	2009-10
Schedule 17 SALES		
Finished Goods	147,709.93	111,459.87
Trading Goods	1,763.70	10,541.77
By-Products	4,740.51	2,811.92
Raw Materials	2,004.36	9,736.56
	156,218.50	134,550.12

	2010-11	2009-10
Schedule 18 OTHER INCOME		
Interest on deposits, advances etc., [Gross, Tax Deducted at source ₹ 258.79 lacs (₹ 185.42 lacs)]	2,700.34	2,016.69
Unspent liabilities and provisions no longer required written back	179.31	441.92
Dividend Income from a Subsidiary	1,800.00	–
Foreign exchange gain (Net)	68.66	–
Profit on sale of fixed assets	–	0.15
Profit on Sale of Investments (Long Term, Trade)	101.39	–
Insurance & Other Claims	36.51	12.40
Export Benefits	347.43	7.30
Rent & Hire Charges	–	1,106.72
Miscellaneous Income	13.41	109.84
	5,247.05	3,695.02

	2010-11	2009-10
Schedule 19 DECREASE/(INCREASE) IN STOCK		
Closing Stock		
Finished Goods	21,241.52	13,920.48
Work in Progress	17,347.98	11,192.71
Trading Goods	8.66	163.35
By Products	12,372.23	5,176.88
	50,970.39	30,453.42
Less: Opening Stock		
Finished Goods	13,920.48	9,484.86
Work in Progress	11,192.71	7,060.20
Trading Goods	163.35	76.32
By Products	5,176.88	3,593.31
	30,453.42	20,214.69
Add : Stock Transferred on Amalgamation		
Finished Goods	–	69.20
Trading Goods	–	55.55
By Products	–	124.74
Add : Trial-run Stock Transferred on Commencement of Commercial Production		
Finished Goods	–	1,222.37
Work in Progress	–	676.57
By Products	–	469.03
	30,453.42	22,832.15
	(20,516.97)	(7,621.27)

Schedules forming part of the Profit and Loss Account

For the year ended March 31, 2011

(₹ in Lacs)

	2010-11	2009-10
Schedule 20 RAW MATERIALS CONSUMED		
Opening Stock	12,181.62	15,261.23
Add: Received on Amalgamation	–	523.52
Add: Purchases including Procurement Expenses	83,651.92	55,633.85
	95,833.54	71,418.60
Less: Closing Stock	12,233.03	12,181.62
	83,600.51	59,236.98

	2010-11	2009-10
Schedule 21 MANUFACTURING EXPENSES		
Power and Fuel	10,238.31	6,539.56
Stores and Spares Consumed	13,100.82	11,591.18
Packing expenses	132.85	74.71
Repair & Maintainence		
– Plant & Machinery	2,787.13	1,359.24
– Buildings	193.20	112.91
– Others	81.66	65.78
Conversion Charges	2,989.58	2,055.23
Operation & Maintainence Charges (Refer Note no. 9 on Schedule 25)	5,656.61	4,691.55
	35,180.16	26,490.16

	2010-11	2009-10
Schedule 22 PERSONNEL EXPENSES		
Salaries & Bonus	5,282.86	3,776.29
Contribution to Provident Fund	141.81	116.36
Gratuity	87.58	99.12
Workmen & Staff Welfare Expenses	145.97	123.04
Managing Directors' Remuneration	120.00	117.38
	5,778.22	4,232.19

Schedules forming part of the Profit and Loss Account

For the year ended March 31, 2011

(₹ in Lacs)

	2010-11	2009-10
Schedule 23 SELLING & ADMINISTRATIVE EXPENSES		
Rent (Including Land Lease Rent ₹ 0.29 lacs (₹ 0.29 lacs) to Directors)	319.60	294.11
Rates and Taxes	255.92	200.11
Directors' Sitting Fees	9.00	15.00
Insurance	96.98	99.41
Postage and Communication Expenses	202.53	179.74
Freight and Forwarding Expenses [Net of recovery of ₹ 560.90 lacs (₹ 1,190.18 lacs)]	5,478.72	4,949.36
Commission to other than Sole Selling Agents	43.01	74.88
Selling Expenses	993.86	737.22
Motor Vehicle Expenses	424.20	379.93
Security Charges	106.81	119.59
Travelling and Conveyance Expenses	296.33	272.23
Directors' Travelling & Conveyance Expenses	34.36	23.49
Auditors' Remuneration		
As Auditor		
– Audit Fees	37.50	30.00
– Limited Review Fee	22.50	18.75
– Travelling & Out of Pocket Expenses	1.37	2.12
In Other Capacity		
– For Certificates etc.	8.50	9.25
Provision for doubtful Debts & Advances	–	61.30
Bad & Doubtful Debts/Advances written off	38.16	228.03
Foreign Exchange Loss (Net)	–	276.03
Bank and Finance Charges	1,518.14	1,140.10
Miscellaneous Expenses	1,032.55	684.43
	10,920.04	9,795.08

	2010-11	2009-10
Schedule 24 INTEREST		
To Banks on Term Loans	6,653.45	5,375.97
On Debentures	–	40.30
To Banks on Cash Credit, Letter of Credit & Others	10,078.84	8,385.93
	16,732.29	13,802.20

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. NATURE OF OPERATIONS :

Adhunik Metaliks Limited having manufacturing facility at Sundargarh District, Rourkela, Orissa is primarily engaged in the manufacture and sale of steel, both alloy & non alloy.

2. SIGNIFICANT ACCOUNTING POLICIES

I) Basis of preparation of Accounts :

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. Except otherwise mentioned, the accounting policies applied by the Company are consistent with those used in previous year.

II) Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

III) Revenue Recognition :

a) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

b) Revenue from sale of goods is recognized upon passage title to the customers which generally coincides with delivery. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year. Sales exclude sales tax collected from customers.

c) Insurance and other claims, to the extent considered recoverable, are accounted for in the year of claim. However, claims and refunds whose recovery cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

d) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

e) Dividends are recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividends from subsidiaries are however, recognized even if the same are declared after the balance sheet date but pertain to the period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

IV) Fixed Assets :

a) Fixed assets are stated at cost of acquisition less accumulated depreciation/ amortization and impairment if any. Cost comprises the purchase price inclusive of duties (net of Cenvat & VAT), taxes, incidental expenses, erection/commissioning expenses, etc. upto the date the asset is ready for its intended use.

b) Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalized and depreciated over the residual useful life of the respective assets.

c) Expenditure on new projects and substantial expansion:

Expenditure directly relating to construction activity are capitalized. Indirect expenditure incurred during construction period are capitalized as part of the indirect construction cost to the extent to which the expenditure are related to construction activity or are incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the Profit & Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

V) Depreciation:

a) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

b) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 or at rates determined on the basis of the useful life of the assets estimated by the management, whichever is

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

higher. In case of the following fixed assets, depreciation is charged at rates higher than the rate prescribed in Schedule XIV of the Companies Act, 1956:

Type of Asset	Rates (SLM) %	Schedule XIV Rates (SLM) %
Signage	20.00%	6.33%
Road, Boundary wall, Drains and Culverts	6.67%	3.34%

c) Depreciation includes the amount written off in respect of leasehold land over the respective lease period.

d) Depreciation on fixed assets added / disposed off during the year, is provided on pro-rata basis with reference to the month of addition / disposal.

e) Discarded Fixed Assets awaiting disposal are valued at estimated realisable value and disclosed separately.

f) Depreciation on Insurance Spares / standby equipments is provided over the useful life of the respective mother assets.

VI) Intangibles

a) Acquired computer softwares and licenses are capitalized on the basis of costs incurred to bring the specific intangibles to its intended use. These costs are amortized on a straight line basis over their estimated useful life of three years.

b) Net Present Value paid to the various State Governments for restoration of forest as a pre-condition of granting license for mining in non-broken forest area are capitalized and amortized on a straight line basis over the lease period of the said mines prospectively.

VII. Foreign Currency Transactions

a) Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion:

Foreign currency monetary items at the year end are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange differences :

Exchange differences arising on the settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expenses in the year in which they arise.

d) Forward Exchange Contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

VIII. Fixed Assets acquired under Lease

a) Finance Lease :

Assets acquired under finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased items, are capitalized at the lower of the fair value and present value of the minimum lease payments after discounting them at an interest rate implicit in the lease at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to expenses account.

Leased assets capitalized are depreciated over the shorter of the estimated useful life of the asset or the lease term.

b) Operating Lease:

Leases where the lessor effectively retains substantially all the risks and rewards incidental to the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on straight line basis over the lease term.

IX. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

investments are classified as Long-Term investments. Current Investments are stated at lower of cost or market rate on individual investment basis. Long Term Investments are considered at cost, unless there is other than temporary decline in value thereof, in which case adequate provision is made for diminution in the value of Investments.

X. Inventories

Inventories are valued as follows:

a) Raw materials, stores and spares, packing materials and trading goods are valued at lower of cost computed on moving weighted average basis and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

b) Finished goods, work in progress and by products are valued at the lower of cost computed on weighted average basis and net realizable value. Cost includes direct materials and labour and a part of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

c) The Closing stock of materials inter-transferred from one unit to another is valued at cost of the transferor unit or net realizable value, whichever is lower.

d) Net realizable value mentioned above is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

e) The recovery of ferro chrome and silico manganese from slag generated at the plant during the manufacturing operation is accounted for on ascertainment of quantity thereof, since it is not feasible to determine the quantum till the re-processing of such slag.

XI. Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprises of cash in hand (including cheques / drafts in hand) and at bank as well as short-term investments (fixed deposits with banks and post office) with an original maturity of three months or less.

XII. Excise and Custom Duty

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, custom duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

XIII. Employee Benefits

a) Retirement benefit in the form of Provident Fund is a defined contribution scheme and is charged to the Profit and Loss Account of the year when the contributions to the respective fund is due. The Company has no obligation other than the contribution payable to respective fund.

b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit method made at the end of each financial year.

c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation done as per Projected Unit Credit method.

d) Actuarial gains/losses are immediately taken to profit & loss account and are not deferred.

XIV. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

XV. Provisions

A provision is recognized when the Company has a present obligation as a result of past event 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 made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are viewed at each balance sheet date and adjusted to reflect the current best management estimates.

XVI. Taxation

a) Tax expense comprises of Current and Deferred Tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Indian Income Tax Act, 1961.

b) Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured using income tax rates enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

c) The carrying amounts of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonable certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonable certain or virtually certain, as the case may be that sufficient future taxable income will be available.

d) Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

XVII. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the pre tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

XVIII. Derivative Instrument :

As per ICAI announcement, accounting for derivative contracts, other than those covered under Accounting Standard -11 are marked to market on a portfolio basis and the net loss after considering the offsetting effects of the underlying hedge item, is charged to the profit and loss account. Net gains are ignored as a matter of prudence.

XIX. Segment Reporting :

The Company has identified Iron & Steel products as its sole operating segment and the same has been treated as primary segment. The Company's secondary geographical segments have been identified based on the location of customers and then demarcated into Indian and overseas revenue earnings.

The company prepares its segment information in conformity with the accounting policy adopted for preparing and presenting the financial statement of the company as a whole.

XX. Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

XXI. Contingencies

Liabilities, which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes on accounts.

NOTES ON ACCOUNTS

(₹ in Lacs)

	31.03.2011	31.03.2010
3. Contingent liabilities not provided for in respect of:		
a) Claims & Government demands against the Company not acknowledged as debt:		
i) Excise*	1,121.60	1,109.88
ii) Sales Tax*	618.27	596.29
iii) Others	380.41	–
* Against the above claims/demands, payments have been made under protest to the extent of ₹ 187.12 lacs (₹ 203.09 lacs)		
b) Bills discounted and Bank Guarantees outstanding	2,452.00	1,362.06
4. Estimated amount of contracts remaining to be executed on Capital Account and not provided for [Net of Advances ₹ 4,093.09 lacs (₹ 1,244.93 lacs)]	21,901.36	2,931.30

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

5. a) The Rupee Term Loans of ₹ 86,404.74 lacs (₹ 62,671.01 lacs) from banks are secured by way of equitable mortgage by deposit of title deeds of the Company's immovable properties both owned and leasehold and building at Chadrihariharpur Kuarmunda, Sundargarh, Orissa and a first charge by way of hypothecation of the Company's moveable assets including machinery, machinery spares, tools, furniture's fixtures, Carnes etc. (both present and future).

b) Cash credit and working capital facilities of ₹ 40,013.43 lacs (₹ 33,481.79 lacs) from banks are secured by first charge by way of hypothecation of consumable stores, raw materials, finished goods, process stock and book debts (both present and future).

c) Loan facility of ₹ 15,000.00 lacs from ICICI Bank is secured by a second charge on all movable and immovable fixed assets and pledge of 300,000 shares of its subsidiary company, Orissa Manganese and Minerals Limited.

The charge referred to in 5(a), (b) & (c) above rank parri passu amongst various banks.

d) Rupee Term Loans and working capital facilities from banks (as specified in 5 (a), (b) & (c) above) as well as short term loans from Banks are further secured by personal guarantee of one or more promoter directors of the Company.

e) Deferred Payment Credits are secured by hypothecation of the respective equipments/vehicles.

f) Term loans aggregating to ₹ 11,095.27 lacs (₹ 11,853.84 lacs) are repayable within one year.

6. The Company has given undertaking to the lenders not to dispose off its 51% shareholding in Orissa Manganese and Minerals Limited (OMM), a wholly owned subsidiary till the loan taken by OMM is paid in full. Further, the Company has also placed 200,000 shares held by it as investment in OMM as a security against the above loan.

7. a) In terms of Section 115JB of the Income Tax Act, 1961, Minimum Alternate Tax (MAT) amounting to ₹ 974.52 lacs (₹ 1,125.84 lacs) for the year ended 31st March 2011 have been provided in the books of account. Further, in terms of Accounting Policy 2(XVI)(d) above and because of the fact that the Company is not likely to have taxable income in the relevant period, MAT credit of ₹ 2,947.39 lacs (₹ 1,972.87 lacs) has not been recognized in the books of accounts.

b) The Hon'ble High Court at Calcutta vide its Order dated March 29, 2010 has allowed the Company to utilize the Securities Premium Account shown under the head 'Reserves and Surplus' towards meeting the Net Deferred Tax liability upto ₹ 15,794.88 lacs. Accordingly, the Securities Premium Account has been utilized towards meeting the net deferred tax liability arisen during the year amounting to ₹ 1,289.03 lacs (₹ 3,545.74 lacs) instead of charging it off to profit and loss account. The above accounting treatment is not in line with Accounting Standard 22 "Accounting for Taxes on Income" (AS-22) notified by the Companies (Accounting Standards) Rules 2006 (as amended).

c) The breakup of Deferred Tax Liability / (Assets) as on 31st March 2011 is as follows:

(₹ in Lacs)

Particulars	31.03.2011	31.03.2010
Timing Difference in Depreciable Assets	14,872.76	13,553.11
Timing Difference due to non payment of gratuity and leave encashment	(137.28)	(106.13)
Timing Difference due to Disallowance of provision for doubtful debts & advances	(22.46)	(22.99)
	14,713.02	13,423.99

8. Derivative Instruments and Unhedged Foreign Currency Exposure as on the Balance Sheet date are as under :

a) **Forward Contract**

For minimizing the risk of currency exposure, the Forward Cover Contracts are of USD 1,500,000 (Nil) for trade receivables, USD 25,192,798 (Nil) for trade payables and Nil (USD 27,593,802) for long term loans.

b) **Unhedged foreign Currency Exposure:**

(₹ in Lacs)

Sr. No.	Particulars	31.03.2011	31.03.2010
(i)	Export Debtors	88.55	–
(ii)	Import Creditors	527.51	5.36
(iii)	Foreign Currency Loans	897.45	–

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

9. Operation & Maintenance Charges consist of the following expenses:

(₹ in Lacs)

	2010-11	2009-10
Contract Payments	2,916.40	2,252.77
Testing and Inspection Charges	377.27	355.67
Refractory Management Charges	875.67	755.26
Labour Charges	785.43	521.16
Machine Hire and Heavy Vehicle Expenses	628.83	640.46
Plot Rent Charges	31.54	26.39
Packing & Forwarding Charges	29.01	36.48
Miscellaneous	12.46	103.36
	5,656.61	4,691.55

10. Debtors includes the following amounts due from the Subsidiaries and Companies under the same management:

(₹ in Lacs)

	2010-11	2009-10
A) Subsidiaries		
Adhunik Power Transmission Limited (formerly Unistar Galvanisers and Fabricators Limited)	–	2.10
Neepaz V-Forge (India) Limited	4,754.75	2,232.89
Orissa Manganese & Minerals Limited	–	130.93
Adhunik Power & Natural Resources Limited	482.90	5.37
B) Companies under the same management		
Adhunik Alloys & Power Limited	812.70	1,803.04
	6,050.35	4,174.33

11. Advances recoverable in cash or in kind or for value to be received or pending adjustments and capital advance include the following amounts due from the subsidiary companies, partnership firm and companies under the same management:

(₹ in Lacs)

	As at 31.03.2011	Maximum Amount due during the year 2010-11	As at 31.03.2010	Maximum Amount due during the year 2009-10
A) Subsidiaries				
Adhunik Power Transmission Limited (formerly Unistar Galvanisers and Fabricators Limited)	994.39	1,989.40	964.05	1,748.65
Neepaz V Forge (India) Ltd.	–	–	–	115.08
Orissa Manganese & Minerals Ltd.	1,978.23	20,849.01	4,077.12	16,879.37
B) Partnership Firm				
United Minerals	–	–	–	21.03
C) Companies under the same management				
Adhunik Alloys & Power Ltd.	–	–	–	367.39

12. Directors' Remuneration:

(₹ in Lacs)

Paid to Managing Director	2010-11	2009-10
Salary, Allowances etc.	119.91	117.29
Contribution to Provident Fund	0.09	0.09
	120.00	117.38

Note: As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the company as a whole, the amounts pertaining to the Managing Director is not included above.

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

13. Disclosure Under Accounting Standard-15 (Revised) on 'Employee Benefits'

a) Defined Contribution Plan

(₹ in Lacs)

	2010-11	2009-10
Contribution to Provident Fund	141.81	116.36

b) Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972. The aforesaid scheme is unfunded and as such there are no plan assets. The following table summarizes (to the extent applicable) the components of net benefits / expenses recognized in Profit & Loss account and amount recognized in the balance sheet.

Gratuity

(₹ in Lacs)

	2010-11	2009-10
I. Net Employee Expense/(benefit)		
1) Current Service Cost	43.33	43.13
2) Interest cost on benefit obligation	16.71	8.87
3) Expected Return on plan assets	–	–
4) Past Service Cost	–	9.44
5) Net Actuarial (gain) / loss recognized in the year	27.54	37.68
6) Total employer expense recognized in Profit & Loss Account	87.58	99.12
II. Actual return on plan assets	–	–
III. Benefit Asset/(Liability)		
1) Defined benefit obligation	290.39	215.03
2) Fair Value of Plan Assets	–	–
3) Benefit Asset/(Liability)	(290.39)	(215.03)
IV. Movement in benefit liability		
1) Opening defined benefit obligation	215.03	120.73
2) Interest cost	16.71	8.87
3) Current Service Cost	43.33	43.13
4) Benefits paid	(12.22)	(4.81)
5) Past Service Cost	–	9.44
6) Actuarial (gains) / losses on obligation	27.54	37.68
7) Closing benefit obligation	290.39	215.03
V. The Principal actuarial assumptions are as follows	2010-11	2009-10
1) Discount Rate	8.00%	8.00%
2) Salary increase	8.00%	8.00%
3) Withdrawal Rate	Varying between 5% & 2% per annum depending upon duration and age of the employees.	
4) Expected rate of return on Plan assets	Not Applicable	Not Applicable

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

(₹ in Lacs)

	2010-11	2009-10	2008-09	2007-08	2006-07
VI Amounts for the current and earlier years are as follows.					
1) Defined benefit obligation	290.39	215.03	120.72	50.30	26.89
2) Plan Assets	–	–	–	–	–
3) Surplus/(Deficit)	(290.39)	(215.03)	120.72)	(50.30)	(26.89)
4) Experience adjustments on Plan Assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5) Experience adjustments on Plan Liabilities.	(27.54)	(37.68)	(14.65)	–	–

Notes:

a) The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) Experience adjustment of plan liabilities has not been separately disclosed for the FY 2007-08 and 2006-07 since the same was not provided by the Actuary, however the same has been considered in the actuarial valuation report as certified by the Actuary.

14. Earnings per share (EPS)

In terms of Accounting Standard 20, the calculation of EPS is given below:

(₹ in Lacs)

	2010-11	2009-10
Profit after taxation as per Accounts (₹ in lacs)	5,686.09	5,390.68
Debenture Interest net of tax (₹ in lacs)	–	33.60
Profit after taxation as per Accounts but before Debentures Interest net of tax (₹ in lacs)	5,686.09	5,424.28
Weighted average No. of Equity Shares outstanding for Basic EPS	123,499,536	112,205,659
Weighted average No. of equivalent Equity Shares on account of Share Warrants & Fully Convertible Debenture for Diluted EPS	–	2,229,179
Weighted average number of equity shares for Diluted EPS	123,499,536	114,434,838
Nominal value of Shares (₹)	10.00	10.00
Basic EPS (₹)	4.60	4.80
Diluted EPS (₹)	4.60	4.74

15. Expenditure in foreign currency to the extent charged to profit & loss account

(₹ in Lacs)

	2010-11	2009-10
Professional and Consultancy	43.99	5.49
Interest	57.77	29.84
Others	44.12	29.72
Total	145.88	65.05

16. Earnings in foreign exchange (to the extent credited to profit & loss account):

(₹ in Lacs)

	2010-11	2009-10
FOB Value of Exports	10,471.17	298.44

17. Operating Lease

The Company has obtained Liquid Oxygen Plant on operating lease. The lease rent payable per annum is ₹312 Lacs (₹ 312 Lacs). The lease term is for a period of 10 years and the initial term may be extended for such further period and on such terms and conditions as the parties may mutually agree. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no sub leases.

(₹ in Lacs)

	2010-11	2009-10
Lease payment for the year	312.00	312.00
Minimum lease payment		
Not later than one year	312.00	312.00
Later than one year but not later than five years	1248.00	1,248.00
Later than five years	676.00	988.00

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

18. CIF Value of imports (including through canalized agency) during the year:

(₹ in Lacs)

	2010-11	2009-10
i) Raw Materials	20,895.06	11,389.61
ii) Components & Spare Parts	1,045.80	819.09

19. Stores & Spares amounting to ₹ 2,842.78 Lacs (₹ 1,360.56 Lacs) are included under other heads in the Profit & Loss Account.

20. Excise duty on sales amounting to ₹ 12,488.45 lacs (₹ 8,691.17 Lacs) has been reduced from sales in Profit and Loss Account and excise duty on stocks amounting to ₹ 316.84 lacs (₹ 1,204.22 Lacs) represents differential excise duty on opening & closing stock of finished goods.

21. Based on the information /documents available with the company , information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(₹ in Lacs)

	2010-11	2009-10
Principal amount remaining unpaid to any supplier at the end of accounting year.	119.67	153.85
Interest due on above	11.24	12.44
Total of (i) & (ii)	130.91	166.29
Amount of interest paid by the Company to the suppliers	NIL	NIL
Amounts paid to the suppliers beyond the respective due date	290.89	441.58
Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	NIL	NIL
Amount of interest accrued and remaining unpaid at the end of accounting year.	48.61	37.37
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this act.	NIL	NIL

22. Prior period Adjustments comprise of the following :

(₹ in Lacs)

	2010-11	2009-10
Income		
Rent & Hire Charges	0.03	134.74
Operation & Maintenance Charges	–	7.30
Rates & Taxes-	–	48.11
Total (A)	0.03	190.15
Expenses		
Commission	21.41	–
Stores and Spares Consumed	–	57.67
Selling Expenses	–	41.37
Security Charges	3.05	21.50
Interest	0.73	205.55
Miscellaneous Expenses	6.77	15.24
Total (B)	31.96	341.33
Total (B-A)	31.93	151.18

23. Interest in Partnership Firm

The Company has entered into a Partnership Agreement with United Minerals (jointly controlled entity), a firm registered under The Indian Partnership Act, 1932, which is engaged in mining of limestone and dolomite.

(₹ in Lacs)

	31.03.2011	31.03.2010
Total Capital of the Partnership Firm	18.08	20.15

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

The Profit & Loss sharing ratio between the Partners in the aforesaid Partnership firm is as under.

(₹ in Lacs)

	31.03.2011	31.03.2010
Adhunik Metaliks Limited	50%	50%
Adhunik Alloys & Power Limited	50%	50%

The Company's share of the assets, liabilities, income and expenses of the Partnership firm (jointly controlled entity) as per the audited accounts as at and for the year ended 31st March 2011 are as follows:

(₹ in Lacs)

	2010-11	2009-10
Assets	27.15	29.26
Liabilities	14.67	15.75
Capital Reserves	3.44	3.44
Revenue	–	11.23
Other Income	1.05	–
Depreciation	0.68	0.80
Others Expenses	1.40	9.74
Profit / (Loss) after tax	(1.03)	0.48

24. Segment Information

a. Business Segment: The Company's business activity primarily falls within a single business segment i.e. Iron & steel business and hence there are no disclosures to be made under Accounting Standard-17, other than those already provided in the financial statements.

b. Geographical Segments: The Company primarily operates in India and therefore the analysis of geographical segment is based on the areas in which customers of the Company are located.
Information for Secondary Geographical Segments

(₹ in Lacs)

	2010-11	2009-10
Revenue (Gross Sales)		
Domestic	145,747.33	134,251.68
Overseas	10,471.17	298.44
Total	156,218.50	134,550.12

(₹ in Lacs)

	31.03.2011	31.03.2010
Domestic Debtors	28,735.52	20,613.81
Export Debtors	841.06	1.35
Total	29,576.58	20,615.16

c. Since the Company has common fixed assets for producing goods for domestic and overseas markets, separate figures for fixed assets / additions to fixed assets for these two segments are not furnished

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

25. Related Party Disclosures :

a) Name of the related parties :

Subsidiary Companies	Adhunik Power Transmission Ltd.
	(Formely Unistar Galvanisers & Fabricators Ltd)
	Adhunik Power & Natural Resources Ltd.
	Neepaz V Forge (India) Ltd
	Orissa Manganese & Minerals Ltd.
Partnership Firm (Joint Venture)	United Minerals
Key Management Personnel	Mr. Ghanshyam Das Agarwal (Chairman)
	Mr. Manoj Kumar Agarwal (Managing Director)
	Mr. Jugal Kishore Agarwal (Director)
	Mr. Nirmal Kumar Agarwal (Director)
Relatives of Key Management personnel	Mr. Mohan Lal Agarwal (Brother of Mr Manoj Kumar Agarwal)
	Mr. Mahesh Kumar Agarwal (Brother of Mr Manoj Kumar Agarwal)
	Mrs. Sonika Agarwal (Wife of Mr. Manoj Kumar Agarwal)
	Mrs. Pramila Agarwal (Wife of Mr. Jugal Kishore Agarwal)
	Mrs. Anita Agarwal (Wife of Mr. Nirmal Kumar Agarwal)
	Mrs. Meena Agarwal (Wife of Mr. G. D. Agarwal)
	Mrs. Rita Agarwal (Wife of Mr. Mohan Lal Agarwal)
	Mrs. Chandrakanta Agarwal (Wife of Mr. Mahesh Agarwal)
	Mr. Naveen Agarwal (Son of Mr. Jugal Kishore Agarwal)
	Mrs. Ekta Agarwal (Wife of Mr. Naveen Agarwal)
	Mr. Sachin Agarwal (Son of Mr. Jugal Kishore Agarwal)
Enterprises over which Key Management Personnel / Relatives have significant influence	Adhunik Alloys & Power Ltd.
	Adhunik Corporation Ltd.
	Adhunik Infotech Ltd.
	Adhunik Industries Ltd. (w.e.f. 05.01.2010)
	Adhunik Meghalaya Steels (Private) Ltd.
	Adhunik Steels Ltd.
	Futuristic Steels Ltd.
	Mahananda Suppliers Ltd.
	Neepaz B.C. Dagara Steels Pvt Ltd.
	Sungrowth Shares & Stock Limited
	Swarnarekha Steel Industries Ltd
	Zion Steel Ltd.

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

25. b) Aggregated Related Party Disclosures for the year ended 31st March 2011

(₹ in Lacs)

Name of the Related Party	Purchase of goods/ services	Sales of goods services	Conversion Charges, Hire Charges, Accounting & Maintenance charges and Rent	Hire charges/ Interest received	Purchase of Investment	Sale of Investment	Dividend declared and receivable	Sale of land	Remuneration on to Managing Director	Balance outstanding as at the end of period-Debit	Balance outstanding as at the end of period-Credit
Subsidiary Companies											
Adhunik Power & Natural Resources Ltd.	– (–)	2,528.19 (302.21)	– (–)	– (–)	200.00 (2,795.50)	200.00 (–)	– (–)	– (–)	– (–)	482.90 (5.37)	– (–)
Adhunik Power Transmission Ltd. (Formerly Unistar Galvanisers & Fabricators Ltd)	50.00 (141.19)	16.19 (4.02)	0.60 (0.60)	127.50 (91.80)	– (–)	– (–)	– (–)	– (–)	– (–)	994.39 (966.15)	– (–)
Orissa Manganese & Minerals Ltd	11,852.19 (4,741.87)	215.20 (130.93)	24.00 (–)	1,253.35 (710.85)	– (–)	– (–)	1,800 (–)	(10.18)	– (–)	1,978.23 (4,208.05)	– (–)
Neepaz V Forge (India) Ltd.	35.77 (0.41)	8,444.69 (3,929.14)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	4,754.75 (2,232.89)	– (–)
Partnership Firm (Joint Venture)											
United Minerals	– (23.46)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	3.70 (10.59)
Key Management Personnel											
Manoj Kumar Agarwal	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	120.00 (117.29)	– (6.72)	6.74 (–)
Jugal Kishore Agarwal	– (–)	– (–)	0.04 (0.14)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	0.40 (–)
Nirmal Kumar Agarwal	– (–)	– (–)	0.06 (0.11)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	0.06 (–)
Ghanshyamdas Agarwal	– (–)	– (–)	0.07 (0.21)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	0.07 (–)
Relatives of Key Management Personnel											
Mohan Lal Agarwal	– (–)	– (–)	0.12 (0.36)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	0.12 (–)
Mahesh Kr. Agarwal	– (–)	– (–)	0.12 (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	0.12 (–)
Anita Agarwal	– (–)	– (–)	0.72 (0.24)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	0.72 (–)
Enterprises over which key management personnel / relatives have significant influence											
Adhunik Corporation Ltd	– (61.00)	– (–)	– (–)	– (59.01)	– (–)	– (–)	– (–)	– (–)	– (–)	– (125.79)	– (–)
Adhunik Steels Ltd	– (14.75)	– (–)	1.35 (0.36)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	1.35 (–)
Adhunik Alloys & Power Ltd	369.78 (168.13)	1,841.38 (2,651.68)	– (–)	– (65.72)	– (–)	– (–)	– (–)	– (–)	– (–)	812.70 (1,803.04)	– (–)
Adhunik InfoTech Limited	– (–)	– (–)	170.20 (171.09)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	43.36 (–)	– (0.39)
Adhunik Industries Ltd	– (271.94)	44.06 (2,293.58)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (442.80)	15.70 (–)
Swarnrekha Steel Industries Ltd.	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	59.31 (34.55)
Neepaz B C Dagara Steels Pvt Ltd.	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	1.00 (–)	– (–)
Zion Steel Ltd.	– (762.03)	– (628.89)	2,712.75 (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	601.28 (559.69)	– (–)
Sungrowth Shares & Stock Ltd.	– (–)	– (–)	– (–)	– (–)	– (1,016.00)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Mahananda Suppliers Ltd.	– (–)	– (–)	– (–)	– (–)	– (455.00)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)
Grand Total	12,307.74 (6,184.78)	13,089.71 (9,940.45)	2,910.03 (173.11)	1,380.85 (927.38)	200 (4,266.50)	200 (–)	1,800 (–)	– (10.18)	120.00 (117.29)	11,468.61 (10,350.50)	88.29 (45.53)

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

26. For valuation of finished goods and work in progress inventory, the cost computation basis during the year has been changed from "annual weighted average" to "quarterly weighted average" basis. The prices of major raw materials are now normally determined globally on quarterly basis and hence, the management believes that such change will reflect the fairest possible approximation to the cost incurred in bringing the items of inventory to their present location and condition as required under Accounting Standard -2 "Valuation of Inventories". As a result of such change, the inventory valuation of finished goods and work in progress is higher by ₹ 1,239.95 lacs, with consequential impact on profit thereof.

27 Details of Raw Materials Consumed:

(₹ in Lacs)

	Unit	2010-11 Quantity	2010-11 Amount	2009-10 Quantity	2009-10 Amount
Iron Ore	MT	837,558	30,206.55	665,225	14,146.95
Coal	MT	825,987	36,646.22	662,243	16,710.17
Coke	MT	28,222	4,144.02	151,140	21,539.97
Scrap	MT	6,357	1,122.03	29,135	4,943.56
Sponge Iron	MT	24,004	3,918.38	27,612	3,316.63
Manganese Ore	MT	50,871	3,731.20	75,440	3,288.44
Others *			3,832.11		2,822.85
			83,600.51		66,768.57

* Represents items which are individually less than 10% of the total consumption.

Note:

The above figures are after adjusting transit losses / shortages and exclude the value of materials acquired during the process of manufacturing and consumed departmentally. However, the value of such inter unit transfers is eliminated for the purpose of consolidation.

28. Value of Raw Materials and Components, Stores and Spares consumed during the year (including trial run items shown under other heads of expenses and unserviceable and/or damaged items written down and/or written off):

(₹ in Lacs)

	Raw Materials		Stores and Spares	
	Value (₹ in lacs)	% of total consumption	Value (₹ in lacs)	% of total consumption
Imported	21,792.35	26	770.26	5
	(9,384.20)	(14)	(716.58)	(5)
Indigenous	61,808.16	74	15,173.34	95
	(57,384.37)	(86)	(13,035.88)	(95)

Note:

The above figures are inclusive of transit losses and shortages.

Schedules forming part of the Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

29. Quantitative Information:

Installed Capacity, Production, Stocks & Sales of Goods Produced / Traded during the year: (₹ in Lacs)

Sl. No.	Class of Goods	Unit	Installed Capacity (a), (b)	Production/ Purchases (In MT)		Opening Stock Quantity (In MT)	Opening Stock Amount	Closing Stock (d), (e) Quantity (In MT)	Closing Stock (d), (e) Amount	Sales (including excise duty) (f) Quantity (In MT)		Sales (including excise duty) (f) Amount
1	Sponge Iron	Tonnes	300,000	203,695		9,808	1,128	12,183	2,036	–		–
			(300,000)	(199,658)		(2,086)	(283)	(9,808)	(1,128)	(3328)		(492)
2	Pig Iron/Hot Metal	Tonnes	213,792	179,338		4,858	756	6,362	1,231	36,211		8,612
			(213,792)	(170,310)		(4,541)	(802)	(4,858)	(756)	(46,103)		(8,737)
3	Billets	Tonnes	445,400	335,036		15,621	3,813	17,529	5,510	166,760		50,081
			(445,400)	(332,254)		(11,152)	(3,200)	(15,621)	(3,813)	(166,823)		(44,378)
4	Rolled Product	Tonnes	220,000	159,564	(c)	16,402	4,845	19,607	7,275	150,716		70,693
			(220,000)	(152,266)		(9,885)	(3,462)	(16,402)	(4,845)	(134,057)		(52,844)
5	Silcon and Ferro Alloys	Tonnes	46,880	24,456		4,805	2,277	2,944	1,644	18,783		10,791
			(46,880)	(26,848)		(2,921)	(1,167)	(4,805)	(2,277)	(18,237)		(8,419)
6	Oxygen Gas	M. Cu.	35,972,000	30,801,498		131,189	–	78,421	–	12,601,958		722
			(35,972,000)	(26,225,625)		(107,318)	(–)	(131,189)	(–)	(3,123,404)		(519)
7	Sinter	Tonnes	267,300	243,735		48,757	1,102	77,990	3,546	–		–
			(267,300)	(209,526)		(23,352)	(674)	(48,757)	(1,102)	(–)		(–)
8	By- Products	Tonnes		489,944		279,979	4,820	304,202	12,149	233,299	(g)	3,326
				(531,107)		(200,837)	(3,106)	(279,979)	(4,820)	(206,106)		(2,812)
9	Trading Goods	Tonnes		5,726		635	163	13	8	6,821		1,764
				(41,227)		(277)	(76)	(635)	(163)	(40,869)		(10,541)
10	Miscellaneous	Rupees					357		223			10,230*
							(512)		(357)			(10,179)
	Total						19,261		33,622			156,219
							(13,282)		(19,261)			(138,921)

* Includes sale of By-Products amounting to ₹1,415 lacs.

Notes:

a) Licensed capacity is not applicable as the industry is delicensed.
b) Installed Capacity is as certified by the Management and relied upon by the Auditors.
c) After adjusting shortages
d) Include Trial Run Stock
e) Excludes materials captively consumed
f) Excluding own consumption / transferred to Raw Material after rescreening

30. Previous year figures including those given in the brackets have been regrouped / rearranged wherever considered necessary.

Signatories to SAchedules 1 to 25
As per our attached report of even date

For S. R. Batliboi & Co.
Firm Registration No: 301003E
CHARTERED ACCOUNTANTS

per R. K. Agrawal
Partner
Membership No. 16667

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Place: Kolkata
Date: May 20, 2011

Balance Sheet Abstract

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details

Registration No. 9 3 9 4 5 | State Code 2 1

Balance Sheet Date 3 1 (Date) 0 3 (Month) 2 0 1 1 (Year)

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	N I L	Bonus Issue / Right Issue	N I L
Private Placement (QIP)	N I L	Others	N I L

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities	2 7 1 2 3 7 0 5	Total Assets	2 7 1 2 3 7 0 5

Sources of Funds

Paid–up Capital	1 2 3 4 9 9 5	Reserves & Surplus	5 1 7 3 6 5 2
Share Warrant	N I L	Unsecured Loans	7 4 3 0 0 4
Secured Loans	1 2 7 0 0 9 4 4	Deferred Tax Liability (Net)	1 4 7 1 3 0 2

Application of Funds

Net Fixed Assets	1 2 6 3 3 4 9 2	Capital Work in Progress including Capital Expenditure on New Projects & Trial run	8 3 3 3 5 3
Investments	2 0 7 0 7 3 4	Net Current Assets	5 7 8 6 3 1 8
Accumulated Losses	N I L	Misc. Expenditure	N I L

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

Turnover	1 5 6 2 1 8 5 1	Total Expenditure	1 4 2 3 1 6 5 1
Profit/Loss before Tax	6 6 6 0 6 1	Profit/Loss after Tax	5 6 8 6 0 8
Earning per share in ₹	4 . 6 0	Dividend Rate (%)	1 5 . 0

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Product Description	ITC Code No. (ITC Code)	Product Description	ITC Code No. (ITC Code)
Sponge Iron	7203 10 00	Granulated Slag (By Product)	2618 00 00
Pig Iron	7201 10 00	Rolled Product (Non Alloy)	7213 10 90
Billet (Non Alloy)	7224 90 91	Rolled Product (Alloy)	7227 90 90
Billet (Alloy)	7227 19 20	Ferro Silico Manganese	7202 30 00

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Place: Kolkata
Date: May 20, 2011

Section 212

Statement pursuant to Section 212 of the Companies Act, 1956

Name of the subsidiary	Financial Year ending of the subsidiary.	Number of equity share held	Extent of holding	For financial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in Col. 6).	Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company.	Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in Col. 8).	Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Orissa Manganese & Minerals Ltd	31.03.2011	2,000,000	100%	13,325.58	1,800.00	12,735.96	–
Adhunik Power Transmission Ltd. (Formely Known as United Galvanisers & Fabricators Ltd.)	31.03.2011	2,728,350	82.78%	45.85	–	535.86	–
Neepaz V Forge (India) Limited	31.03.2011	9,373,042	59.20%	287.43	–	(394.97)	–
Adhunik Power & Natural Resources Limited	31.03.2011	170,036,393	97.96%	–	–	–	–

Details as per MCA direction under Section 212 of the Companies Act, 1956 as on 31.03.2011

Particulars	Orissa Manganese & Minerals Ltd.	Adhunik Power Transmission Ltd.	Neepaz V Forge (India) Ltd.	Adhunik Power and Natural Resources Ltd.
Authorized Capital	35,000,000	35,000,000	250,000,000	5,150,000,000
Paid-up Capital	20,000,000	32,960,000	158,333,330	3,065,817,530
Reserves	2,627,781,495	156,536,246	394,998,197	11,290
Total Assets	9,028,284,180	651,607,282	3,139,455,742	15,470,299,834
Total liabilities	7,546,402,685	462,111,036	2,586,224,215	12,404,471,014
Investments	1,165,900,000	–	100,000	–
Turnover	4,380,371,710	209,342,508	1,161,152,441	–
Profit Before Taxation	2,270,649,960	3,143,137	28,732,468	–
Provision for Taxation	758,091,571	(2,395,231)	(19,819,332)	–
Profit after Taxation	1,512,558,389	5,538,368	48,551,800	–
Proposed Dividend	180,000,000	–	–	–

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Place: Kolkata
Date: May 20, 2011

Consolidated Auditors' Report

The Board of Directors
Adhunik Metaliks Limited

1. We have audited the attached consolidated balance sheet of Adhunik Metaliks Limited (the Company), its subsidiaries and joint venture (the "Group") as at 31st March 2011 and the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 1,92,557.51 lacs as at 31st March 2011 and total revenue of ₹ 13,704.95 lacs and cash flows amounting to ₹ 361.60 lacs (net cash outflow) for the year then ended. We also did not audit the financial statements of joint venture partnership firm whose financial statements reflects total assets of ₹ 27.10 lacs as at 31st March 2011 and total revenues of ₹ Nil and cash flows amounting to ₹ 2.25 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to the amounts included in respect of these subsidiaries and joint venture partnership firm is based solely on the reports of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements', and Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Ventures' notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

5. Without qualifying our opinion, we draw attention to Note no. 10 (b) on Schedule 25 regarding utilisation of Securities Premium Account of ₹ 1,289.03 lacs (₹ 3,545.74 lacs) by the Company towards meeting the net deferred tax liability arisen during the year, pursuant to the Hon'ble High Court of Calcutta's Order dated March 29, 2010. The above accounting treatment is not in line with Accounting Standards 22 "Accounting for Taxes on Income" (AS-22) as notified by the Companies (Accounting Standards) Rules 2006 (as amended).

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   a) in the case of consolidated balance sheet, of the consolidated state of affairs of the Group as at 31st March 2011;
   b) in the case of consolidated profit and loss account, of the consolidated profit of the Group for the year ended on that date; and
   c) in the case of consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

For S. R. Batliboi & Co.
Firm registration number: 301003E
CHARTERED ACCOUNTANTS

Per R. K. AGRAWAL
Partner
Membership No. 16667

22 Camac Street
Block 'C', 3rd Floor
Kolkata–700 016.
Date : May 20, 2011

Consolidated Balance Sheet As at March 31, 2011

(₹ in Lacs)

	Schedule	31.03.2011	31.03.2010
SOURCES OF FUNDS			
A. Shareholders' Funds			
Share Capital	1	12,349.95	12,349.95
Reserves and Surplus	2	74,691.11	59,702.15
		87,041.06	72,052.10
B. Minority Interest		19,173.50	5,428.11
C. Loan Funds			
Secured Loans	3	288,124.46	169,670.03
Unsecured Loans	4	12,529.98	24,678.53
		300,654.44	194,348.56
D. Deferred Tax Liabilities (Net)	5	18,408.62	14,589.15
		425,277.62	286,417.92
APPLICATION OF FUNDS			
A. Fixed Assets			
a) Gross Block	6	234,744.43	182,317.76
b) Less : Accumulated Depreciation / Amortisation		27,754.08	16,485.98
c) Net Block		206,990.35	165,831.78
d Capital Work-in-Progress including Capital Advances	7	142,561.84	63,623.78
e) Capital Expenditure on New Projects & Trial Run Expenses	8	26,111.27	13,877.43
f) Proportionate Share in Joint Venture Partnership Firm		14.64	14.40
		375,678.10	243,347.39
B. Investments	9	12.65	8.65
C. Current Assets, Loans & Advances			
a) Inventories	10	80,750.33	52,574.58
b) Sundry Debtors	11	30,283.66	22,061.69
c) Cash & Bank Balances	12	15,496.82	17,862.81
d) Other Current Assets	13	603.83	417.48
e) Loans & Advances	14	24,940.26	18,335.93
		152,074.90	111,252.49
D. Less : Current Liabilities and Provisions	15		
a) Current Liabilities		97,908.02	63,633.20
b) Provisions		4,580.01	4,612.37
		102,488.03	68,245.57
Net Current Assets		49,586.87	43,006.92
E. Miscellaneous Expenditure (To the extent not written off or adjusted)	16	–	54.96
		425,277.62	286,417.92

Significant Accounting Policies and Notes on Accounts 25

Schedules 1 to 16 and 25 referred to above form an integral part of the Consolidated Balance Sheet

As per our attached report of even date

For S. R. Batliboi & Co.
(Firm Registration No: 301003E)
CHARTERED ACCOUNTANTS

per R. K. Agrawal
Partner
Membership No. 16667

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Place: Kolkata
Date: May 20, 2011

Consolidated Profit and Loss Account For the year ended March 31, 2011

(₹ in Lacs)

	Schedule	2010-11	2009-10
INCOME			
Sales	17	192,132.12	153,950.77
Less: Excise Duty		12,790.94	8,986.06
		179,341.18	144,964.71
Other Income	18	4,113.09	4,480.14
Total Income		183,454.27	149,444.85
EXPENDITURE			
Decrease/(Increase) in Stocks	19	(24,642.02)	(12,604.78)
Excise Duty on Stocks (Refer Note no.22 on Schedule 25)		404.67	1,218.73
Raw Materials Consumed	20	70,395.39	52,429.13
Purchase of Trading Goods		1,514.83	9,650.95
Manufacturing Expenses	21	49,376.58	35,130.02
Personnel Expenses	22	8,372.50	5,734.08
Selling & Administrative Expenses	23	19,188.91	14,965.73
Interest	24	20,834.36	15,945.50
Preliminary Expenditure Written Off		–	0.46
Depreciation/ Amortisation		11,050.49	6,767.08
Prior Period Items (Net)		57.53	206.67
Total Expenditure		156,553.24	129,443.57
Profit Before Taxation		26,901.03	20,001.28
Provision For Taxation			
Current Tax		5,790.29	5,442.04
For Earlier Years		12.57	256.33
Deferred Tax		2,530.44	595.82
Profit after tax but before minority interest		18,567.73	13,707.09
Minority Interest		136.74	(28.42)
Profit after Taxation and Minority Interest		18,430.99	13,735.51
Add: Balance brought forward from previous year		31,425.01	20,205.35
Less : Adjustment of loss pertaining to the amalgamating Companies		–	580.94
Profit available for appropriation		49,856.00	33,359.92
Less : Transferred to General Reserve		1,796.86	134.77
Proposed Dividend		1,852.48	1,543.74
Dividend Tax		300.52	256.40
Balance carried to Balance Sheet		45,906.14	31,425.01
		49,856.00	33,359.92
Earning Per Share: (Nominal Value Per Share ₹ 10 each) (₹) (Refer Note no. 19 on Schedule 25)			
Basic		14.92	12.24
Diluted		14.92	12.03

Significant Accounting Policies and Notes on Accounts 25

Schedules 17 to 25 referred to above form an integral part of the Consolidated Profit and Loss Account

As per our attached report of even date

For S. R. Batliboi & Co.
(Firm Registration No: 301003E)
CHARTERED ACCOUNTANTS

per R. K. Agrawal
Partner
Membership No. 16667

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Place: Kolkata
Date: May 20, 2011

Consolidated Cash Flow Statement For the year ended March 31, 2011

(₹ in Lacs)

Particulars	2010-11		2009-10	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax		26,901.03		20,001.28
Adjustments for :				
Depreciation & Amortisation	11,050.49		6,767.08	
Gratuity & Leave Provision	230.35		203.40	
Interest Expenses	20,834.36		15,945.50	
Preliminary Expenses W/off	–		0.46	
Foreign Exchange (Unrealised)	(100.93)		266.57	
Profit on Sale on Investments	(101.39)		(200.00)	
Loss on Sales of Fixed Assets	24.86		41.85	
Interest Income	(2,551.96)	29,385.78	(2,482.47)	20,542.39
Operating Profit Before Working Capital Changes		56,286.81		40,543.67
Adjustments for Movement in Working Capital :				
(Increase)/Decrease in Trade and other Receivable	(18,395.67)		(5,373.22)	
(Increase) in Inventories	(28,175.75)		(12,362.27)	
Increase/(Decrease) in Current Liabilities & Provisions	34,255.80	(12,315.64)	24,068.80	6,333.31
Cash Generated From Operations		43,971.18		46,876.98
Income Tax (Paid)/Refund		(6,421.43)		(3,570.12)
Net Cash from Operating Activities .....(A)		37,549.75		43,306.86
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Acquisition of Fixed Assets [including interest capitalised ₹ 11686.28 Lacs (₹ 7984.70 Lacs) and Goodwill ₹ 158.48 Lacs (₹ Nil)]		(143,447.20)		(92,767.27)
Loans given to/ repaid by Bodies Corporates		3,242.54		(2,001.65)
Sale of fixed assets		95.77		3,857.20
Proceed from sale of Investments		200.00		2,200.00
Purchase of Invesments by subsidiary		(4.00)		–
Fixed Deposits		654.86		460.98
Interest Received		2,692.44		3,922.24
Net Cash used in Investing Activities ..... (B)		(136,565.59)		(84,328.50)

Consolidated Cash Flow Statement (Contd) For the year ended March 31, 2011

(₹ in Lacs)

Particulars	2010-11		2009-10	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Share Capital		–		20,335.00
Proceed from issue of Compulsarily Convertible Participating Preference Share by Subsidiary		13,300.00		–
Receipt of Share Application Money and issue of shares in subsidiary		–		445.80
Refund of Share Application Money by subsidiary		(28.45)		–
Receipt on Amalgamation :				
Securities Premium		–		1,094.40
General Reserve		–		(212.90)
Defered Tax Liabilities		–		(62.93)
(Increase) in Preliminary Expenditure		–		(41.62)
Forfeiture of Equity Share Application money		–		588.78
Secured Loans :				
– Long Term Borrowings Received		169,321.94		68,846.68
– Long Term Borrowings Repaid		(58,223.46)		(10,605.76)
– Working Capital Loan (Net)		7,748.95		(1,159.07)
Defered Payment Credit From Banks (Net)		(393.00)		(948.96)
Unsecured Loans :				
Conversion of Debentures		–		(10,000.07)
Short Term Loans (Net)		(17,148.54)		(5,355.94)
Other Loan from a bank		5,000.00		
Dividend Paid including Dividend Tax		(1,799.80)		(1,234.02)
Share of Minority Interest		238.48		26.53
Interest Paid		(20,711.41)		(16,103.58)
Net Cash from Financing Activities.....(C)		97,304.71		45,612.36
Net Increase in Cash and Cash Equivalents (A+B+C)		(1,711.13)		4,590.72
Cash and Cash Equivalents at the beginning of the year		11,417.95		6,827.23
Cash and Cash Equivalents at the end of the year		9,706.82		11,417.95
Notes:				
Cash & Cash Equivalents* represent the following:				
Cash, Cheques / Drafts in hand		386.92		320.20
Balance with Scheduled Banks:				
In Current Account		5,854.63		6,130.17
In Unclaimed Application Money & Dividend Account**		10.96		10.09
In Fixed Deposits		3,451.37		4,957.49
Balance with Non Scheduled Bank with Bank of China in Current Account		2.94		–
* Excludes Margin Money ₹5790.00 Lacs (₹6,444.86 Lacs), having a maturity period of greater than 90 days				
** Represents Bank Balanace with restrictive use		9,706.82		11,417.95

As per our attached report of even date

For S. R. Batliboi & Co.
(Firm Registration No: 301003E)
CHARTERED ACCOUNTANTS

per R. K. Agrawal
Partner
Membership No. 16667

Place: Kolkata
Date: May 20, 2011

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 1 SHARE CAPITAL		
Authorised		
14,518,0000 Equity Shares of ₹10 each	14,518.00	14,518.00
2,000 Preference Shares of ₹100 each	2.00	2.00
	14,520.00	14,520.00
Issued, Subscribed and Paid Up		
12,34,99,536 Equity Shares of ₹10 each fully paid up	12,349.95	12,349.95
Note :		
Issued, Subscribed and Paid Up Capital includes 8,033,322 Equity Shares of ₹10 each issued for consideration other than cash and 8,545,152 shares issued & allotted as fully paid up Bonus shares by capitalisation of Securities Premium.		
	12,349.95	12,349.95

	31.03.2011	31.03.2010
Schedule 2 RESERVES AND SURPLUS		
Capital Reserve		
As per Last Account	642.53	53.75
Add: Arisen on account of forfieture of share warrants	–	588.78
	642.53	642.53
Securities Premium		
As Per Last Account	26,287.79	4,858.90
Add : Received on Amalgamation	–	1,094.40
Add: Received during the year	–	28,155.60
	26,287.79	34,108.90
Less: Capitalization by issue of fully paid up Bonus shares	–	3,731.51
Less: Share Issue Expenses	–	543.86
Less: Adjustment of Deferred Tax Liability [Refer Note no. 10 (b) on Schedule 25]	1,289.03	3,545.74
	24,998.76	26,287.79
General Reserve		
As Per Last account	1,346.82	844.02
Add : Transferred from Profit and Loss Accounts	1,796.86	134.77
Add : Received on Amalgamation	–	429.27
	3,143.68	1,408.06
Less : Unrealised Profit on Opening Stock on Amalgamation	–	61.24
	3,143.68	1,346.82
Profit & Loss Account Balance	45,906.14	31,425.01
	74,691.11	59,702.15

	31.03.2011	31.03.2010
Schedule 3 SECURED LOANS*		
(Refer Note no. 4 on Schedule 25)		
Rupee Term Loan From Banks	242,063.99	130,965.51
Working Capital Finance From Banks		
– In Indian Currency	44,124.25	32,325.20
– In Foreign Currency	897.45	4,947.55
Deferred Payment Credits		
– From Banks	624.19	437.99
– From Others	414.58	993.78
*Including Interest Accrued & Due ₹ 1,725.02 Lacs (₹1,002.82 Lacs)		
	288,124.46	169,670.03

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 4 UNSECURED LOANS		
Short Term Loans from -		
– Bodies Corporate	10.00	200.48
– Banks** [Refer Note no. 4 (c) on Schedule 25]	7,344.28	24,183.87
– Others	175.70	294.18
Other loan from a bank	5,000.00	–
** Including Interest Accrued & Due ₹83.07 lacs (₹150.45 lacs)		
	12,529.98	24,678.53

	31.03.2011	31.03.2010
Schedule 5 DEFERRED TAX LIABILITIES (NET)		
[Refer Note No 10 (c) on Schedule 25]		
As Per Last account	14,589.15	10,510.53
Add: For the year	3,819.47	4,141.55
	18,408.62	14,652.08
Less: Transfer on Amalgamation	–	62.93
	18,408.62	14,589.15

Schedule 6 FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2010	Additions Adjustments	Sales/ Adjustments	As at 31.03.2011	As at on 01.04.2010	For the Year	On Sales/ Adjustments	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible Assets										
Freehold Land	3,038.72	2,830.14	–	5,868.86	–	–	–	–	5,868.86	3,038.72
Leasehold Land	1,126.01	2,029.88	–	3,155.89	45.68	69.15	–	114.83	3,041.06	1,080.33
Buildings	9,631.27	5,048.93	–	14,680.20	610.76	486.74	–	1,097.50	13,582.70	9,020.51
Plant & Machinery	141,368.95	39,180.17	129.15	180,419.97	12,790.76	8,861.07	10.27	21,641.56	158,778.41	128,578.19
Vehicles	3,215.42	195.15	5.81	3,404.76	1,089.29	330.55	4.06	1,415.78	1,988.98	2,126.13
Computers	711.42	160.70	–	872.12	242.12	129.09	–	371.21	500.91	469.30
Furniture & Fixtures	710.10	279.22	–	989.32	147.11	106.00	–	253.11	736.21	562.99
Office Equipments	466.88	127.68	–	594.56	76.11	30.95	–	107.06	487.50	390.77
Rolling Stock	2,550.35	–	–	2,550.35	580.80	255.04	–	835.84	1,714.51	1,969.55
Railway Siding	5,766.56	87.99	–	5,854.55	232.56	265.01	–	497.57	5,356.98	5,534.00
Intangible Assets										
Net Present Value of Forest Restoration	4,907.94	2,262.42	–	7,170.36	458.78	662.12	–	1,120.90	6,049.46	4,449.16
Goodwill	8,614.98	158.48	–	8,773.46	83.29	36.76	–	120.05	8,653.41	8,531.69
Computer Software	209.16	200.87	–	410.03	128.72	49.95	–	178.67	231.36	80.44
	182,317.76	52,561.63 (a)	134.96	234,744.43	16,485.98	11,282.43	14.33	27,754.08	206,990.35	165,831.78
Add: Proportionate Share in Joint Venture Partnership Firm	–	–	–	–	–	0.68	–	–	–	–
Total	182,317.76	52,561.63	134.96	234,744.43	16,485.98	11,283.11 (b)	14.33	27,754.08	206,990.35	165,831.78
Previous Year's Total	115,591.19	70,637.95	3,911.38	182,317.76	9,012.51	6,868.67	12.33	16,485.98	165,831.78	–

Notes:

a) Includes ₹3155.95 Lacs (₹5,407.09 Lacs) being the amount of Borrowing Costs capitalized during the year.

b) Includes ₹ 232.62 Lacs (₹101.59 Lacs) transferred to Pre-operative & Trial Run Expenses

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 7 CAPITAL WORK-IN-PROGRESS (AT COST)		
Land & Site Development Expenses	293.03	38.35
Civil Construction and Structural Works	40,784.90	24,778.98
Plant & Machinery & other assets *	133,867.60	72,381.66
Capital Goods in Stock	5,059.29	1,413.22
	180,004.82	98,612.21
Less: Transfer to Fixed Assets	37,442.98	34,988.43
*Includes advances against capital goods ₹ 18,053.20 Lacs (₹ 24,910.75 Lacs)		
	142,561.84	63,623.78

	31.03.2011	31.03.2010
Schedule 8 CAPITAL EXPENDITURE ON NEW PROJECTS & TRIAL RUN EXPENSES		
Opening Balance Brought Forward	13,877.43	13,390.88
Add : Acquired on Amalgamation		
Vedvyas Ispat Ltd	–	646.21
Sri. M P Ispat & Power Pvt.Ltd	–	721.32
Expenditure		
Raw Materials Consumed	1,218.59	8,574.97
Manufacturing Expenses		
Power & Fuel	1,361.73	3,752.33
Labour Charges	215.95	520.48
Repair & Maintenance		
– Plant & Machinery	1.80	9.73
– Others	140.85	31.04
Stores and Spares Consumed	627.10	1,093.00
Personnel Expenses		
Salaries and Bonus	2,696.22	1,837.37
Contribution to Provident Fund	28.23	15.11
Grautity	31.34	20.05
Workers & Staff Welfare	–	6.19
Selling & Administrative Expenses		
Rent	258.82	229.99
Rates & Taxes	250.11	0.32
Insurance	58.65	13.29
Professional Consultancy Fees & Expenses	487.22	2,803.43
Selling Expenses	19.37	55.72
Travelling & Conveyance	452.96	229.29
Motor Vehicle Expenses	1.68	22.01
Preliminary Expenses Written off	54.96	9.52
Miscellaneous Expenses	1,261.03	797.64
Bank & Finance Charges	303.28	327.69
Depreciation	232.63	101.59
Interest		
To Bank on Term Loans	11,340.74	7,760.40
To Bank on cash credit, letter of credit & others	345.54	224.29
Provision For Income Tax	20.14	8.46
Sub Total (A)	35,286.37	43,202.32

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 8 CAPITAL EXPENDITURE ON NEW PROJECTS & TRIAL RUN EXPENSES (Contd.)		
Less:		
Income		
Sales	1,083.28	6,659.60
Less : Excise Duty	–	273.11
	1,083.28	6,386.49
Interest on Deposits [Tax at source ₹ 6.82 Lacs (₹ 11.98 Lacs]	26.23	70.55
Foreign Exchange Difference	–	1.76
Add: Increase / (Decrease) in Stock		
Opening Stock		
Finished Goods	1.69	563.38
Work-in-progress	148.46	697.93
By Products	–	32.27
	150.15	1,293.58
Less: Trial Run Stocks Transferred		
Finished Goods	–	1,584.53
Work-in-progress	–	1,222.26
By Products	–	480.34
	–	3,287.13
Closing Stock		
Finished Goods	297.16	1.69
Work-in-progress	220.50	148.46
	517.66	150.15
Add : Stock Transferred on Amalgamation		
Finished Goods	–	32.06
	–	32.06
Sub-Total (B)	1,477.02	8,570.44
Total (A-B)	33,809.35	34,631.88
Less : Transfer to: Fixed Assets	7,698.08	20,754.45
	26,111.27	13,877.43

(₹ in Lacs)

	Number of Shares	Face value per Share (₹)	As at 31.03.2011	As at 31.03.2010
Schedule 9 INVESTMENT (AT COST)				
Long Term, Unquoted (Trade)				
Fully Paid Equity Shares				
– Adhunik Meghalaya Steels Private Limited	76,500	10	7.65	7.65
– Neepaz B C Dagra Steels Pvt Ltd.	40,000	10	4.00	–
	(–)			
Long Term, Unquoted (Other thanTrade)				
Fully Paid Equity Shares				
– Cosmos Bank Limited.	1,000	10	1.00	1.00
			12.65	8.65

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 10 INVENTORIES*		
At Lower of Cost and Net Realisable Value		
Raw Materials	15,212.19	12,882.59
Finished Goods	23,098.19	15,490.10
Work-in-Progress	27,355.33	16,137.72
Stores & Spares Consumables and Packing Materials	3,409.89	2,573.27
Trading Goods	8.65	163.36
By-Products	11,666.08	5,327.54
* Including materials in transit of ₹ 1799.66 Lacs (₹ 1037.42 Lacs) and with Consignment Agents/ Conversion Agents ₹ 1242.51 Lacs (₹ 1,293.98 Lacs).		
	80,750.33	52,574.58
Schedule 11 SUNDRY DEBTORS*		
(Unsecured, considered good except otherwise stated)		
Debts Outstanding for More Than Six Months**	642.26	654.13
Other Debts	29,684.04	21,418.66
	30,326.30	22,072.79
Less : Provision for Doubtful Debts	42.64	11.10
*Refer note no 16 on Schedule 25		
** Includes considered doubtful ₹ 42.64 Lacs (₹ 11.10 Lacs).		
	30,283.66	22,061.69
Schedule 12 CASH AND BANK BALANCES		
Cash on Hand [Including Cheques / Drafts in hand ₹ 283.44 Lacs (₹ 138.12 Lacs)]	386.92	320.20
Balance with Scheduled Banks on:		
a) Current Accounts	5,854.63	6,130.17
b) Fixed Deposit Accounts	3,451.37	4,957.49
c) Margin Money Account *	5,790.00	6,444.86
d) Unclaimed Application Money Account **	2.52	3.61
e) Unclaimed Dividend Account**	8.44	6.48
Balance with Non Scheduled Bank (Bank of China) on Current Account	2.94	–
[Maximum balance outstanding during the year ₹ 4.79 Lacs (₹ Nil)]		
* Receipt pledged as secuirty/ margin with banks, Deputy Director of Mines, Orissa and Sales Tax Authority, Orissa.		
** Represents Bank Balanace with restrictive use		
	15,496.82	17,862.81
Schedule 13 OTHER CURRENT ASSETS		
(Unsecured, considered good, except otherwise stated)		
Interest Receivable on Loans, Deposits etc.	243.38	383.86
Export Benefits Receivable	350.33	31.65
Insurance & Other Claims Receivable	10.12	1.97
	603.83	417.48

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2011

(₹ in Lacs)

	31.03.2011	31.03.2010
Schedule 14 LOANS AND ADVANCES		
(Unsecured, considered good, except otherwise stated)		
Loans to Bodies Corporate	224.92	3,467.46
Advances recoverable in cash or in kind for value to be received or pending adjustments*		
(Refer note no 17 on Schedule 25)	14,911.50	10,160.09
Less: Provision for Doubtful Advances	67.04	73.51
	14,844.46	10,086.58
Security Deposits	5,534.95	2,166.62
Balance with Excise, Custom & Other Government Departments (Including payments under appeal)	3,760.12	1,445.57
Sales Tax / VAT and Other refunds receivable (Including payments under appeal)	575.81	1,169.70
* Includes considered doubtful ₹ 67.04 Lacs (₹ 73.51 Lacs) and ₹ Nil (₹ 6.72 Lacs) due from the Directors. Maximum amount due from the Directors at any time during the year ₹ 40.52 Lacs (₹ 38.30 Lacs)		
	24,940.26	18,335.93
Schedule 15 CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Acceptances	23,863.50	24,305.16
Sundry Creditors for goods, services, expenses etc.		
– Due to Micro & Small Enterprises (Refer Note No. 23 on Schedule 25)	179.52	190.92
– Due to Others	64,384.82	29,650.42
Advances against Sales / Orders	2,141.00	4,205.16
Interest accrued but not due on Loans	122.98	0.03
Book Overdraft from Banks	1,533.33	1,433.17
Trade Deposits	10.00	10.00
Other Liabilities	5,661.94	3,828.25
Amount to be created to Investor Education & Protection Fund as and when due**		
Unpaid Dividend Account	7.32	6.48
Unpaid Share application Money	3.61	3.61
** Amount not yet due for deposit.		
	97,908.02	63,633.20
B. Provisions		
Mine Restoration Charges	24.50	21.50
Gratuity	443.51	291.86
Leave	214.29	135.59
Income Tax (Net of Advance payments and tax deducted at source)	1,745.04	2,363.62
Proposed Dividend	1,852.49	1,543.40
Tax on Dividend	300.18	256.40
	4,580.01	4,612.37
	102,488.03	68,245.57
Schedule 16 MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses:		
Opening Balance Brought Forward	54.96	13.80
Add: During the Year	–	50.22
Add: Transferred on Amalgamation	–	0.46
	54.96	64.48
Less: Written off during the year	54.96	9.52
	–	54.96

Schedules forming part of the Consolidated Profit and Loss Account

For the year ended March 31, 2011

(₹ in Lacs)

	2010-11	2009-10
Schedule 17 SALES		
Finished Goods	183,541.17	130,801.96
Trading Goods	1,763.70	10,541.77
By-Products	4,740.51	2,811.92
Raw Materials	2,004.36	9,736.55
Conversion Charges [Tax at source ₹ 1.22 Lacs (₹ 1.51 lacs)]	82.38	58.57
	192,132.12	153,950.77
Schedule 18 OTHER INCOME		
Interest on deposits, advances etc., [Tax at source ₹ 371.54 Lacs (₹ 113.69 Lacs)]	2,551.96	2,482.47
Commission Received	–	231.66
Unspent liabilities and provisions no longer required written back	226.08	465.93
Foreign Exchange Fluctuation (Net)	100.93	–
Profit on sale on Investments (Long Term,Trade)	101.39	200.00
Profit on Sale Investments (Short Term, Non Trade)	0.30	–
Insurance & Other Claims	36.51	12.40
Export Benefits	347.43	7.30
Rent & Hire Charges	743.78	969.79
Miscellaneous Income	4.71	110.59
	4,113.09	4,480.14
Schedule 19 DECREASE/(INCREASE) IN STOCK		
Closing Stock		
Finished Goods	23,098.19	15,488.41
Work-in-Progress	27,355.33	15,989.26
Trading Goods	8.65	163.36
By Products	11,666.08	5,327.54
	62,128.25	36,968.57
Less: Opening Stock		
Finished Goods	15,488.41	10,079.49
Work-in-Progress	15,989.26	7,071.06
Trading Goods	163.36	76.32
By Products	5,327.54	3,600.30
	36,968.57	20,827.17
Add : Stock Transferred on Amalgamation		
Finished Goods	–	69.20
Trading goods	–	55.55
By Products	–	124.74
Add : Stock transferred on Commencement of Commercial Production :		
Finished Goods	297.16	1,584.53
Work in Progress	220.50	1,222.26
By Products	–	480.34
	37,486.23	24,363.79
	(24,642.02)	(12,604.78)

Schedules forming part of the Consolidated Profit and Loss Account

For the year ended March 31, 2011

(₹ in Lacs)

	2010-11	2009-10
Schedule 20 RAW MATERIALS CONSUMED		
Opening Stock	12,882.59	16,066.44
Add: Purchases including Procurement Expenses	72,724.99	49,245.28
	85,607.58	65,311.72
Less: Closing Stock	15,212.19	12,882.59
	70,395.39	52,429.13
Schedule 21 MANUFACTURING EXPENSES		
Sampling & Analysis Charges	–	–
Cost of Raising, Excavation & Drilling Expenses	6,570.19	5,421.91
Royalty	3,605.77	1,779.34
Power and Fuel	11,107.57	6,808.84
Stores and Spares Consumed	14,138.54	12,039.24
Packing Expenses	132.85	74.71
Repair & Maintenance		
– Plant & Machinery	2,888.17	1,421.31
– Buildings	217.96	113.27
– Others	565.33	65.78
Conversion Charges	2,989.58	2,055.23
Operation & Maintenance Charges (Refer note no 15 on Schedule 25)	7,160.62	5,350.39
	49,376.58	35,130.02
Schedule 22 PERSONNEL EXPENSES		
Salaries & Bonus	7,668.39	5,166.77
Contribution to Provident Fund	191.67	148.59
Gratuity	136.44	122.12
Workmen & Staff Welfare Expenses	256.00	179.22
Managing Directors' Remuneration	120.00	117.38
	8,372.50	5,734.08

Schedules forming part of the Consolidated Profit and Loss Account

For the year ended March 31, 2011

(₹ in Lacs)

	2010-11	2009-10
Schedule 23 SELLING & ADMINISTRATIVE EXPENSES		
Rent [Including Land Lease Rent ₹ 0.29 Lac (₹ 0.29 Lac) to Directors]	628.67	470.27
Rates & Taxes	277.44	207.38
Directors Sitting Fees	9.00	15.00
Insurance	120.73	102.25
Postage & Communication Expenses	230.05	205.27
Freight & Forwarding Expenses [Net of recovery ₹560.90 Lacs (₹ 1431.13 lacs)]	9,215.03	7,839.10
Commission to other than Sole Selling Agents	58.16	78.55
Selling Expenses	1,022.23	771.12
Motor Vehicle Expenses	654.61	539.60
Security Charges	329.92	281.96
Travelling & Conveyance Expenses	531.86	377.54
Directors' Travelling & Conveyance Expenses	112.77	127.12
Auditors' Remuneration		
As Auditor		
– Audit Fees	56.06	43.06
– Limited Review Fee	30.00	30.75
– Travelling & Out of Pocket Expenses	4.53	4.98
In Other Capacity		
– For Certificates etc.	8.50	9.25
Bad & Doubtful Debts/Advances written off	49.16	260.09
Provision for Doubtful Debts & Advances	31.54	63.63
Foreign Exchange Loss (Net)	–	266.57
Bank and Finance Charges	2,822.46	1,493.99
Loss on sale of Fixed Assets	24.86	41.85
Mine Restoration Charges	3.00	5.75
Miscellaneous Expenses	2,968.33	1,730.65
	19,188.91	14,965.73

Schedule 24 INTEREST		
To Banks on Term Loans	9,636.63	6,991.52
On Debentures	–	40.30
To Banks on Cash Credit, Letter of Credit & Others	11,197.73	8,913.68
	20,834.36	15,945.50

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

I) **Basis of preparation of Accounts**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. Except otherwise mentioned, the accounting policies applied by the Company are consistent with those used in previous year.

II) **Principles of Consolidation of Financial Statements**

The Consolidated Financial Statements which relate to Adhunik Metaliks Limited, (the Company) its Subsidiaries and Joint Venture (the Group), have been prepared on the following basis:

a) In terms of Accounting Standard 21 – 'Consolidated Financial Statements', the financial statements of the Company and its Subsidiaries are consolidated on a line-by-line basis by adding together the book values of like items of asset, liabilities, income and expenditure, after fully eliminating intra-group balances, intra-group transactions and any unrealized profit included therein. Unrealised losses resulting from intra-group transactions should also be eliminated unless cost cannot be recovered.

b) The difference of the cost to the Company of its investment in Subsidiaries over its proportionate share in the equity of the respective investee companies as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.

c) The Subsidiary companies considered in the consolidated financial statements are as follows :

Name of the Subsidiary	Country of Incorporation	Proportion of ownership Interest as at	
		31.03.2011	31.03.2010
Adhunik Power Transmission Ltd. (Formerly Known as Unistar Galvanisers & Fabricators Ltd.)	India	82.78%	82.78%
Orissa Manganese & Minerals Ltd.	India	100.00%	100.00%
Adhunik Power & Natural Resources Ltd.	India	97.96%*	99.38%
Neepaz V Forge India Ltd.	India	59.20%	73.80%

* Includes Equity Shares to the extent of 51.58% (22.11%) held by a subsidiary Company Orissa Manganese & Minerals Ltd.

d) Minorities' interest in net profit/loss of consolidated Subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately.

e) In terms of Accounting Standard 27 – 'Financial Reporting of Interests in Joint Ventures', the Company has prepared these Consolidated Financial Statements by including the Company's proportionate interest in the Joint Venture's assets, liabilities, income, expenses etc in the consolidated financial statements. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of the Company's proportionate share.

f) The Joint Venture partnership firm considered in the consolidated financial statements as jointly controlled entity is as follows:

Name of the Firm	Country of Incorporation	Proportion of ownership Interest
United Minerals	India	50%

g) The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and events in similar circumstances and necessary adjustments required for deviation in accounting policies, if any, and to the extent possible, are made in the Consolidated Financial Statements and are presented, to the extent possible, in the same manner as the Company's separate financial statements.

h) The financial statements used in the consolidation are drawn up to the same reporting date.

III. **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

IV. Revenue Recognition

a) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

b) Revenue from sale of goods is recognized upon passage title to the customers which generally coincides with delivery. Excise Duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year. Sales exclude sales tax collected from customers.

c) Insurance and other claims, to the extent considered recoverable, are accounted for in the year of claim. However, claims and refunds whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance basis.

d) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

e) Dividends are recognized when the shareholders' right to receive payment is established by the balance sheet date.

V. Fixed Assets

a) Fixed assets are stated at cost of acquisition less accumulated depreciation/ amortization and impairment if any. Cost comprises the purchase price inclusive of duties (net of Cenvat & VAT), taxes, incidental expenses, erection/commissioning expenses, etc. upto the date the asset is ready for its intended use.

b) Machinery spares which can be used only in connection with an item of fixed assets and whose use as per technical assessment is expected to be irregular, are capitalized and depreciated over the residual useful life of the respective assets.

c) Expenditure on new projects and substantial expansion:

Expenditure directly relating to construction activity are capitalized. Indirect expenditure incurred during construction period are capitalized as part of the indirect construction cost to the extent to which the expenditure are related to construction activity or are incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto are charged to the Profit & Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

d) Discarded Fixed Assets awaiting disposal are valued at estimated realisable value and disclosed separately.

VI. Depreciation

a) The classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

b) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 or at rates determined on the basis of the useful life of the assets estimated by the management, whichever is higher. In case of the following fixed assets, depreciation is charged at rates higher than the rate prescribed in Schedule XIV of the Companies Act, 1956:

Type of Asset	Rates (SLM) %	Schedule XIV Rates (SLM) %
Signage	20.00%	6.33%
Road, Boundary wall, Drains and Culverts	6.67%	3.34%

c) Depreciation includes the amount written off in respect of leasehold land over the respective lease period.

d) Depreciation on fixed assets added / disposed off during the year, is provided on pro-rata basis with reference to the month of addition / disposal.

e) Depreciation on Insurance Spares / standby equipments is provided over the useful life of the respective mother assets.

VII. Goodwill

Goodwill represents the difference between the group's share in the net worth of the investee company and the cost of acquisition at each point of time of making the investment and goodwill arisen on amalgamation. For this purpose, the group's share of net worth of the investee company is determined on the basis of the latest financial statements of that company available at the date of acquisition, after making necessary adjustments for the material events between the date of such financial statements and the date of respective acquisition.

VIII. Intangibles

a) Acquired computer softwares and licenses are capitalized on the basis of costs incurred to bring the specific intangibles to its intended use. These costs are amortized on a straight line basis over their estimated useful life of three years.

b) Net present Value paid to the various State Governments for restoration of forest/wildlife conservation as a pre-condition of granting license for mining in non-broken forest areas is capitalized and amortized prospectively on a straight line basis over the lease period of the said mines.

c) Goodwill on amalgamation is amortised over a period of five years in terms of Accounting Standard -14 on "Accounting for Amalgamations" and goodwill on consolidation is subject to impairment in terms of Accounting Standard -26 on "Intangible Assets".

IX. Foreign Currency Transactions

a) Initial Recognition :

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion :

Foreign currency monetary items at the year end are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange differences :

Exchange differences arising on the settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements ,are recognized as income or as expenses in the year in which they arise.

d) Forward Exchange Contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

X. Fixed Assets acquired under Lease

a) Finance Lease :

Assets acquired under finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased items, are capitalized at the lower of the fair value and present value of the minimum lease payments after discounting them at an interest rate implicit in the lease at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to expenses account.

Leased assets capitalized are depreciated over the shorter of the estimated useful life of the asset or the lease term.

b) Operating Lease:

Leases where the lessor effectively retains substantially all the risks and rewards incidental to the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on straight line basis over the lease term.

XI. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Long-Term investments. Current Investments are stated at lower of cost or market rate on individual investment basis. Long Term Investments are considered at cost, unless there is other than temporary decline in value thereof, in which case adequate provision is made for diminution in the value of Investments.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account
As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

XII. Inventories

Inventories are valued as follows:

a) Raw materials, stores and spares, packing materials and trading goods are valued at lower of cost computed on moving weighted average basis and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

b) Finished goods, work in progress and by products are valued at the lower of cost computed on weighted average basis and net realizable value. Cost includes direct materials and labour and a part of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

c) The Closing stock of materials inter-transferred from one unit to another is valued at cost of the transferor unit or net realizable value, whichever is lower.

d) Net realizable value mentioned above is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

e) The recovery of of ferro chrome and silico manganese from slag generated at the plant during the manufacturing operation is accounted for on ascertainment of quantity thereof, since it is not feasible to determine the quantum till the re-processing of such slag.

XIII. Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprises of cash in hand (including cheques / drafts in hand) and at bank as well as short-term investments (fixed deposits with banks and post office) with an original maturity of three months or less.

XIV. Excise and Custom Duty

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, custom duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials. Royalty on finished goods and work in progress is computed based on the latest declared rate issued by the Indian Bureau of Mines (IBM).

XV. Employee Benefits

a) Retirement benefit in the form of Provident Fund is a defined contribution scheme and is charged to the Profit and Loss Account of the year when the contributions to the respective fund is due. The Company has no obligation other than the contribution payable to respective fund.

b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit method made at the end of each financial year.

c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation done as per Projected Unit Credit method.

d) Actuarial gains/losses are immediately taken to profit & loss account and are not deferred.

XVI. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

XVII. Provisions

A provision is recognized when the Company has a present obligation as a result of past event 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 made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are viewed at each balance sheet date and adjusted to reflect the current best management estimates.

XVIII. Taxation

a) Tax expense comprises of Current and Deferred Tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Indian Income Tax Act, 1961.

b) Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured using income tax rates enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account
As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

c) The carrying amounts of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonable certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonable certain or virtually certain, as the case may be that sufficient future taxable income will be available.

d) Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

XIX. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the pre tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

XX. Derivative Instrument :

As per ICAI announcement, accounting for derivative contracts, other than those covered under Accounting Standard -11 are marked to market on a portfolio basis and the net loss after considering the offsetting effects of the underlying hedge item, is charged to the profit and loss account. Net gains are ignored as a matter of prudence.

XXI. Segment Reporting :

a) Identification of Segment

The group has identified Iron & Steel products, Mining & Minerals and Power as its operating segments and the same has been treated as primary segments. The group's secondary geographical segments have been identified based on the location of customer's and the demarcated in to Indian and overseas revenue earnings. The accounting policy adopted for segment reporting is in line with those of the Company.

b) Inter Segment transfer

The group generally accounts for inter segment sales and transfers as if the sales or transfers were to the third parties at current market prices.

c) Unallocable Items

Consist of general corporate incomes and expenses which are not allocable to any business segment.

XXII. Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

XXIII. Contingencies

Liabilities, which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of notes on accounts.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

NOTES ON ACCOUNTS:

(₹ in Lacs)

	31.03.2011	31.03.2010
2. Contingent liabilities not provided for in respect of :		
a) Claims & Government demands against the Company not acknowledged as debt:		
i) Excise*	1,121.60	1,109.88
ii) Sales Tax*	618.27	596.29
iii) Provident Fund	2.46	9.00
iv) Others	380.41	–
*Against the above claims/demands, payments have been made under protest to the extent of ₹ 187.12 Lacs (₹ 203.09 Lacs)		
b) Bills discounted and Bank Guarantees outstanding	10,870.00	8,708.75
c) Custom Duty on import of equipments and spare parts under EPCG-scheme	561.86	–
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	1,19,707.45	1,64,808.07

4. a) i) In case of the Company, the Rupee Term Loans of ₹ 86,404.74 Lacs (₹ 62,671.01 Lacs) from banks are secured by way of equitable mortgage by deposit of title deeds of the Company's immovable properties both owned and leasehold and building at Chadriharharpur Kuarmunda, Sundargarh, Orissa and a first charge by way of hypothecation of the Company's movable assets including machinery, machinery spares, tools, furniture's fixtures, Carnes etc. (both present and future)

ii) In case of its subsidiary, Adhunik Power Transmission Limited, Term Loans of ₹ 204.75 Lacs (₹ 626.28 Lacs) from the Financial Institution and Banks together with interest and other charges thereon, are secured by the mortgage of a part of the land with other immovable assets thereon, both present and future and by way of a hypothecation charge over all the movable assets including book debts of the above subsidiary.

iii) In case of its subsidiary, Adhunik Power & Natural Resources Limited, Rupee Term Loans of ₹ 95,031.03 Lacs (₹ 35,859. 85 Lacs from Banks are secured by way of equitable mortgage by deposit of title deeds of the subsidiary's immovable properties and first pari passu charge on all movable and immovable assets, both present and future, first charge on book debts, letter of credits, bank guarantee and cash flows, assignment of all projects related documents, contracts, rights, interest, insurance contracts and all benefits incidental to the project activities of the above subsidiary.

iv) In case of its subsidiary, Neepaz V Forge (India) Limited. Term Loans of ₹ 11,081.56 lacs (₹ 10,777.85 Lacs) from the Banks together with interest and other charges thereon, are secured by way of equitable mortgage by deposit of title deeds of the subsidiary's immovable properties both owned and leasehold at Aurangabad, Maharashtra and a first charge on pari passu basis by way of hypothecation of fixed assets, existing as well as those of the proposed Units at Aurangabad and Pune, equipments, furniture, vehicles and other movable assets and a second charge on pari passu basis on the subsidiary's stock and receivables in favour of the company's bankers.

v) In case of its Subsidiary, Orissa Manganese Minerals Limited, Term Loans of from Banks together with interest and other charges thereon are secured as follows:

I. ₹ 25,489.05 Lacs (₹ 10,929.67 Lacs) are secured by first charge on all the fixed assets and second pari passu charge on all the current assets, both present and future, of the specific Project against which the loan has been taken.

II. ₹ 23,000.00 Lacs (₹ 10,100.84 Lacs) are secured by first charge on all the moveable assets and on all the current assets, both present and future, of the Mining Division against which this loan has been taken and also by the personal guarantee of a director of the subsidiary as well as by pledge of 2 lacs Equity shares in the subsidiary held by the Company.

III. ₹ 852.74 Lacs (₹ Nil) are secured by first charge on the respective immovable properties purchased there against by the subsidiary.

b) i) In case of the Company, cash credit and working capital facilities ₹ 40,013.43 lacs (₹ 33,481.79 lacs) from banks are secured by first charge by way of hypothecation of consumable stores, raw materials, finished goods, process stock and book debts (both present and future)

ii) In case of the Company, Loan facility of ₹ 15,000.00 Lacs from ICICI Bank is secured by a second charge on all movable and immovable fixed assets and pledge of 300,000 shares of its subsidiary Orissa Manganese and Minerals Limited.

iii) In case of its subsidiary, Adhunik Power Transmission Ltd, cash credit facilities of ₹ 1410.25 Lacs (₹ 1402.43 Lacs) from the Banks together with interest and other charges thereon, are secured by the mortgage of a part of the subsidiary's land together with other immovable assets thereon, both present and future and by way of a hypothecation charge over all the movable assets including book debts of the above subsidiary.

The charge referred to in 4(a)(i) & (ii) & (b)(i) ,(ii) & (iii) above rank parri passu amongst various banks.

iv) In case of its subsidiary, Neepaz V Forge (India) Ltd. Cash Credit facility of ₹ 3,598.02 Lacs (₹ 2,338.52 Lacs) from Banks together with interest and other charges thereon are secured by the hypothecation of the subsidiary's current assets, namely stock of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivables and book debts and all other movables, both present and future excluding such movables as may be permitted by the Banks from time to time and also by way of second charge on the fixed assets both existing and those of the proposed units at Aurangabad and pune, consumable stores, raw materials, finished goods, process stock and book debts of the above subsidiary at Aurangabad and Pune (both present and future).

c) Rupee Term Loans as well as short term loan, Cash Credit and working capital facilities from banks (as specified in 4 (a)(i) & (ii) , (b)(i) ,(ii) & (iii) above are further secured by personal guarantee of one or more promoter directors of the Company.

d) Deferred payment credits of ₹ 1,038.77 Lacs (₹ 1,431.77 Lacs) are secured by hypothecation of the respective equipments/vehicles.

e) Term loans aggregating to ₹ 16,551.77 Lacs (₹ 23,451.52 Lacs) are payable within one year.

5. The Company has given undertakings to the lenders not to dispose off its 51% shareholding in Orissa Manganese and Minerals Ltd (OMM), a wholly owned subsidiary till the loan taken by OMM is paid in full. Further, the Company has also placed 200,000 share held by it as investment in OMM as a security against the above loan.

6. During the year, Orissa Manganese and Minerals Limited, a subsidiary has taken unsecured Convertible Term Loan Facility of ₹ 5,000 Lacs from a bank, which is convertible into Non-Convertible Cumulative Redeemable Preference Shares on the final maturity date i.e. 4 years from the date of first drawdown. However, the subsidiary has an option to voluntarily prepay the said loan before the final maturity date.

7. In Neepaz V forge India Limited, a subsidiary, the 8000 Tons Plant after achieving the technical parameters of operation and stabilization of production efficiency, had commenced commercial operation. Accordingly, assets aggregating to ₹ 13,064.50 Lacs (including proportionate allocation of pre-operative and trial run expenses of ₹ 5,191.27 Lacs) have been capitalised during the year.

8. In Orissa Manganese & Minerals Limited (OMM), a wholly-owned subsidiary, Iron Ore Beneficiation Plant (IOBP) having achieved its technical parameters of operation and stabilization of production efficiency, has commenced the commercial production as at 30th March, 2011. Accordingly, fixed assets amounting to ₹ 23,922.85 Lacs (including proportionate allocation of preoperative and trial run expenditure) have been capitalised during the year.

9. The activities of one of the subsidiary involve mining of land taken under lease. In terms of the provisions of relevant statutes and lease deeds, the mining areas would require restoration at the end of the mining lease. The future restoration expenses are affected by a number of uncertainties, such as, technology, timing etc. As per the requirement of Accounting Standard - 29 the subsidiary's management has estimated such future expenses on best judgments basis and the provision thereof has been made in the accounts. The movement in provision for Mines Restoration during this year is as follows:

(₹ in Lacs)

Particulars	Balance as on 01.04.2010	Additions during the year	Amount used during the year	Balance as on 31.03.2011
Mines Restoration Expenses	21.50	3.00	–	24.50
	(15.75)	(5.75)	(–)	(21.50)

10. a) In terms of Section 115JB of the Income Tax Act, 1961, Minimum Alternate Tax (MAT) amounting to ₹ 974.52 lacs (₹ 1,125.84 lacs) for the year ended 31st March 2011 have been provided in the books of account. Further, in terms of Accounting Policy 1(XVIII)(d) above and because of the fact that the Company is not likely to have taxable income in the relevant period, MAT credit of ₹ 2,947.39 lacs (₹ 1,972.87 lacs) has not been recognized in the books of accounts.

b) The Hon'ble High Court at Calcutta vide its Order dated March 29, 2010 has allowed the Company to utilize the Securities Premium Account shown under the head 'Reserves and Surplus' towards meeting the Net Deferred Tax liability up to ₹15,794.88 Lacs. Accordingly, the Securities Premium Account has been utilized towards meeting the net deferred tax liability arisen during the year amounting to ₹ 1,289.03 Lacs (₹ 3,545.74 Lacs) instead of charging it off to profit and loss account. The above accounting treatment is not in line with Accounting Standard 22 "Accounting for Taxes on Income" (AS-22) notified by the Companies (Accounting Standards) Rules 2006 (as amended).

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

c) The breakup of Deferred Tax Liability / (Assets) as on 31st March 2011 is as follows:

(₹ in Lacs)

	31.03.2011	31.03.2010
Timing Difference in Depreciable Assets	18,607.95	14,758.65
Other Timing difference	(199.33)	(169.50)
Total	18,408.62	14,589.15

11. Derivative Instruments and Unhedged Foreign Currency Exposure as on the Balance Sheet date are as under :

a) Forward Contract

Sr. No.	Particulars	31.03.2011	31.03.2010
i)	Trade Receivables	USD 15,00,000	–
i)	Trade Payable	USD 25,192,798	–
iii)	Long term Loan	Nil	USD 27,593,802
iv)	Capital Advance	Nil	USD 5424,860
		Nil	EURO 1,93,00,248

b) Unhedged foreign Currency Exposure:

(₹ in Lacs)

Sr. No.	Particulars	31.03.2011	31.03.2010
i)	Export Debtors	88.55	–
ii)	Import Creditors	1771.83	5.36
iii)	Foreign Currency Loans	897.45	–
iv)	Advances (Including balance with bank)	65.49	–

12. In case of its wholly owned subsidiary, Orissa Manganese & Minerals Limited (OMM):

i) The Mining Leases pertaining to the mines have already expired and the subsidiary's applications for renewal thereof are pending with the concerned authorities. The subsidiary had filed applications for renewal of these leases at least 12 months before the expiry of the respective lease period. Accordingly, as per the provisions under MCR (Mineral Concession Rules), 1960, Rule 24A(1) & Rule 24A(5) the periods of said leases are deemed to have been extended by a further period till the State Government passes an order thereon. Keeping in view of the above, the accounts of the subsidiary have been prepared on a going concern basis.

ii) During the extraction of manganese ore in earlier years, OMM has incidentally extracted high-grade iron ore of 41,495.79 MT from the Patmunda & Orahuri Manganese Mines, which has been included as a part of inventories and valued accordingly. OMM has already applied to the state government for inclusion of iron ore in the mining leases.

iii) a) OMM had entered into a 10 years agreement for raising of manganese ore with Adhunik Steels Limited (ASL) and M/s BK Coal fields Pvt. Ltd. (BKCPL) on May 14, 2003 and March 6, 2006 respectively. The aforesaid agreements were terminated by the subsidiary on November 11, 2003 and June 22, 2007 respectively stating that these agreements were in violation of Rule 37 of Mineral Concession Rules, 1960. The agreement with BKCPL contained a clause that the agreement would come into force only on mutual abandonment of their contract with ASL. ASL had filed an arbitration petition under Section 9 of the Arbitration & Conciliation Act 1996 against the subsidiary for the pre-mature termination of the Contract. Finally, the sole arbitral tribunal passed an award against the subsidiary on August 1, 2008 upholding the raising contract dated May 14, 2003. The subsidiary has filed a petition against the said order. BKCPL has also filed a Section 9 application under Arbitration & Conciliation Act 1996. Arbitration proceedings are currently going on between the parties. The subsidiary is of opinion that agreement with BKCPL is null and void based on the aforesaid facts. However , the accounting impact, if any , arising in the matter is not presently ascertainable.

b) OMM had entered into a 10 years agreement for sale of manganese ore with Futuristic Steels Pvt. Ltd. (FSPL) and M/s Monnet Ispat & Energy Limited (MIEL) on May 14, 2003 and March 6, 2006 respectively. The aforesaid agreements were terminated by the subsidiary on November 11, 2003 and June 22, 2007 respectively stating that these agreements were in violation of Rule 37 of Mineral Concession Rules, 1960. The agreement with MIEL contained a clause that the agreement would come into force only on mutual abandonment of their contract with FSPL. Both the parties aggrieved by the termination of the aforesaid agreements have filed arbitration against the subsidiary. The final award has been pronounced by the arbitral tribunal in favour of FSPL wherein the contract has been upheld. The subsidiary has filed an appeal against the said order.

c) OMM had entered into a 10 years agreement in respect of Raising of iron ore with ASL, Synergy Ispat Pvt. Ltd. (SIPL) & BKCPL and selling of iron ore with FSPL, Metsil Energy Pvt. Ltd. (MEPL) & MIEL on May 14, 2003, February 27, 2005 and March 6, 2006 respectively. The aforesaid agreements were terminated by the subsidiary on November 11, 2003, June 22, 2007 and June 22, 2007 respectively stating that these agreements were in violation of Rule 37 of Mineral Concession Rules, 1960. The agreement with BKCPL & MIEL contained a clause that the agreement would come into force on mutual abandonment with ASL & FSPL. None of the Companies namely BKCPL, SIPL, MEPL or MIEL have moved any proceeding for enforcement of their contract. The arbitration petitions of both ASL & FSPL have been dismissed on the ground that these contracts are not violative of Rule 37 of Mineral Concession Rule 1960. Based on this arbitration award, the subsidiary is of the opinion that all such contracts are null & void in law and hence no provision is required with respect to these contracts.

iv) OMM has entered into a 50:50 Joint Venture agreement with Sri B.C. Dagara, the lessee of Suleipat Iron Ore Mine, Orissa for the transfer of the said iron ore mine to the joint venture company formed between the two parties under the name and style of M/s Neepaz B.C. Dagara Steels Pvt. Ltd. The transfer of mine in joint venture is subject to obtaining the requisite approvals from the State Government stipulated by various laws. The said iron ore mine has to be renewed, before such approval for transfer from the State Government can be obtained.

To facilitate the renewal, OMM has advanced ₹ 2,634.57 lacs towards the Net Present Value of this mine and the same appears as a refundable advance given to Sri B.C. Dagara against the above mine.

OMM has also entered into another contract with Mr. B.C. Dagara to act as the raising contractor for the said mines, and a sum of ₹ 3,042.00 lacs has been paid as security deposit to Sri B.C. Dagara during the pendency of this service contract.

13. Detail of investments purchased and sold during the year by the subsidiary, Orissa Manganese & Minerals Limited are as under :

Name of Mutual Fund	Particulars	2010-11 No. of Units	2009-10 No. of Units
SBI Mutual Fund - SBI Premier Liquid Fund - Institutional - Daily Dividend	Purchased during the year	1,993,723.74	–
SBI Mutual Fund - SBI Premier Liquid Fund - Institutional - Daily Dividend	Sold during the year	1,996,537.56*	–

* includes 2,813.82 units received on re-investment of dividend accrued.

14. Adhunik Power & Natural Resources Limited, a subsidiary has issued 8,40,000 (Series-A) Compulsorily Convertible Participating Preference Shares of ₹ 1000/- to IDFC Trustee Company Limited- India Infrastructure Fund and further issued 3,92,000 and 98,000 (Series-B) Compulsorily Convertible Participating Preference Share of ₹ 1000/- each of Macquarie SBI Infrastructure Investment Pte Limited and State Bank of India (now transferred to SBI Macquarie Infrastructure Investment Trustee Limited) respectively in terms of their definitive agreements entered in to, with the subsidiary. These Preference Shares are compulsory convertible into equity shares by 31st May 2012 as per specific formula on achievement of certain benchmarks as per the terms of respective agreements.

15. Operation & Maintenance Charges consist of the following expenses:

(₹ in Lacs)

	2010-11	2009-10
Contracts Payments	2916.40	2,252.77
Testing and Inspection Charges	377.27	356.77
Refractory Management Charges	875.67	755.26
Labour Charges	1273.46	780.65
Machine Hire and Heavy Vehicle Expenses	1400.43	940.42
Plot Rent Charges	31.73	26.39
Packing & Forwarding Charges	29.01	36.48
Miscellaneous	256.65	201.66
	7160.62	5,350.39

16. Debtors includes the following amounts due from companies under the same management:

(₹ in Lacs)

Name of the Company	2010-11	2009-10
Adhunik Alloys & Power Limited	2919.08	3253.44
	2919.08	3253.44

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

17. Advances recoverable in cash or kind for value to be received or pending adjustments includes the following amount due from the companies under the same management.

(₹ in Lacs)

	As at 31.03.2011	Maximum Amount due during the year 2010-11	As at 31.03.2010	Maximum Amount due during the year 2009-10
Adhunik Alloys & Power Limited	–	4,420.00	–	924.50
Adhunik Steel Limited	3,213.32	16,875.26	4,572.94	10,554.44

18. Disclosure Under Accounting Standard-15 (Revised) on 'Employee Benefits'

a) Defined Contribution Plan

(₹ in Lacs)

	2010-11	2009-10
Contribution to Provident Fund	219.90	163.70

b) Defined Benefit Plan

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972. The aforesaid schemes are unfunded and as such there are no plan assets. The following table summarizes (to the extent applicable) the components of net benefits / expenses recognized in Profit & Loss account and amount recognized in the balance sheet.

Gratuity

(₹ in Lacs)

	2010-11	2009-10
I. Net Employee Expense/(benefit)		
1) Current Service Cost	80.46	90.47
2) Interest cost on benefit obligation	22.33	13.03
3) Expected Return on plan assets	–	–
4) Past Service Cost	–	9.44
5) Net Actuarial (gain) / loss recognized in the year	64.99	29.23
6) Total employer expense recognized in Profit & Loss Account	167.78	142.17
II. Actual return on plan assets	–	–
III. Benefit Asset/(Liability)		
1) Defined benefit obligation	443.51	291.86
2) Fair Value of Plan Assets	–	–
3) Benefit Asset/(Liability)	(443.51)	(291.86)
IV. Movement in benefit liability		
1) Opening defined benefit obligation	291.86	154.50
2) Interest cost	22.33	13.03
3) Current Service Cost	80.46	90.47
4) Benefits paid	(16.13)	(4.81)
5) Past Service Cost	–	9.44
6) Actuarial (gains) / losses on obligation	64.99	29.23
7) Closing benefit obligation	443.51	291.86
V. The Principal actuarial assumptions are as follows	**2010-11**	**2009-10**
1) Discount Rate	8.00%	8.00%
2) Salary increase	8.00%	8.00%
3) Withdrawal Rate	Varying between 5% & 2% / per annum depending upon duration and age of the employees.	
4) Expected rate of return on Plan assets	Not Applicable	Not Applicable

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

(₹ in Lacs)

	2010-11	2009-10	2008-09	2007-08	2006-07
VI Amounts for the current and earlier years are as follows.					
1) Defined benefit obligation	443.51	291.86	154.50	68.31	28.89
2) Plan Assets	–	–	–	–	–
3) Surplus/(Deficit)	(443.51)	(291.86)	(154.50)	(68.31)	(28.89)
4) Experience adjustments on Plan Assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5) Experience adjustments on Plan	64.99	29.23	14.65	–	–

Notes:

a) The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) Defined benefit obligation for subsidiaries prior to 2007-08 not available and hence not furnished.

c) Experience Adjustment of Plan Liabilities has not been separately disclosed prior to 2007-08 since the same was not provided by the Actuary, however the same has been considered in the Actuarial Valuation Report as certified by the Actuary.

19. Earnings per share (EPS)

In terms of Accounting Standard 20, the calculation of EPS is given below:-

(₹ in Lacs)

	2010-11	2009-10
Profit after taxation as per Accounts (₹ in Lacs)	18,430.99	13,735.51
Debenture Interest net of tax	–	33.60
Profit after taxation as per Accounts but before Debentures Interest net of tax (₹ in Lacs)	18430.99	13,769.11
Weighted average No. of Equity Shares outstanding for Basic EPS	123,499,536	112,205,659
Weighted average No. of equivalent Equity Shares on account of Share Warrants & Fully Convertible Debenture for Diluted EPS	–	2,229,179
Weighted average number of equity shares for Diluted EPS	123,499,536	114,434,838
Nominal value of Shares (₹)	10.00	10.00
Basic EPS (₹)	14.92	12.24
Diluted EPS (₹)	14.92	12.03

20. Operating Lease

The Company has obtained Liquid Oxygen Plant on operating lease. The lease rent payable per annum is ₹ 312 Lacs (₹ 312 Lacs). The lease term is for a period of 10 years and the initial term may be extended for such further period and on such terms and conditions as the parties may mutually agree . There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no sub leases.

(₹ in Lacs)

Particulars	2010-11	2009-10
Lease payment for the year	312.00	312.00
Minimum lease payment		
Not later than one year	312.00	312.00
Later than one year but not later than five years	1248.00	1,248.00
Later than five years	676.00	988.00

21. Stores & Spares amounting to ₹ 2,842.78 Lacs (₹ 1,360.56 Lacs) are included under other heads of expenses in the Profit & Loss Account.

22. Excise duty on sales amounting to ₹ 12,790.94 Lacs (₹ 8,986.06 Lacs) has been reduced from sales in Profit and Loss Account and excise duty on stocks amounting to ₹ 404.67 Lacs (₹ 1,218.73 Lacs) represents differential excise duty on opening and closing stock of finished goods.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

23. Based on the information /documents available with the company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(₹ in Lacs)

	2010-11	2009-10
Principal amount remaining unpaid to any supplier at the end of accounting year.	119.67	153.85
Interest due on above	11.24	12.44
Total of (i) & (ii)	130.91	166.29
Amount of interest paid by the Company to the suppliers	NIL	NIL
Amounts paid to the suppliers beyond the respective due date	290.89	441.58
Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	NIL	NIL
Amount of interest accrued and remaining unpaid at the end of accounting year.	48.61	37.37
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of this act.	NIL	NIL

24. Prior period Adjustments comprise of the following :

(₹ in Lacs)

	2010-11	2009-10
Income		
Rent & Hire Charges	0.03	134.74
Operation & Maintenance Charges	5.19	7.30
Rates & Taxes	–	48.11
Miscellaneous Income	1.04	
Total (A)	6.26	190.15
Expenses		
Commission	21.41	–
Stores and Spares Consumed	–	57.67
Selling Expenses	–	41.37
Security Charges	3.05	21.50
Interest	0.73	205.55
Cost of Raising, Excavation and Drilling Expenses	10.56	–
Miscellaneous Expenses	28.04	70.73
Total (B)	63.79	396.82
Total (B-A)	57.53	206.67

25. Interest in Partnership Firm

The Company has entered into a Partnership Agreement with United Minerals (jointly controlled entity), a firm registered under The Indian Partnership Act, 1932, which is engaged in mining of limestone and dolomite.

(₹ in Lacs)

	31.03.2011	31.03.2010
Total Capital of the Partnership Firm	18.08	20.15

The Profit & Loss sharing ratio between the Partners in the aforesaid Partnership firm is as under.

(₹ in Lacs)

	31.03.2011	31.03.2010
Adhunik Metaliks Limited	50%	50%
Adhunik Alloys & Power Limited	50%	50%

The Company's share of the assets, liabilities, income and expenses of the Partnership firm (jointly controlled entity) as per the audited accounts as at and for the year ended 31st March 2011 are as follows:

(₹ in Lacs)

Particulars	2010-11	2009-10
Assets	27.15	29.26
Liabilities	14.67	15.75
Capital Reserves	3.44	3.44
Revenue	–	11.23
Other Income	1.05	–
Depreciation	0.68	0.80
Others Expenses	1.40	9.74
Profit / (Loss) after tax	(1.03)	0.48

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

26. In case of the company, for valuation of finished goods and work in progress inventory, the cost computation basis during the year has been changed from "annual weighted average" to "quarterly weighted average" basis. The prices of major raw materials are now normally determined globally on quarterly basis and hence, the management believes that such change will reflect the fairest possible approximation to the cost incurred in bringing the items of inventory to their present location and condition as required under Accounting Standard -2 "Valuation of Inventories". As a result of such change, the inventory valuation of finished goods and work in progress is higher by ₹ 1,239.95 lacs, with consequential impact on profit thereof.

27. Related Party Disclosures :

a) Name of the related parties :

Partnership Firm (Joint Venture)	United Minerals
Key Management Personnel	Mr. Ghanshyam Das Agarwal (Chairman)
	Mr. Manoj Kumar Agarwal (Managing Director)
	Mr. Jugal Kishore Agarwal (Director)
	Mr. Nirmal Kumar Agarwal (Director)
	Mr. Vilas V Valunj (Ceases to be Director w.e.f 21.08.2009)
	Mr. Asfaqu Motiwala
Relatives of Key Management personnel	Mr. Mohan Lal Agarwal (Brother of Mr Manoj Kumar Agarwal)
	Mr. Mahesh Kumar Agarwal (Brother of Mr Manoj Kumar Agarwal)
	Mrs. Sonika Agarwal (Wife of Mr. Manoj Kumar Agarwal)
	Mrs. Pramila Agarwal (Wife of Mr. Jugal Kishore Agarwal)
	Mrs. Anita Agarwal (Wife of Mr. Nirmal Kumar Agarwal)
	Mrs. Meena Agarwal (Wife of Mr. G. D. Agarwal)
	Mrs. Rita Agarwal (Wife of Mr. Mohan Lal Agarwal)
	Mrs. Chandrakanta Agarwal (Wife of Mr. Mahesh Agarwal)
	Mr. Naveen Agarwal (Son of Mr. Jugal Kishore Agarwal)
	Mrs. Ekta Agarwal (Wife of Mr. Naveen Agarwal)
	Mr. Sachin Agarwal (Son of Mr. Jugal Kishore Agarwal)
Enterprises over which Key Management Personnel / Relatives have significant influence	Adhunik Alloys & Power Ltd.
	Adhunik Cement Ltd.
	Adhunik Corporation Ltd.
	Adhunik Infotech Ltd.
	Adhunik Industries Ltd.
	Adhunik Meghalaya Steels (Private) Ltd.
	Adhunik Steels Ltd.
	Futuristic Steels Ltd.
	Mahananda Suppliers Ltd.
	Neepaz B.C. Dagara Steels Pvt Ltd.
	Askshardham Merchantile (P) Ltd.
	Pragati Ispat Udyog
	Sungrowth Shares & Stock Limited
	Swarnarekha Steel Industries Ltd
	Zion Steel Ltd.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

27. b) Aggregated Related Party Disclosures for the year ended 31st March 2011

(₹ in Lacs)

Name of the Related Party	Interest Income	Purchase of goods/ services	Sales of goods services	Interest (Payable)/ Receivable	Conversion Charges, HireCharges, Accounting & Maintenance charges and Rent	Hire charges/ Interest received	Finance equity contribu- tions	Purchase of Fixed Assets	Purchase of Investment	Sale of Investments	Loan Taken/ Given	Remuneration to Managing Director	Balance outstanding as at the end of period- Debit	Balance outstanding as at the end of period- Credit
Partnership Firm (Joint Venture)														
United Minerals	– (–)	– (23.46)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	3.70 (10.59)
Key Management Personnel														
Manoj Kumar Agarwal	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	120.00 (117.29)	– (6.72)	6.74 0.00
Jugal Kishore Agarwal	– (–)	– (–)	– (–)	– (–)	0.04 (0.14)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– 0.00	0.40 (–)
Nirmal Kumar Agarwal	– (–)	– (–)	– (–)	– (–)	0.06 (0.11)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– 0.00	0.06 (–)
Ghanshyamdas Agarwal	– (–)	– (–)	– (–)	– (–)	0.07 (0.21)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– 0.00	0.07 (–)
Mr. Vilas V Valunj	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (380.47)	– (–)	– (–)	– (–)	– (–)	– (–)	– 0.00	– 0.00
Mr. Asfaqu Motiwala	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– 0.00	13.32 (65.00)
Relatives of Key Management Personnel														
Mohan Lal Agarwal	– (–)	– (–)	– (–)	– (–)	0.12 (0.36)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– –	0.12 (–)
Mahesh Kr. Agarwal	– (–)	– (–)	– (–)	– (–)	0.12 0.00	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– –	0.12 (–)
Mrs. Vaisali Valunj	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (1.20)	– (–)	– (–)	– (–)	– (–)	– (–)	– –	– –
Mrs. Smita D. Mohire	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–24.33)	– (–)	– (–)	– (–)	– (–)	– (–)	– –	– –
Anita Agarwal	– (–)	– (–)	– (–)	– (–)	0.72 (0.24)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– –	0.72 (–)
Enterprises over which key management personnel/relatives have significant influence														
Adhunik Corporation Ltd	– (–)	– (61.52)	– (–)	– (–)	– (–)	– (59.01)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	4.02 (129.81)	– 0.00
Adhunik Steels Ltd	1210.89 (–)	6552.74 (5322.26)	727.98 0.00	– (686.92)	1.35 (801.65)	– (–)	80 (744.34)	– (–)	– (–)	– (–)	– (–)	– (–)	1248.33 (1417.39)	– 0.00
Adhunik Alloys & Power Ltd	109.89 (–)	1946.47 (168.26)	9829.03 (7209.75)	– (163.44)	225.01 (102.00)	– (65.72)	– (–)	– (107.07)	– (–)	– (–)	– (5686.16)	– (–)	2915.88 (3164.19)	– –
Pragati Ispat Udyog	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	1.60 (1.60)	– –
Futuristic Steels Ltd	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– 0.00	227.63 (227.63)
Adhunik InfoTech Limited	– (–)	– (–)	– (–)	– (–)	269.711 (399.86)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	37.84 –	– (10.95)
Adhunik Industries Ltd	– (–)	865.20 (278.69)	44.06 (–)	– (–)	– (–)	– (–)	– (–)	19.27 (22.84)	– (–)	– (–)	– (–)	– (–)	– (465.73)	12.52 –
Swarnrekha Steel Industries Ltd.	– (–)	– (–)	– (1428.84)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	51.6 (78.82)	– –
Neepaz B C Dagara Steels Pvt Ltd.	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	4.00 (–)	– (–)	– (–)	– (–)	27.08 (–)	– –
Sungrowth Shares & Stock Ltd.	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (508.00)	– (–)	– (1016.00)	– (1320.00)	– (–)	– (–)	– –	– –
Zion Steel Ltd.	– (–)	– (778.78)	– (628.89)	– (–)	2712.75 (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	601.28 (559.69)	– –
Mahananda Suppliers Ltd.	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (227.50)	– 0.00	– (455.00)	– (880.00)	– (–)	– (–)	– –	– –
Akshar dham Marcantile Pvt. Ltd.	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	– –	235.05 (235.05)
Grand Total	1,320.78 (–)	9,364.41 (6609.51)	10,601.07 (9267.48)	– (850.36)	3,209.95 (1304.57)	– (124.73)	80 (1837.18)	19.27 (129.91)	4 (1471.00)	– (2200.00)	– (5686.16)	120 (117.29)	4,887.63 (5823.95)	496.75 (516.73)

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

28. The Company's segmental information as at and for the year ended 31st March 2011 are as below : (₹ in Lacs)

	2010-11				2009-10			
	Iron & steel	Mining	Power	Total	Iron & steel	Mining	Power	Total
A. Revenue *								
External sales	148,783.22	43,803.71	–	192,586.93	128,472.10	25,364.92	–	153,837.02
Inter Segment Sales	2,302.51	10,943.25	–	13,245.75	1,387.55	7,484.76	–	8,872.31
Total Revenue				179,341.18				144,964.71
B. Results								
Segment Results	18,823.33	26,258.71	–	45,082.03	18,472.33	14,791.99	–	33,264.32
Unallocated Expense/(Income) (Net)				(101.39)				(200.00)
Operating Profit				45,183.42				33,464.32
Interest Expenses (Net)				18,282.39				13,463.04
Provision for Taxation				5,790.29				5,442.04
Income Tax relating to Earlier Years				12.57				256.33
Deferred tax				2,530.44				595.82
Net Profit				18,567.73				13,707.09
Other Information								
A. Total Assets								
Segment Assets	310,156.06	45,515.79	153,758.55	509,430.41	270,638.05	41,555.20	54,420.25	366,613.50
Unallocated Corporate /other assets				18,027.48				20,025.99
				527,457.89				386,639.49
B. Total Liabilities								
Segment Liabilities	63,781.41	8,656.17	25,787.87	98,225.45	35,505.12	20,844.56	7,732.49	64,082.17
Unallocated Corporate / other liabilities				323,017.88				213,101.13
				421,243.33				277,183.30
C. Capital Expenditure	35,860.25	7,250.70	100,622.55	143,733.51	44,938.98	11,182.71	37,361.53	93,483.22
D. Depreciation / Amortisation	9,406.32	1,644.16	–	11,050.49	6,145.76	621.32	–	6,767.08
E. Non- Cash Expense other than Depreciation	–	6.38	–	6.38	–	4.16	–	4.16
F. Geographical Segment								
i) Revenue *								
India				182,115.76				153,538.58
Overseas				10,471.17				298.44
				192,586.93				153,837.02
ii) Segment Assets								
India				527,457.89				386,639.49
Overseas				–				–
				527,457.89				386,639.49
iii) Capital Expenditure								
India				143,733.51				93,483.22
Overseas				–				–
				143,733.51				93,483.22

* Net of Excise Duty and Sales Tax

Notes:

i) Business Segment: The Company is primarily engaged in the business of manufacturing and sale of iron and steel products. However, besides Iron and Steel, the Company has also identified Mining and Power as reportable segment, in terms of Accounting Standard 17 on 'Segment Reporting'

The Power Segment consists of the subsidiary Adhunik Power and Natural Resources Limited, which is under pre-operative stage; hence no segment revenue and results are appearing in the segment

ii) Geographical Segment: The group primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas operations.

Schedules forming part of the Consolidated Balance Sheet and Profit & Loss Account

As at and for the year ended March 31, 2011

Schedule 25 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

29. Previous year figures including those given in the brackets have been regrouped / rearranged wherever considered necessary.

Signatories to Schedules 1 to 25

For S. R. Batliboi & Co.
(Firm Registration No: 301003E)
CHARTERED ACCOUNTANTS

per R. K. Agrawal
Partner
Membership No. 16667

Place: Kolkata
Date: May 20, 2011

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

NOTES

ADHUNIK METALIKS LIMITED

Regd. Office: 14, Netaji Subhas Road, Kolkata – 700 001

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Tenth Annual General Meeting of members of ADHUNIK METALIKS LIMITED will be held on Thursday, the 15th day of September 2011 at 11:00 A.M. at "Kala Kunj", 48, Shakespeare Sarani, Kolkata – 700 017 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended March 31, 2011.
3. To appoint a Director in place of Mr. Ghanshyam Das Agarwal, who retires from office by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mohan Lal Agarwal, who retires from office by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Lalit Mohon Chatterjee, who retires from office by rotation, and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Mr. Nihar Ranjan Hota, who retires from office by rotation, and being eligible, offers himself for reappointment.
7. To appoint M/s. S.R. Batliboi & Co. as the Statutory Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

8. Appointment of Mr. Raghaw Sharan Pandey as Director of the Company

   To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. Raghaw Sharan Pandey, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 10th August, 2011 and in terms of Section 260 of the Companies Act, 1956 ("the Act") who holds office upto the date of the Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation".

9. Payment of sitting fees by the Subsidiary Company/ies for attending the meetings of the Board and/or Committee(s) thereof.

   To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of section 309,314 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of Articles of Association of the Company and such further approval of statutory and other authorities as may be necessary and subject to such terms, conditions, stipulations , alterations, and modifications, if any as may be prescribed and specified by such authorities while granting such approvals and which may be agreed by the Board of Directors of the Company (hereinafter referred to as the 'Board' which expression shall include a Committee of directors duly authorized in this behalf), the consent of the members of the Company be and is hereby accorded for payment of sitting fees, paid/ payable, by any of its subsidiary company/ies (within the meaning of section 4 of the Companies Act, 1956) within the limits prescribed under Companies (Central Government's) General Rules & Forms, 1956 as amended, to the Directors of the Company (other than the Directors who are either in whole time employment of the Company or the Managing Director of the Company) who also acts as a director on the board of any of its subsidiary company/ies for attending the meetings of the Board and/or Committee(s) thereof

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, at its absolute discretion, deem necessary, expedient, usual or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto and for matters connected therewith or incidental thereto expressly by the authority of this resolution."

By Order of the Board

Regd. Office: 14, N.S.Road, 2nd Floor
Kolkata – 700 001
Dated: August 10, 2011

Anand Sharma
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy, in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting
3. Members/Proxies are requested to bring duly filled attendance slips sent herewith along with their copy of annual report to the meeting.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and Share Transfer Books will remain closed from Thursday, 1st September, 2011 to Thursday, 15th September, 2011 (both days inclusive) for determining the names of members eligible for dividend, if approved by the members.
7. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 20th September, 2011 to those members whose names appear on the Register of Members as on 31st August, 2011; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
8. Members holding shares in dematerialized form are requested to intimate immediately any change in their address or Bank mandates to Depository Participant with whom they are maintaining demat account.
9. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrars and Transfer Agents, M/s. Karvy Computershare Private Limited, Unit: Adhunik Metaliks Ltd., Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad 500081.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, M/s. Karvy Computershare Private Limited.
11. Members who hold shares in Single name and in physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from Company's website www.adhunikgroup.com under the section 'Investor Relations'.
12. Non Resident Indian members are requested to inform Company's RTA immediately of:

    • Change in their residential status on return to India for permanent Settlement.

    • Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
13. Members are requested to quote their folio number / DP ID & Client ID number in all correspondences.
14. Members holding Company's shares in electronic form are required to bring details of the Depository Account such as DP ID, Client ID number for their identification.
15. Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agent, M/s. Karvy Computershare Pvt. Ltd., Unit: Adhunik Metaliks Ltd., Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad 500081.
16. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days except Saturdays between 11.00 A.M. to 1.00 P.M. up to the date of the Meeting.
17. Important Communication to Members: The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with Karvy Computershare Private Limited, Register and Transfer Agents of the Company.
18. Brief resume of Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided below:

Name of the Director	Ghanshyam Das Agarwal	Mohan Lal Agarwal	Lalit Mohan Chatterjee	Nihar Ranjan Hota	Raghaw Sharan Pandey
Date of birth	16/10/1957	10/05/1965	17/07/1935	15/09/1935	15/01/1950
Date of appointment	20/11/2001	15/09/2003	19/12/2005	19/12/2005	10/08/2011
Qualification	Graduate in Commerce	Graduate in Commerce	B.E. (Mech.), Dip. In Mech. & Elec.	M.A. in Development Economics, M. Phill in Public Administration	IAS
Expertise in specific functional area	Expertise in Steel Sector in the areas of trading and providing services to other manufacturing units.	Expertise in Steel Sector in the areas of trading and providing services to other manufacturing units.	Expertise in iron and ferro alloy manufacturing sector	Retired IAS officer	Retired IAS officer

Name of the Director	Ghanshyam Das Agarwal	Mohan Lal Agarwal	Lalit Mohan Chatterjee	Nihar Ranjan Hota	Raghaw Sharan Pandey
List of Public Companies in which holds directorship	Orissa Manganese & Minerals Limited Adhunik Infotech Limited Adhunik Cement Limited Adhunik Cement (Assam) Limited Adhunik Corporation Limited Adhunik Alloys & Power Limited Sungrowth Shares & Stocks Limited Mahananda Suppliers Limited Adhunik Power & Natural Resources Limited Neepaz V Forge (Inida) Ltd. Adhunik Steels Limited	Adhunik Cement Limited Adhunik Corporation Ltd. Adhunik Alloys & Power Limited Sungrowth Share & Stocks Ltd. Mahananda Suppliers Ltd Orissa Manganese & Minerals Ltd. Adhunik Industries Limited Zion Steel Limited Adunik Power & Natural Resources Ltd. Futuristic Steel Limited Adhunik Steels Limited Performance Marketing Limited	Ramswarup Industries Limited	NIL	HPCL Biofuels Limited
Chairman / Member of the committee of the Board of Directors of the Company	Member- Shareholder Grievance Committee	Nil	Member – Shareholders Grievance Committee Member – Audit Committee Member – Compensation Committee	Member – Audit Committee Member – Compensation Committee	Nil
Chairman / Member of the committees of Directors of other Companies	Adhunik Power & Natural Resources Ltd. Member – Management & Finance Committee Neepaz VForge(India) Limited- Audit Committee Neepaz VForge(India) Limited- Remuneration Committee	Nil	Ramswarup Industries Limited. Member- Audit Committee	Nil	Nil
No. of equity shares held in the Company	10,85,536	14,53,763	1,000	Nil	Nil

EXPLANATORY STATEMENT

[Pursuant to Section 173 (2) of the Companies Act, 1956]

Item No. 8

Mr. Raghaw Sharan Pandey is a Retired IAS Officer belongs to 1972 Batch and retired on January 31, 2010. During his tenure he held various key positions in diverse areas of the Government of India such as Economic, Social as well as Coordination & Administrative sector and some of the posts held by him are:

- Secretary, Ministry of Petroleum & Natural Gas
- Secretary, Ministry of Steel
- Additional Secretary, Ministry of Agriculture
- Jt. Secretary, Ministry of Human Resources Development
- Secretary, National Council of Educational Research and Training (NCERT)
- Joint Secretary, Ministry of Welfare

He also held the position of Resident Commissioner, Government of Nagaland based at New Delhi from 1991 to 1994 and Chief Secretary, Government of Nagaland for a period of 4 years, from 2000 to 2004.

Currently Mr. Pandey is associated with Govt. of India, in the rank of Cabinet Secretary, as Representative and Interlocutor for Naga Peace Talks w.e.f. 26.02.2010. He is also on the Board of HPCL Biofuel Limited, a wholly owned subsidiary of M/s. Hindustan Petroleum Corporation Limited.

Mr. Pandey is recipient of first Prime Minister's Award for Excellence in Public Administration in the year 2007 and United Nations Public Service Award in the year 2008.

He is also an eminent writer and authored various books titled "Communitization : The Third way of Governance" "Going to Scale with Education reform : India's District Primary Education Program, 1995-99", "Perspectives in Disability and Rehabilitation." He also wrote several articles in various publications on Steel, Petroleum, Education, Social Welfare, Agriculture and Public Administration.

Mr. Raghaw Sharan Pandey was appointed on the Board of the Company as an Additional Director on 10th August, 2011 and holds his office till the ensuing Annual General Meeting (AGM). The Company has received a notice from a member under the provisions of Section 257 of the Companies Act, 1956, nominating his re-appointment in the AGM.

The Board recommends the resolution as an Ordinary Resolution.

None of the Directors except Mr. Raghaw Sharan Pandey, are interested in the resolution.

Item No. 9

In terms of Clause 49(III)(i) of the Listing Agreement with Stock Exchanges at least one Independent Director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non- listed Indian subsidiary company. The Company has two material unlisted Indian subsidiaries namely, Orissa Manganese & Minerals Limited and Adhunik Power & Natural Resources Limited and in compliance with Clause 49(III)(i) of the Listing Agreement the Company has nominated independent director(s) of the Company on the Board of its material non-listed Indian subsidiary Companies. Dr. Ramgopal Agarwalla, Independent Director of the Company has been appointed as a Director on the Board of Orissa Manganese & Minerals Limited w.e.f. 30.06.2008 and Mr. Surendra Mohan Lakhotia, Independent Director of the Company has been appointed as a Director on the Board of Adhunik Power & Natural Resources Limited w.e.f 05.08.2010.

Considering the responsibilities of Independent Directors who are appointed on the Board of its material unlisted subsidiary Indian companies and their rich and valuable professional expertise in their respective fields and nature of work and responsibilities of Non-executive Directors and on recommendation of the Compensation Committee of the Board at its meeting held on 20.05.2011, it is proposed to approve payment of sitting fees, paid/ payable by the subsidiary companies (within the meaning of section 4 of the Companies Act, 1956) within the limits prescribed under Companies (Central Government's) General Rules & Forms, 1956 as amended, to the Directors of the Company (other than the Directors who are either in whole time employment of the Company or the Managing director of the Company) who also acts as a director on the board of its subsidiary companies for attending the meetings of the Board and/or Committee(s) thereof.

The Board recommends the resolution as a Special Resolution.

All the Directors of the Company may be deemed to be concerned or interested in the above resolution.

By Order of the Board

Regd. Office: 14, N.S.Road, 2nd Floor
Kolkata – 700 001
Dated: August 10, 2011

Anand Sharma
Company Secretary

ADHUNIK METALIKS LIMITED

Regd. Office: 14, Netaji Subhas Road, Kolkata – 700 001

PROXY

I/We ______________________________of ______________________________ in the district of ______________________________ being member / members of the Adhunik Metaliks Limited hereby appoint ______________ in the district of ______________ or failing him ______________ of ______________ in the district of ______________ as my/our proxy in my/our presence to attend and to vote for me/us, and on my/our behalf at the Tenth Annual General Meeting of the Company to be held on Thursday, the September 15, 2011 at 11:00 A.M. at "Kala Kunj", 48, Shakespeare Sarani, Kolkata – 700 017 and at any adjournment(s) thereof.

Signed this ____________ day of ______________ 2011

DP ID No.* ______________________________

Client ID No.* ______________________________

Folio No. ______________________________

No. of shares held ______________________________

* Applicable for shares held in electronic form

Affix
Re. 1/-
Revenue
Stamp

Notes: The Proxy need not be a member of the Company.

The Proxy Form signed across revenue stamp should reach Company's Registred Office atleast 48 hours before the scheduled time of the Meeting.

ADHUNIK METALIKS LIMITED

Regd. Office: 14, Netaji Subhas Road, Kolkata – 700 001

ATTENDANCE SLIP

I certify that I am a registered Shareholder/ Proxy for the registered Shareholder of the Company.

I hereby record my presence at the Tenth Annual General Meeting of the Company held on Thursday, the September 15, 2011 at 11:00 A.M. at "Kala Kunj", 48, Shakespeare Sarani, Kolkata – 700 017.

DP ID No.* ______________________________

Client ID No.* ______________________________

Folio No. ______________________________

No. of shares held ______________________________

* Applicable for shares held in electronic form

Member's/ Proxy's Name (in Block Letters)

Member's/ Proxy's Signature

Note: Please fill in this Attendance Slip and hand it over at the ENTRANCE OF THE HALL

MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT ALONGWITH THEM TO THE ANNUAL GENERAL MEETING, AS EXTRA COPIES OF THE REPORT FOR DISTRIBUTION AT THE GENERAL MEETING HAVE NOT BEEN PRINTED DUE TO HIGH COST OF PAPER AND PRINTING.