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

'CONSOLEADATION'

CONSOLIDATING TODAY FOR LEADERSHIP TOMORROW

ADHUNIK METALIKS LIMITED | ANNUAL REPORT 2011-12

Forward-looking statement

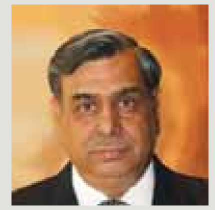
In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results 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.

INSIDE DOCUMENT

Mr. Ghanshyamdas Agarwal
Chairman



Mr. Jugal Kishore Agarwalal
Director

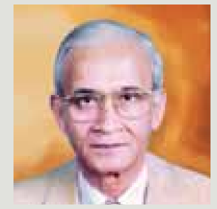
Mr. Nirmal Kumar Agarwal
Director

Mr. Mohanlal Agarwal
Director

Mr. Mahesh Kumar Agarwal
Director

Mr. Nihar Ranjan Hota
Director

Dr. Ramgopal Agarwal
Director

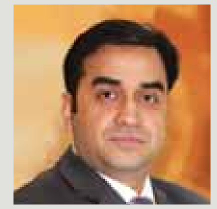


Mr. Lalit Mohan Chatterjee
Director

Mr. Nandanandan Mishra
Director

Mr. Raghaw Sharan Pandey
Director

Mr. Surendra Mohan Lakhotia
Director



Mr. Manoj Kumar Agarwal
Managing Director

CORPORATE INFORMATION

Board of Directors

Shri Jugal Kishore Agarwal
Shri Ghanshyam Das Agarwal
Shri Nirmal Kumar Agarwal
Shri Mohan Lal Agarwal
Shri Mahesh Kumar Agarwal
Shri Manoj Kumar Agarwal
Shri Surendra Mohan Lakhotia
Shri Nihar Ranjan Hota
Shri Lalit Mohan Chatterjee
Shri Nandanandan Mishra
Dr. Ramgopal Agarwal
Shri Raghaw Sharan Pandey

Company Secretary

Mr. Anand Sharma

Bankers

Allahabad Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Corporation Bank
Dena Bank
HDFC Bank
ICICI Bank
Indian Overseas Bank
IndusInd Bank
Oriental Bank of Commerce
Punjab National Bank
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
Syndicate Bank
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

A TRISYS PRODUCT
info@trisyscom.com

India's resources and steel sectors were marked by slowing demand, higher raw material cost, challenging policies and project commissioning delays in FY 2012.

In this chaotic environment, the predictable thing would have been to wait for the storm to blow over.

On the contrary, Adhunik embarked on initiatives to consolidate its business with the objective to establish leadership when these sectors revive.

"The difference between the impossible and the possible lies in a man's determination."

Tommy Lasorda

Adhunik Metaliks is two companies in one.

It is among India's fastest growing resource companies (minerals and power) on the one hand. And one of India's largest alloy steel companies on the other.

This uniqueness will enable Adhunik to reconcile size, security and profitability.

Parentage

Adhunik Metaliks Limited was incorporated in 2001 by Mahadeo Prasad Agarwal as Neepaz Metaliks Private Limited (renamed in 2005). The Company is presently headed by Ghanshyam Das Agarwal (Chairman) and Manoj Kumar Agarwal (Managing Director) with a team of experienced management professionals.

Products

Adhunik is engaged in the manufacture of alloy and carbon steel products catering to the auto, power, engineering, oil and gas sectors. The Company is also engaged in the merchant mining of iron ore and manganese ore and mineral value addition through pellet manufacturing (through its 100% subsidiary Orissa Manganese and Minerals Limited) and power generation industry (through Adhunik Power and Natural Resources Limited). This extends Adhunik's integration from resources to alloys steel.

Pride

- Certified for ISO 9001:2008 and TS 16949 across all manufacturing units
- Accredited with ISO 14001:2004 and BS OHSAS 18001:2007
- Awarded first prize in the 10th Mines Environment & Mineral Conservation
- Awarded second prize in the10th Mines Environment & Mineral Conservation Week for waste dump management in the Ghatkuri iron ore mines

Awards

- Awarded with "Star Performer" (Large Enterprise) for Export Excellence 2009-10 in product group-Basic iron & steel by EEPC.

ALLOY STEEL CLIENTELE

- TATA Motors
- Mahindra & Mahindra
- John Deere
- BEML
- Rane Group
- Indian Railways
- Ashok Leyland
- Amtek
- PowerGrid Corporation
- BSNL
- Cummins
- Maharashtra Seamless
- NTPC
- SKF Bearings
- Sriram Pistons
- MM Forgings
- Ramkrishna Forgings
- Jindal Saw Pipes

- The Company's contribution towards supply of safe & pure drinking water to the villagers was recognised by 'Interface-Asia CSR-2012' when Adhunik Metaliks received the 'Think Odisha Leadership Awards-2012' for its activities in that category. The award was given away by the Hon'ble Chief Minister of Orissa Mr Naveen Patnaik. The Company received 'Think Odisha Leadership Awards' in 2011 & in 2010 for it contribution towards "Health Services" and "Women empowerment" respectively.

- Greentech Environment Award 2011, one of the most prestigious award was conferred to Adhunik Metaliks Limited in Silver category (metal & mining sector) for its outstanding achievement in Environment management.

- Awards received by OMML, Koira during MEMC WEEK-2011-12:

For SOIL MANAGEMENT- 1st position

For Waste & Dump Management -2nd position

For Noise & Vibration Study- 2nd position

For Overall Performance 2nd position

- Awards received by OMML, Ghatkuri during MEMC WEEK-2011-12:

2nd prize for Community Development & Publicity & propaganda

BUSINESS DIVISIONS

ADHUNIK METALIKS LIMITED

- **Steel**
  - Alloy and special steels (Capacity: 0.45 MTPA)
  - Captive Mine
Iron Ore: 18 MMT
- **Merchant mining**
  - Orissa Manganese & Minerals Ltd
100% Subsidiary*
• Iron ore capacity: 40-45 MMT
• Manganese ore capacity: 20 MMT
  - Sulaipat mines (50:50 JV)
Iron Ore capacity: 40 MMT
  - Patratu mines (49:51 JV)
Iron Ore capacity: 450 MMT
  - Beneficiation and pellet plant
* 1.2 MTPA Beneficiation Plant
* 1.2 MTPA Pellet Plant
- **Power**
  - Adhunik Power and Natural Resources Ltd.
79.26 subsidiary*
IPP: 540 MW
  - Captive Mine
• Coal: 69 MMT

HIGHLIGHTS, 2011-12*

‘Fifteen months

Operational performance

Steel

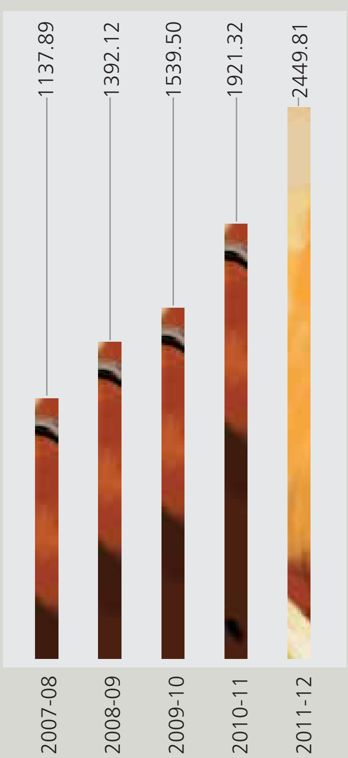
- Production achieved during the period was 3,82,269 tons
- Average billets realisation increased from ₹ 30,032 per ton in 2010-11 to ₹ 31,294 per ton
- Average rolled products realisation decreased from ₹ 46,905 per ton in 2010-11 to ₹ 45,654 per ton
- Commenced captive iron ore mining

Mining

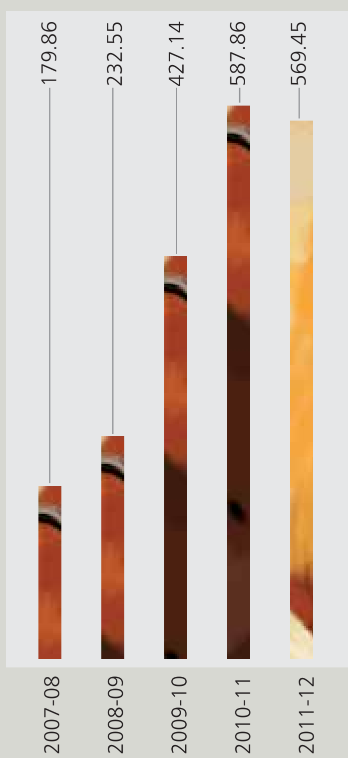
- Strengthened merchant iron ore realisations (OMML) from ₹ 2,703 per ton in 2010-11 to ₹ 2,857 per ton
- Decreased merchant manganese ore realisations (OMML) from ₹ 9,010 per ton in 2010-11 to ₹ 7,115 per ton
- Commenced Sulaipat mine operations
- Commenced integrated pellet plant with 3,61,781 tons of sales in seven months of operation

Our performance snapshot

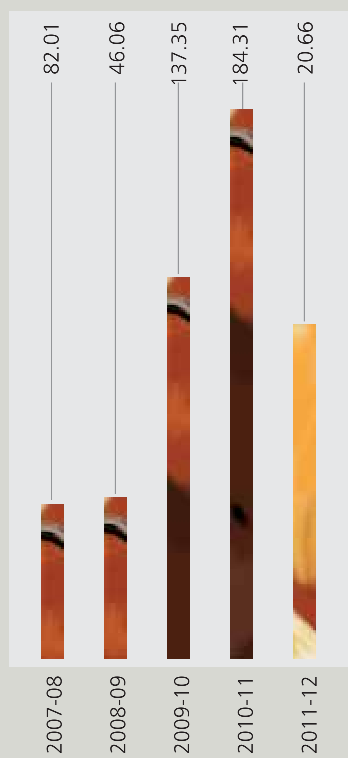
Revenue *(₹ cr)*



EBIDTA *(₹ cr)*



PAT *(₹ cr)*



*Figures for 2011-12 comprises of 15 months ** All figures are consolidated figures

Financial highlights

Achieved consolidated revenues of ₹ 2,449.81 crore

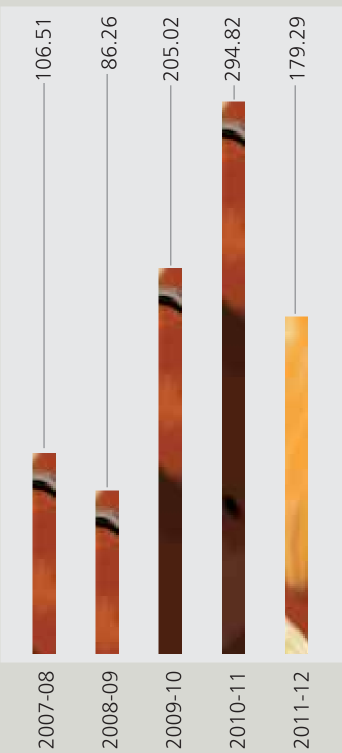
Achieved consolidated EBIDTA of ₹ 569.45 crore

Achieved consolidated post-tax profit of ₹ 20.66 crore

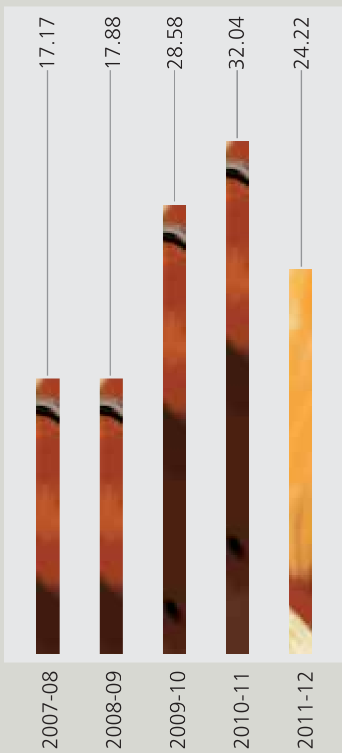
Achieved consolidated EBIDTA margin of 24.22%

Achieved cash profit of ₹ 179.29 crore

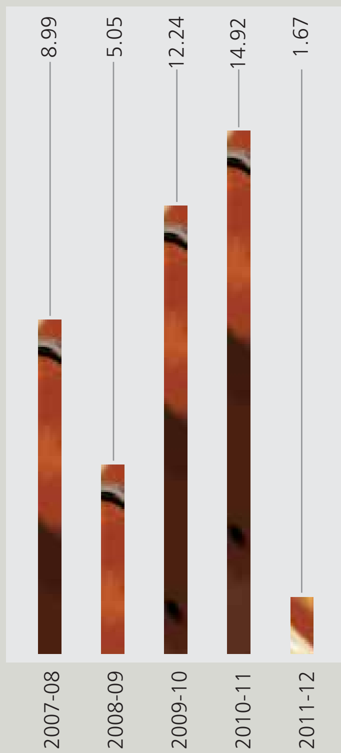
Cash profit *(₹ cr)*



EBIDTA margin *(%)*



Earning per share *(₹ cr)*



MANAGING DIRECTOR'S STATEMENT

The year 2011-12 (15 months) was one of the most challenging ever for our Company.

Never in our existence have a number of challenges combined concurrently in the space of a single year as they did during the year under review:

The alloy steel industry is resource intensive; during the year under review, there was a decline in resource availability following regulatory action that stopped mining in Karnataka and Goa leading to a concurrent increase in costs. The increase in the cost of finished goods was not adequate to cover the increase in raw material costs, impacting our margins.

The resources and steel businesses are capital-intensive; during the year under review, India suffered high interest rates, which directly affected our margins on account of our borrowings and indirectly impacted the demand for downstream products (automotive and infrastructure). This dual impact increased our interest outflow on the one hand and reduced our ability to cover this with enhanced revenues.

The resources business is regulation-driven; during the year under review, the government made regulatory approvals based on environmental considerations more stringent. This staggered the approvals process by six months during the year under review and operations commenced nearly six months behind our projected schedule. Besides, the government also initiated the verification process of various approvals of all the mines in the region. During this period, mining operations were stalled which hampered despatches from our existing operational mines.

This is the cumulative impact: even as revenues grew 10% over 2010-11, there

- We have appointed Badische Stahl-Engineering Gmbh ("BSE Germany") of Germany ("BSE Know How Agreement") for providing consultancy services, including technical know how, for improving the productivity of our plant located at Chandrihariharpur, Sundargarh, in Orissa.
- Kulum iron ore mines are the first captive iron ore mine in the last 10 years to have started mining operations in Orissa.
- Our pellet plant is the first merchant pellet plant with straight gyrate technology in India.
- Our ongoing 540 MW power plant is the first IPP in Jharkhand.
- Our technical up-gradation and realigning of refractories in our Mini Blast Furnace (MBF) will enhance the efficiency and capacity from 213,792 tones per annum to 231,608 tones per annum while reducing our cost of production
- Adhunik Metaliks is progressing well in its TPM journey. Our TPM agenda is being navigated by Mr. T Tachibana from JIPM, Japan

was a 21% decline in our EBIDTA and a 91% decline in our profit after tax.

Counter-challenges

At Adhunik, we recognised that the most effective way to counter the impact of the industry's severe downturn was through a superior management of factors within the Company's control.

One, even as we suffered high e-auction costs of raw materials, we commenced our captive iron ore mining in June 2012, raised monthly production to 10,000 tons during the year and engaged in enhancing throughput to 35,000 tons per month in two years which will meet around 50-60% of our iron ore requirement.

Two, we strengthened our core focus following the divestment of our power transmission and forging business during the year under review, which helped us mobilise around ₹ 35 crore. (entire sales proceeds were used for debt repayment) that will help us reduce ₹ 5 crore in annual interest outflow. Besides, we swapped high-cost debt with low-cost alternatives.

Three, we enhanced yields without compromising product quality, which helped us generate higher throughput for the same costs that we incurred.

Culture of urgency

Adhunik, a company in the formative years of its sectoral presence, will always be engaged in the process of expansion and integration. Consequently, there is always a premium for the ability to commission projects on or ahead of schedule, which can translate into a control on our capital expenditure or a reduction vis-à-vis projected cost. In our view, timely project commissioning gets us into income mode with speed; when such projects are commissioned ahead of schedule, we benefit in two ways: quicker revenue inflow on the one hand and lower project cost, strengthening our overall viability.

During the year under review, even as the external environment appeared bleak, we had the following positive developments to report:

- We commenced operations and ramp-up of our captive iron ore mine in June 2012.
- We commissioned our pellet plant four months ahead of schedule; we achieved 80% asset utilisation within four months of launch.
- We commenced mining operations at our Sulaipat iron ore mine.
- We expect to commission the first phase of our 270 MW power plant by October 2012 and second phase by January 2013 supported by a captive coal mine and linkages.

Enhancing value

At Adhunik, we recognise that winners are companies that ride out of sectoral slowdowns faster than the others. Our multi-level blueprint comprises initiatives in the area of value-addition, integration and throughput maximisation.

First, Adhunik will focus on its core businesses of steel, merchant mining and power. This will ensure that all our available cash flows are bought back into strengthening our competitive advantage in chosen areas.

Second, in its alloy steel business, Adhunik will focus on niche, value-added and customised products with the objective to escape competitive pricing on the one hand and enter into extended customer relationships on the other. In the mining business, Adhunik will enhance throughput leading to higher revenues.

Third, we will focus on rightsizing our Balance Sheet through the following measures: swap high-cost loans with low-cost alternatives, evaluate alternative funding routes (like ECB) to fund our upcoming pellet plant and mobilise an additional ₹1,000 crore though a public offer of our mining business coupled with an equity dilution of our steel and power business.

Four, we are tying up with Orissa Mineral Corporation for the supply of iron ore fines that enable us to enhance value from waste material,

Five, we plan to set up a second pellet plant (1.6 mn TPA) utilising low grade iron ore fines for conversion.

Six, we are focusing on the manufacture of niche auto grade steel, enjoying approvals from leading OEMs, which will translate into a first-mover's advantage when the market rebounds.

Optimism

What bolsters me with optimism is despite the steel sector problems and resources availability still down, our various projects and investments are nearing fruition. When commissioned, they will generate attractive cash flows that progressively reduce our gearing. Once this trend begins, we expect to accelerate our turnaround and enhance value for our shareholders in a secure and sustainable way.

Manoj Agarwal
Managing Director

Natural resources profile

Business segment	Mineral	Resources	Location	Status
Steel (captive)	Iron ore	18 MMT	Keonjhar, Orissa	Dispatches from June 2012
Merchant mining	Iron ore	40-45 MMT	Ghatkuri, Jharkhand	Operational
	Manganese ore	15 MMT	Patmunda, Orissa	Operational
		5 MMT	Koira, Orissa	Operational
Merchant mining (JV company)	Iron ore	40 MMT	Mayurbhanj, Orissa	Commenced operations
	Coal	450 MMT	Patratu, Jharkhand	Recently allocated
Power (captive)	Coal	69 MMT	Ganeshpur, Jharkhand	Commencement by Q2 FY2014

STRENGTHS

Integrated

Presence across captive mines (iron ore), DRI plant, blast furnace, sinter plant, coke oven plant, captive power generation and steel manufacture - a fully integrated alloy steel manufacturing company.

Power

The Company (34 MW captive power plant) is extending into power generation through subsidiary (APNRL). This two-phased 540-MW power project is expected to be fully commissioned by January 2013.

Resource proximity

The Company procures over 90% of its raw material requirement from within a 200-km radius.

Execution capability

A 15 member team ensures timely project management resulting in a faster execution against peers.

Quality

Proactive investments in state-of-the-art equipment like vacuum de-gasser, electromagnetic stirrer, LECO hydrogen, nitrogen and oxygen analyser and metallographic polishing machines, among others. The Company is also accredited with ISO 9001:2000, TS 16949, BIS and RDSO certification on the one hand and customer approvals for its processes, practices and products on the other.

Value-added products

The Company is an alloy steel products company catering to the fast growing automobile, oil & gas and railways sectors. In 2011-12, over 45% of the Company's products portfolio comprised value-added products generating in excess of ₹ 45,000 a ton.

Mining

The Company reduced costs on one hand through investments in captive iron ore and increased its revenues on the other through merchant sales from its iron and manganese mines (through its subsidiary).

Customer base

Despite being a eight year old Company, over 60% of the Company's revenues are derived from customers over five years old. The Company is associated with pride-enhancing organisations like Tata Motors, Mahindra & Mahindra, Amtek Auto, Ashok Leyland, BEML, L&T and Indian Railways, among others.

STRATEGIC BLUEPRINT

Strategic

- Primarily an iron and steel manufacturer
- Cost-effective business model with backward integration to iron ore and coal
- Merchant mining started (OMM)
- Implemented 540 MW power plant
- 1.2 MTPA iron ore beneficiation plant
- Commenced captive iron ore mining

Strategy

- Ramp up production of pellet plants
- Commencement and ramp up of Sulaipat iron ore mines
- Commissioning of the second phase of the Jharkhand power plant
- Effectively utilise OMML mining assets
- Commencement of captive coal mines of APNRL

Vision 2015

- Diversified metal, mining and energy producer
- Complete integration with iron ore mine and coal block
- Extend to higher value-added steel manufacturing
- Emerge as a leading Indian producer of manganese ore
- Own and operate 2,400 MW power generation capacity

SEGMENT-WISE STRATEGY

Steel

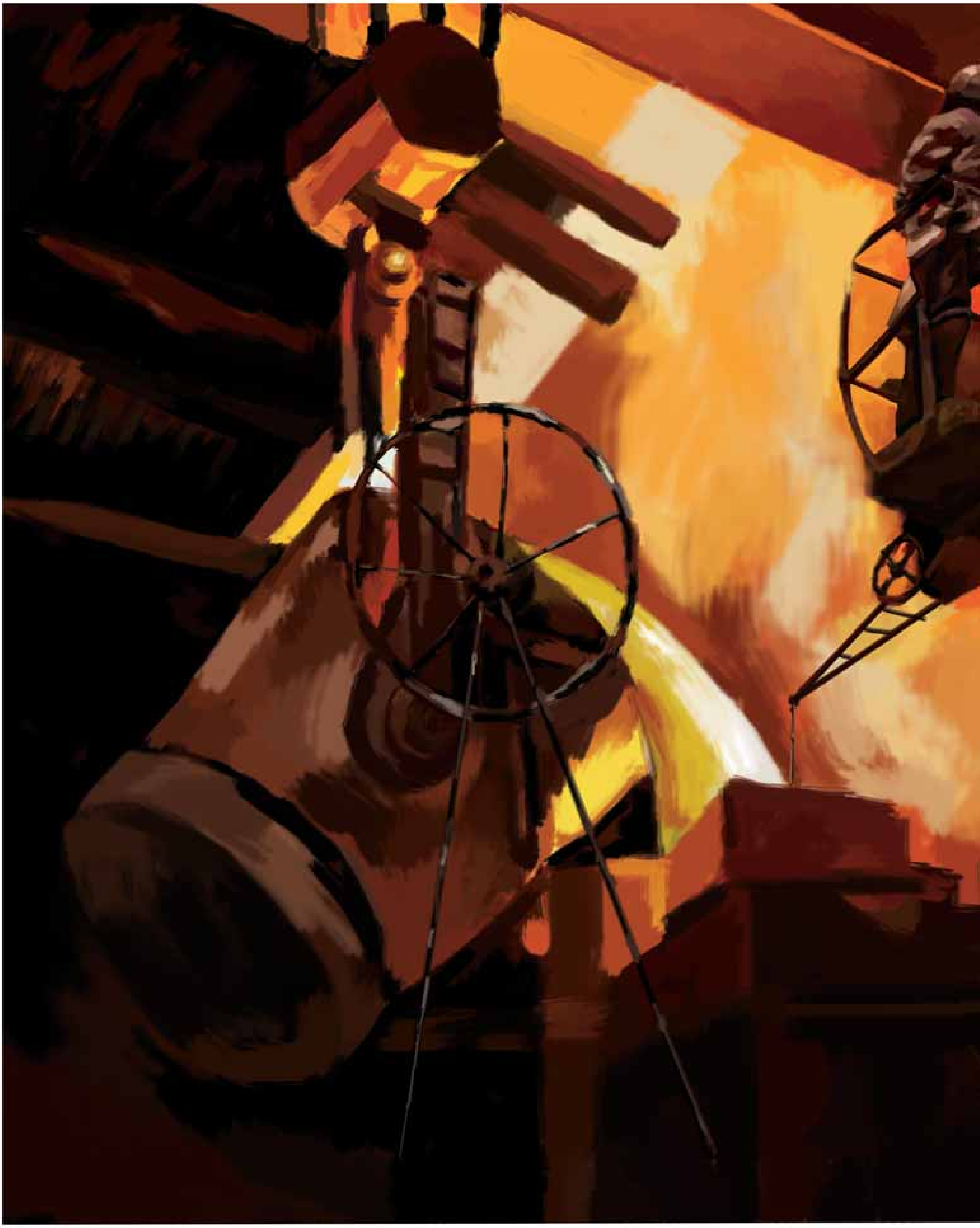
- Climb the value-chain to manufacture high value-added steel (auto steel and structural steel)
- Emerge as a preferred vendor to domestic and global OEMs
- Ramp up captive iron ore mine

Mining

- Focus on volume increase in manganese ore
- Commission and ramp up the Sulaipat iron ore mine
- Ramp up the 1.2 MTPA iron ore beneficiation and pellet project; ramp up production
- Commission the Patratu coal mine

Power

- Successful commissioning of 1,080 MW power plant in Jharkhand
- Optimise long-term power purchase agreement and spot market sales
- Capacity expansions to be backed by fuel security



CONSOLEADATING
OUR CORE BUSINESS...

At Adhunik, we strengthened our core business in the following ways:

- Focusing on steel manufacture, merchant mining and power generation while divesting from non-core businesses (forging and power transmission)
- Commencing mining from its captive iron ore mine; ramping up with speed to address 60% of its iron ore requirement
- Commissioned the pellet plant; enhanced capacity in all its merchant mines
- Sustained progress at the power plants with the result that the first phase of the 540 MW power plant is to be commissioned by October 2012 and second phase by January 2013
- Invested in a 1.6 mn ton pellet plant to maximise value to the iron ore fines
- Attracted product approvals from all major Indian OEMs related to the automobile, capital goods and engineering sectors

The result: The Company intends to emerge as one of the most integrated alloy steel companies in India with a presence in merchant mining and power generation segments.

CONSOLEADATING
OUR FINANCIALS...

At Adhunik, we embarked on initiatives to strengthen our financials through the following initiatives:

- Swapping high-cost loans with low-cost alternatives, helping us rationalise 150 bps to an average debt cost of around 12%
- Funding a new pellet plant through alternative funding routes like lower cost ECBs
- Contemplating the mobilisation of ₹1000 crore through mix various alternatives like the equity dilution IPO and inducting a strategic investment partner once our mining and power business are fully operational.

The result: The Company intends to rationalise its interest outflow by 20% in the next 14 months, strengthening its interest cover.

MANAGEMENT DISCUSSION AND ANALYSIS

Economic review

The Indian economy grew 6.5% in 2011-12 compared with 8.4% in the preceding two years on account of a weakening global economy, lower industrial growth and reforms slowdown.

Iron ore

The iron ore sector grew on account of economic growth in China. Despite a price decline of 22% since the beginning of 2011, the iron ore spot price remained at a historically high level supported by three main producers accounting for more than half of the global export market and more than a third of

Chinese demand addressed domestically where the cost of production continues to increase. According to the U.S. Geological Survey, world iron ore reserves are estimated at 80Gt of contained Fe, 73% of which is located in Australia, Brazil, Russia, China and India.

Global demand: Demand for iron ore is largely predicated on global steel production since steelmaking consumes 98% of the world's iron ore. It is estimated that the global iron ore demand will increase at a compound annual rate of 3.7% - from 1.8Gtpa in 2011 to 2.2Gtpa in 2016 based on steel demand forecasts for 2012-13 from the World Steel Association and global crude steel production growth forecasts for 2011-16 from the CRU. [Source: Stonecap]

India demand: India's iron ore demand is likely to increase to about 207.6 million tons during the 12th Five Year Plan. However, given the tight completion schedule of steel projects, iron ore demand may even increase to about 220 million tons.

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Crude steel production	73.7	83.7	94	104.6	116.8	128.1
Pig iron production	9.3	10.4	11.6	12.9	14.2	15.1
Total iron ore demand	124.2	145.6	165.3	180	195.7	207.6

(Source: Report of the Working Group on Steel for 12th Five Year Plan)

Demand for manganese is primarily driven by the steel industry, which consumes 94% of the manganese ore produced. Out of total manganese ore reserves (based on land) of 5200 Mn tons, South Africa alone accounts for 75% share followed Ukraine with a share of 10% and by Australia and India with share of 3% each.

The measures by the Indian government to improve domestic ore production comprise the following:

- New legislation on mining and mineral concession allocation to expedite and streamline the process of allocation of mineral concessions through a transparent time-bound mechanism.
- New Land Acquisition Act brought out by the government to smoothen land acquisition for projects (including mining).
- Priority to iron ore exploration to increase proven reserves.
- Efforts to explore whether reserves of iron ore (magnetite) in environmentally sensitive regions can be exploited through underground mining.
- Permission for 100% FDI in iron ore mining

The measures taken by the Indian government to improve the availability of domestic iron ore reserves for the steel industry comprise the following:

- Provision of preferential allocation of mining leases to companies setting up value-addition projects including steel plants
- Management of the country's export-led ore mining with the view to preserve the environment and prevent illegal mining.
- Encourage the beneficiation of low grade iron ore, fines and agglomeration.

Manganese ore

Manganese (Mn) is a brittle, hard grey metal that looks much like iron. Manganese is the twelfth-most abundant element widely distributed in the earth's crust and the fourth-most used metal in terms of tonnage, ranked after iron, aluminium and copper. Demand for manganese is primarily driven by the steel industry, which consumes 94% of the manganese ore produced. Out of total manganese ore reserves (based on land) of 5200 Mn tons, South Africa alone accounts for 75% share followed Ukraine with a share of 10% and by Australia and India with share of 3% each.
[Source: Shawriver]

Global scenario

Over the next five years (2012-2016), manganese consumption is expected to increase at a CAGR of 6%, backed by the rise in steel production, with China and India providing the main impetus for this growth.

By 2016, global manganese ore production is likely to exceed 52MMT with a manganese content of over 18MMT in comparison to an estimated output of 42MMT containing 14.7MMT of manganese in 2011, a growth of 22% over 5 years.
[Source: Arrowhead]

India

India's manganese consumption in 2000-01 was 9.13 lakhs MT, increasing to 30.25 lakhs MT. Silico-manganese (62%) and ferro-alloys (31%) were the major consumers followed by iron and steel (5.2%). India's estimated

Per capita steel consumption in 2011

World	US	China	UK	India
214.7	284.5	459.8	148.6	57

Source: World Steel

The World Steel Association projects demand for global steel to grow by 49 mn tons to 1,422 mn tons in 2012

manganese production was about 4.56 million tons in 2011-12 and projected at 6.7 million tons by 2016-17; consumption is estimated at 4.98 million tons by 2011-12 and 7.31 million tons by 2016-17.

Alloy steel

Alloy steel is steel containing elements like chromium, nickel, molybdenum and vanadium used in specialised applications in the automotive, engineering, railways and defence sectors. The demand for alloy steel is riding a surge in the automobile, capital goods and engineering sectors. The Indian alloy steel industry largely caters to the growing automobile sector followed by the Railways and Defence sectors. India's alloy steel demand is expected to increase from 3.5 mn tons in 2011-12 to 5 mn tons in 2016-17, while annual global demand is estimated at 125 mn tons.

Steel

Global steel production reached 1,527 mn tons in 2011 from 1,430 mn tons in 2010. On the other hand, global steel consumption increased 5.6% from 1,302 mn tons in 2010 to 1,373 mn tons in 2011 owing to higher consumption coming out of the emerging and developing economies. Emerging nations accounted for 72% of global steel consumption - 980 mn tons from 928 mn tons in 2010. In 2011, China reported a 6% increase in steel production to 696 mn tons and accounted for 45% of the global steel production.

In 2011, India emerged as fourth-largest steel manufacturer after China, USA and Japan. The country produced 74 mn tons of crude steel in 2011-12 against 71 mn tons in 2010 with an average capacity utilisation of 83% in 2011-12. India's per capita steel consumption – a key indicator of steel consumption growth - is 57 kg, only better than the average per capita consumption of Africa.

The World Steel Association projects demand for global steel to grow by 49 mn tons to 1,422 mn tons in 2012 – a growth of 3.6% against 5.6% in 2011. The steel demand across economies is also expected to increase – BRIC 3.2%, MENA at 5.7%, US at 5.2% Turkey at 7.9% while Europe is expected to record negative steel demand of 1.2%. The Indian steel industry health is expected to remain robust and expected to add 23 mn tons capacity by 2013-14, emerging as possibly the world's third largest steel producer in the process.

Stainless steel

Stainless steel is defined as a durable iron-base alloy, with a minimum of 10.5 or 11% chromium content by mass, designed for resistance to corrosion and/or oxidation. Stainless steel usually contains less than 30% chromium and more than 50% iron. Carbon is usually present in amounts ranging from less than 0.03% to over 1.0% in certain martensitic grades. According to figures released by ISSF in April 2012, the world produced 32.1 million metric tons of stainless steel in 2011, a new record. This is a rise of 3.3% compared to 2011. China remained the driving force in stainless steel production with growth of 11.9% in 2011. The country now produces almost 40% of the world's stainless steel.

India recorded rapid stainless steel growth production. Production in 2011 was 162 times higher than in 1978, 13 times higher than in 1990 and almost three times higher than in 2000, reaching 2.93 million tons in 2011. On an average, India reported an annual growth rate of 16% since 1978 [Source: Steel Intelligence]. India's stainless steel demand is predominantly derived from utensils (70% of demand), consumer durables, transport, construction and tubes. Increasing governmental focus on infrastructural 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, 2011-12

- Commenced captive iron ore mine
- Secured long-term agreement with Orissa Mining Corporation for supply of 1.00 MTPA high grade iron ore fines.

Overview

Around four tons of raw materials is required for manufacturing one ton of end-product, making raw material management a key driver for operational success. The Company's strategically located manufacturing unit in Sundergarh (Orissa) makes it possible to procure 90% of all raw materials (iron ore, coal, coke, limestone, power, and manganese ore, among others) from within 200 km of the Company's manufacturing unit.

Iron ore: Adhunik's captive iron ore mine in Keonjhar (Orissa) possesses estimated reserves of 18 mn tons and is expected to service demand for 30 years. The mine started despatching ore from June 2012 and presently supplies 10000 tons a month, meeting around 15% of the total required material. Procurement of iron ore from captive iron ore mine will result in savings of around ₹2000-2500 per ton of iron ore. Around 40% of the requirement is procured from the merchant mines of OMML, (120 km away).

Coal: Non-coking coal is sourced through a linkage with Mahanadi Coalfields Limited and the e-auction route. Coking coal is imported from Australia through long-term contracts.

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

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

Power: The Company sources 40% of its power requirement from its 34-MW captive power plant and the rest from the State Electricity Grid.

Road ahead

Going ahead, the Company plans to ramp up production at its captive iron ore mine and hopes to source 60% of required iron ore from the captive mines.

OPERATIONS

Highlights, 2011-12

- Achieved billets production of 3,82,269 ton
- Achieved capacity utilisation of 69%
- Initiated total productive maintenance (TPM) to eliminate downtime
- Achieved an yield of 94%

Overview

Adhunik invested in a fully integrated business model (captive mines and power plants, captive railway sidings and rakes, among others, to create one of the most cost-effective steel manufacturing units in the country. It is a secondary steel manufacturer with the following capacities: 450,000 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 and 34 MW captive power.

Road ahead

The Company proposes to install VLB System in its steel melting shop helping the Company to increase production by 12%

QUALITY MANAGEMENT

Highlights, 2011-12

- The Company's products were approved by all the major OEMs in India.
- Reducing trend of rejection level and improved customer satisfaction.
- Continual improvement of process and product quality and development of new grades
- Added testing method for supporting processes
- Decreasing the process and product costs by minimisation of idle time and processes.
- Training of skilled and semi skilled personnel

Overview

As the Company is a preferred supplier to quality-demanding automobile OEMs, it becomes imperative for the Company to maintain strict quality. Consistent quality is also a key factor in maintaining long-standing customer relationships.

Adhunik's strong quality team ensured conformance to the globally benchmarked quality standards from incoming raw material to the manufacture of intermediate products to the production of finished goods. It invested in a state-of-the-art quality control laboratory with sophisticated equipment – vacuum de-gasser, electromagnetic stirrer, LECO hydrogen, nitrogen and oxygen analyser and metallographic polishing machines, among others. The Company was ISO 9001:2000-certified and received other coveted certificates like TS 16949, BIS (IS: 2830/IS: 2831) and RDSO.

POWER GENERATION

Highlights, 2011-12

- Achieved PLF of 88% against 82% in 2010-11 in captive power plant
- Long term PPA signed for 435 MW
- Power Evacuation arrangement completed
- Boiler Hydro Test and Boiler Test Completed for Unit 1 of 270 MW
- Boiler Hydro Test completed for Unit II of 270 MW

Captive generation: Adhunik's two captive power plants (cumulative 34 MW) provide 40% of its power needs while the rest is sourced from the State Electricity 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 ₹ 3.88 compared with grid costs of at ₹ 5.44 per unit.

Power generation(IPP): The Company forayed in the business of power generation through its subsidiary Adhunik Power and Natural Resources Limited (APNRL). It is establishing a 1,080-MW plant across three phases in Jharkhand. In the first two phases, two plants of 270 MW each will be commissioned in October 2012 and January 2013.

Road ahead

Power Generation (IPP): The Company intends to establish an additional 540 MW (third phase) for which it signed an MoU with the Jharkhand government. It also applied for an MOEF clearance, with the EIA report under preparation. Besides, the Company signed MoUs with the Chhattisgarh, Orissa and Bihar Governments for establishing 1,000 MW power plants in each state and is looking to secure raw material for making further investment.

MINING

Highlights, 2011-12

- Started operations of the captive iron ore mining for AML
- Commenced operations of the Sulaipat mine
- Commissioned the pellet plant

Overview

The Company, through its subsidiary, possesses iron ore and manganese ore mines with estimated reserves of 40-45 mn tons and 20 mn tons respectively. These reserves are expected to last over 30 years at 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 are Bhushan Steel, Raipur Power & Steel Ltd, Jindal Stainless and Rohit Ferro Tech, Impex Ferro Alloy among others. The Company's 1.2 MTPA iron ore beneficiation plant and pellet plant (to convert the iron ore fines into pellets) is operational and will be invested with a railway siding in the mines and near the plant.

Road ahead

Going ahead, the focus will be on stabilising the beneficiation and pelletisation plants. The Company is also focussing on starting the captive coal and merchant manganese ore mine on schedule.

OMML mining resources

Particulars	Ghatkuri Iron Ore Mines	Sulaipat Iron Ore Mines (50:50 JV)	Patmunda Manganese Ore Mine	Other manganese ore mines
Location	West Singhbhum, Jharkhand	Mayurbhanj, Orissa	Sundergarh, Orissa	Koira, Orissa (five mines)
Estimated mineable resources (MMT)	40-45	40	15	5
Mine type	Open cast	Open cast	Open cast	Open cast
Grade	Fe: 58-62%	Fe: 62-64%	Mn: 28-38%+	Mn: 28-38%+
Area under mining lease	276.0 Ha	618.0 Ha	807.3 Ha	150.0 Ha
Area under operation	141.0 Ha	364.0 Ha	91.0 Ha	100.0 Ha
Approved mining plan	2.0 MTPA	0.6 MTPA		
(applied for 3.0 MTPA)	0.36 MTPA	0.18 MTPA		
Current status	Operational since January 2009	Commenced mining operations	Operational since January 2008	Two operational Two under development

PEOPLE MANAGEMENT

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

Highlights, 2011-12: The Company strengthened its people management through the following initiatives:

- Recruited 26 diploma engineers in 2011-12
- 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
- For the first time 28 GET's (Graduate Engineers trainee) in mechanical, electrical, metallurgy, mining and minerals processing were recruited from some of the premier colleges of the country.
- Arising out of internal control evolution of the HR function for the first time an employee satisfaction survey was carried out in all the units of the Company.

During the year a training center at the AML factory premises was inaugurated

Training: Adhunik conducted training programmes at managerial and shopfloor levels. It organised 15 training managerial programmes and in shop floor. Around 22 nominees of 28 land-owners from whom plots were taken for the power project, were given technical training and as a part of their training they were taken to NTPC thermal plant in Champa and Tata Power in Jamshedpur. Women employees were imparted training in computer applications.

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.

Information, Communication Technology and Business Excellence

We have incorporated concepts from the realms of IT, communication technology and business excellence, making our efforts more result-oriented and adding value to the business continuously. All IT and business excellence initiatives worked in tandem to create a 'WoW effect' for the stakeholders of Adhunik. 'WoW' meant either creating 'Wealth' or making it 'Worthy' for the organisation. We have internalised and initiated many internal business controls, achieved process excellence, automation and technology-based collaborations in many key areas.

Few highlights in the last fiscal are:

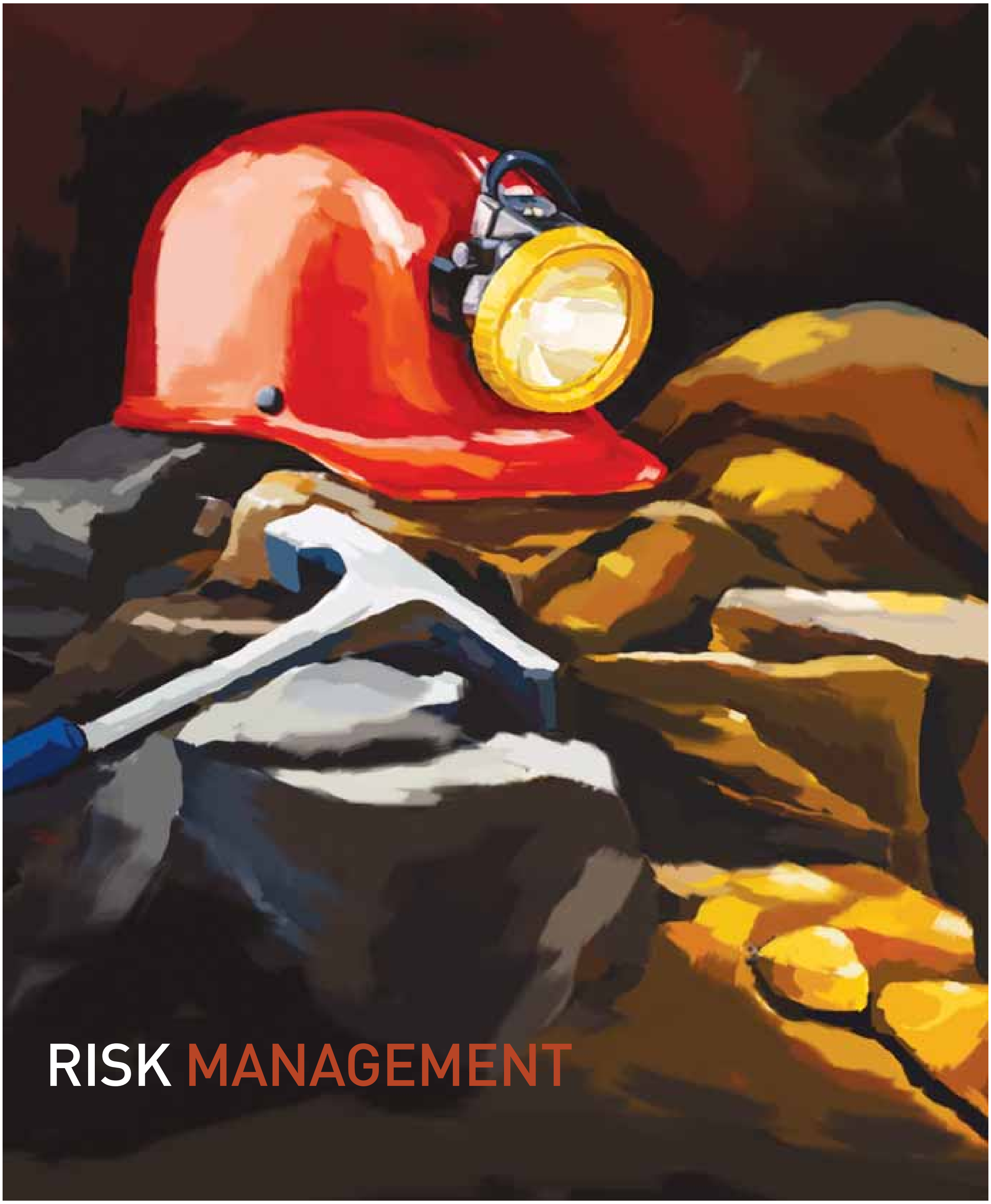
- SAP system was extended to include project budget monitoring and control
- SAP rolled out in record 10 weeks in OMM pallet plant
- SAP rolled out for new captive mines at Kulum, AML
- SAP system extended to new depot at Pune
- Credit management is activated with built-in intelligence to do auto-corrections
- Budget control and monitoring is activated and implemented to ensure we stayed within defined limits and targets
- Created a technological footprint in terms of business intelligence
- System controls have been tightened thereby integrating various validations starting from gate entry, material receipt, material issue and production declaration at plants.
- New project setup has been done in SAP to monitor allocation of funds and expense booking for Balumath and Kandhadhar
- Integration of customer order processing, production and sales process with appropriate controls at appropriate levels
- Implementation of high-speed LAN for surveillance cameras

We have also kicked-off many initiatives that are most likely to go live during this financial year, like:

- e-HR, an initiative which is targeted to automate and IT-enable the HR process in a comprehensive manner. Thereby making the organisation more people-oriented, extending the HR function to the employee's desk itself, enhancing employee satisfaction and complete transparency.
- SAP implementation for transportation and logistics process, automate and integrate with in-bound and out-bound logistics.
- VSAT implementation at all mine locations to facilitate online billing procedure
- Implementation of SAP product-costing module

Financial highlights

The Company posted a consolidated revenue of ₹ 2,350.85 crore for the fifteen months ended 30th June 2012 against ₹ 1,701.33 crore for twelve months ended 31st March 2011.Consolidated net profit of the Company was recorded at ₹ 20.66 crore for fifteen months ended on 30th June 2011-12 against ₹ 184.31 crore for twelve months ended on 31st March 2011. Consolidated share capital remained unchanged.



RISK MANAGEMENT

Risks are uncertainties and possible outcomes which can impact a Company's performance and prospects. The Company identified and assessed risks associated with its business and correspondingly coordinated optimum resource application to minimise them and maximise realisations.

Raw material risk

Inability to procure quality raw materials at right price could affect business sustainability

Risk mitigation

- The Company's raw materials (over 90%) are procured within 200 km from the manufacturing units.
- Over 40% of the Company's iron ore requirements are sourced from its 100% subsidiary - Orissa Manganese & Minerals Limited
- The Company possesses a captive iron ore mine (18 MMT)

Business strategy risk

Any impediment in the Company's expansion could dent growth

Risk mitigation

- With focus on value-added products, the Company balanced rising production costs with higher realisations of its value-added products.
- The Company's integrated business model, coupled with increasing volume growth, high penetration and low-cost manufacturing, resulted in a 10% topline growth.
- The Company earned 29% of the consolidated revenue through Orissa Manganese & Minerals Limited. (a 100% subsidiary).
- The Company invested in a merchant power plant capitalising on the opportunity as India suffered a power deficit of 8.5% in 2011-12 *(Source: Moneycontrol)*

Project execution risk

Inability in timely project execution could delay revenues

Risk mitigation

- An experienced 15-member project management team ensures timely project completion
- The Company showcased faster project execution compared to industry standards
- All expansion projects are proceeding as per schedule

Environmental risk

Non-compliance with environmental norms could affect business sustainability

Risk mitigation

- Adequate environment clearances related to mining are in place
- To minimise dust and other emissions, the Company installed an effective dust suction system and electrostatic precipitators

Installed sprinklers at the material handling site to reduce dust emission fund its

Liquidity risk

Inability to fund regular expense could effect operations.

Risk mitigation

- The Company sold its non-core investments, thereby improving the liquidity

The Company enjoys a long-standing relationship with its bankers and enjoys a consortium of eleven banks for working capital loans

Funding risk

Inability to mobilise funds at a competitive rate could affect business growth

Risk mitigation

- The Company has achieved financial closure for all its projects
- The Company is swapping its high-cost loans with low-cost alternatives to reduce interest outflow

CORPORATE SOCIAL RESPONSIBILITY




Sustainable development is an integral part of Adhunik Group's business philosophy. The Group is committed towards the improvement of the human development index of the population it serves. It has developed and implemented CSR projects in all its locations to address the needs, concerns and aspirations of the community and it is evident from Adhunik's project execution, monitoring and review in the CSR arena. It has adopted 106 villages around its plants & mines periphery and is working continuously for their betterment

Adhunik Group has been engaged in healthcare, education, infrastructure, women empowerment and economic development of the people in and around its areas of operations through its social arm Nav Nirman Sanstha (registered under the Societies Act).

The area of its interventions are:

- Health and family welfare
- Education
- Capacity building program for women empowerment
- Infrastructure development, drinking water and sanitation
- Income generation activities
- Sports promotion and cultural welfare activities

1. Health and family welfare

The group believes in taking care of not only its employees but the surrounding villagers by organising regular medical check ups. The health camps administer free medicines and treatment to those who have no access to these via mobile dispensaries and door-to-door visits. AML is currently undertaking a project of setting up a 6-bed hospital at Kuarmunda, Orissa. Apart from the camps, emergency ambulance services are also running to surrounding villages.

The health service is led by a team of qualified doctors, pharmacists and paramedics. Patients who require the referrals are treated at the nearby hospitals and nursing homes. The cost of treatment is sponsored by Adhunik Group. Execution of all the healthcare projects is been done in partnership with the district health system and village development committee.

Timely special camps to treat the malnutrition of school children and checkup of adolescent girls are organised. Nutritional food and medicines are also provided.

2. Education

Education for the up-liftment of society is one of the major concerns of the group. It is working towards strengthening Anganwadi centres. Renovation of the school building and fixtures are provided when required, besides extending financial support to underprivileged children.

Study material and teaching aids are given to various school students in the peripheral villages. Free bus service is also provided to college girls. The Group also organises adult literacy classes in villages.

3. Women Empowerment

The empowerment of women in and around Adhunik Group facilities are emphasised. Considering this, AML introduced classes on tailoring and fashion design for women around its peripheral villages and mines of Orissa and Jharkhand. The Group initiated skill development programmes with an outlook to empower them and make them economically self-reliant. The key programmes include soap making, envelope making, phenyl making, domestic food products, paper envelopes, mushrooms, *pattals* (plates made of leaves), incense sticks making, training on fishery and vermi compost making etc.

The Group is successfully running a soap factory under the aegis of Nav Nirman Sanstha at Ghatkuri to provide women with a regular income. Mushroom cultivation and *pattal* making is giving regular income to the SHG members of Jamshedpur and Ghatkuri respectively. Phenyle making has become a regular source of income for some women in Rourkela whereas making paper envelopes has provided women in Jamshedpur with monetary help.

In FY 2011, AML facilitated backward and forward linkages for 30 Self Help Groups (SHGs). The average income of each SHG member improved by almost 25%.

4. Infrastructure development, drinking water and sanitation, drinking water and utility

Water is an incredibly important aspect of our daily lives. Sadly, this problem is real for rural inhabitants. They are forced to drink, bathe and cook, utilising water from rivers, streams, watering holes, and other water sources, that are likely diseased or polluted.

To address this pressing issue, an extensive study was conducted in the rural water dilemma. Once the study was conducted, Adhunik Group came out with a revolutionary technology in order to bring forth economical and convenient drinking water program, religiously following WHO and BIS guidelines. The technology treats the existent pathogens, arsenics and other harmful dissolved compounds and organisms.

The Adhunik Group constructed water treatment plants in association with Project Dewdrop for the villages of Orissa near the periphery of their plants.

Under AML, two plants were put up at Gobira and Kaloshiria villages. The capacity of the water tanker at both plants is 2000 liters/day each. A total of 150 households benefitted under this initiative.

The same technology is implemented across various units of the Adhunik Group, two among which are at Koira and at Pathmunda near Orissa Manganese & Minerals periphery.

Villages in Orissa, particularly around the periphery, face extreme scarcity of water. Various initiatives have been taken to cope up with this situation. Approximately 40 new tube wells were installed and a few malfunctioning tube wells were repaired. Drinking water is supplied to all the villagers through tankers. Around 10 deep borings were carried out at various villages near the periphery of all the units of the Adhunik Group. At regular intervals, water kiosks were also erected.

Apart from providing villagers with safe drinking water, we also provided electricity, RCC roads, drains, sanitary toilets, playground, etc, to our adopted villages.

5. Income generation activities

Apart from providing education, the Group is focused in carrying out various training programs like computer training, painting, electrical and electronic home appliances repairing and maintenance, welding, nursing and tailoring activities in different adopted villages for providing extra income to the villagers.

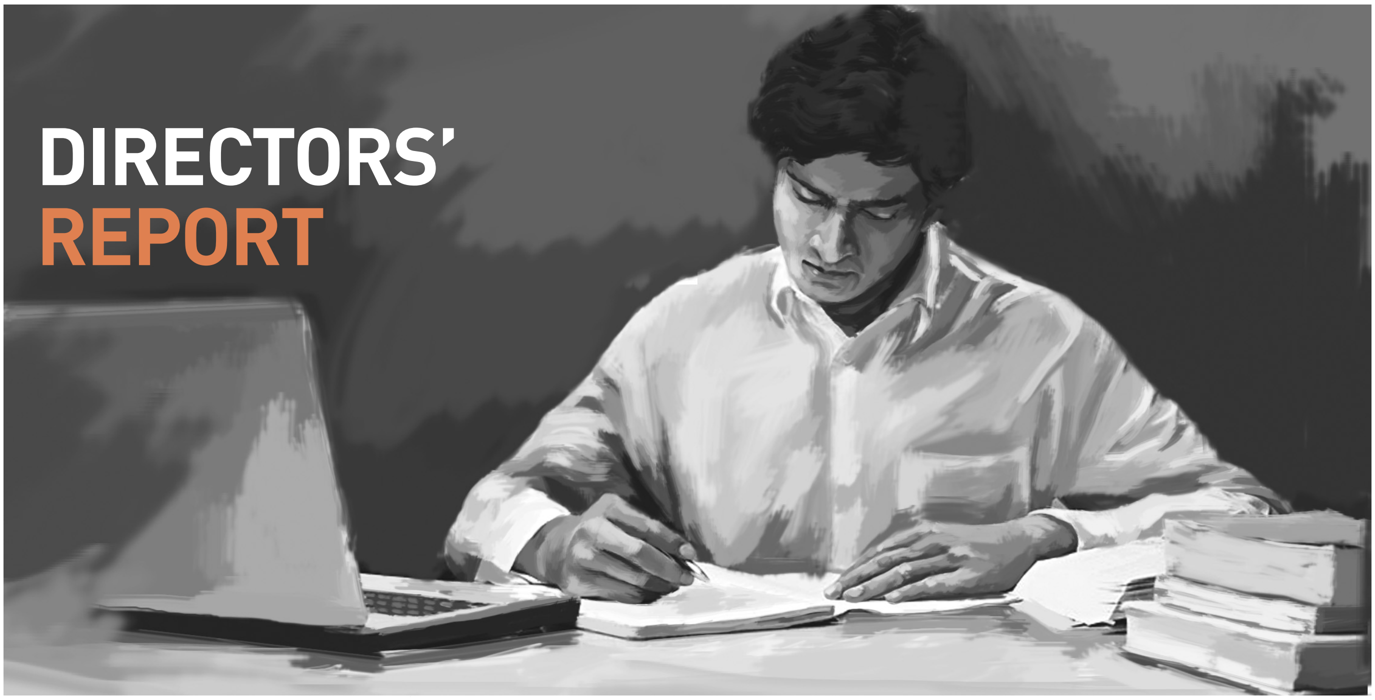
Special training programmes related to modern farm techniques, use of quality seeds and organic farming for 'kisan samities' were also held. Recently the Company implemented an ITI (under SUVT) at Koira.

6) Sports promotion and cultural welfare activities

The Group believes in the promotion of sport among young students and youth. With this belief, the Company supports and organises sports events for school children and youth. With the support of AML, a Sports Club was developed in partnership with local youths.

The Company provided sports kit and equipment to encourage more youth to join this movement.

Sports person were also sponsored at various level and inter school and inter-village tournaments were organised to promote sport.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Eleventh Annual Report on the operations of your Company along with the standalone and consolidated financial results for the fifteen months period ended June 30, 2012.

FINANCIAL RESULTS

The financial performance of the Company for the fifteen months period ended June 30, 2012 is summarized below:

Particulars	2011-12		2010-11	
	Rs Lakhs	$ Mn	Rs Lakhs	$ Mn
Sales, services and job work	200,600	356	156,566	351
Less: Excise duty	14,758	26	12,488	28
	185,842	330	144,077	323
Profit before interest, depreciation and tax	**36,916**	**66**	**33,669**	**75**
Less: Interest	30,090	53	18,250	41
Depreciation	11,314	20	8,758	20
Profit before tax	**(4,489)**	**(8)**	**6,661**	**15**
Less: Tax expenses				
Current tax	235	0	975	2
Deferred tax credit	(1,497)	(3)	--	--
MAT credit entitlement	(3,174)	(6)	--	--
Profit after taxation	**(52)**	**(0)**	**5,686**	**13**
Add: Balance brought forward from previous year	24,807	44	21,266	48
Profit available for appropriation	**24,755**	**44**	**26,952**	**60**
Less: Transfer to general reserve	--	--	284	1
Proposed dividend	--	--	1,852	4
Dividend tax	--	--	9	0
Profit carried to balance sheet	**24,755**	**44**	**24,807**	**56**

Exchange rates:

1$ = Rs. 56.3090 Exchange Rate as on June 30, 2012 (1$ = Rs 44.6500 as on March 31, 2011)

FINANCIAL YEAR

The financial period of the Company has been extended by a period of 3 (three) months up to 30th June, 2012. Accordingly, the Company's financial period 2011-12 is for a period of 15 (fifteen) months i.e.; 1st April, 2011 to 30th June, 2012.

OPERATIONS

Steel industry has witnessed difficult time in FY 2011-12. The financial and operational performance was marred by the slowdown in the end-user industry yet increasing raw material prices adversely affected the margins of all the steel companies. The Company performance during the period was also affected due to the slowdown in the automobiles sector. The key raw material prices like those of iron ore, coal, coking coal had increased substantially whereas the same can't be passed on to consumers due to weak demand.

However, the situation is gradually improving with a fall in coking coal prices and stability in other raw material prices. The Company is the first one in Orissa to start a captive iron ore mine located at the villages namely-Deojhar, Kulum and Mahadevnasa under Champa sub-division of Keonjhar district in the last ten years. Sourcing of iron ore from its captive mine will result in savings in raw material costs benefits, which will be reflected in the coming quarter of the Company.

The Company achieved net sales of Rs.1 85,842.40 lakhs in 15 months period ending 30th June 2012. The Company had extended its accounting year by a period of three months to end on 30th June 2012. Accordingly, the current financial year of the Company is for a period of fifteen months from 1st April 2011 to 30th June 2012. Hence, the current period's figures are not comparable with the previous year's figures.

The Company's consolidated net sales were Rs 228546.98 lakhs for a 15 months period ending 30th June 2012. The pellet plant which started commercial operations in December contributed incremental revenues during the period. The consolidated profit after tax was Rs. 2066.45 lakhs for the period.

CAPITAL

During the period under review, there has been no change in the capital base of the Company which comprised of 123,499,536 fully paid equity shares of Rs. 10/- each.

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.

DIVIDEND

In view of the inadequate profit for the period under review, the Board of Directors does not recommend any dividend on the equity shares of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the period 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.

SUBSIDIARIES

Your Company has following subsidiaries viz.:

- Orissa Manganese & Minerals Limited became a subsidiary of the Company with effect from April 5, 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 and as such a step down subsidiary of your Company.

During the period under review, the Company's wholly-owned subsidiary OMML has successfully commissioned its 1.2 million tonne iron ore beneficiation and pelletisation plant situated at District Saraikela – Kharswan in the state of Jharkhand. During the period under review, the Company's wholly-owned subsidiary OMML has issued and allotted 1,80,00,000 bonus shares to the Company.

During the period under review, the project cost for APNRL's project of 270x2 MW Independent Power Producer Plant situated at District Saraikela – Kharswan, Jharkhand has been revised. The resultant increase in the project cost arising out of the aforesaid revision in the project cost has since been duly tied up in terms of equity as also in terms of substantial amount of debt. The first phase of Independent Power Producer Project having a capacity of 270x1 MW is expected to commence by November, 2012.

During the period under review, the Company divested its investment in two subsidiaries namely Adhunik Power Transmission Limited and Neepaz VForge (India) Limited w.e.f. 31st October, 2011 and 26th April, 2012 respectively.

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, and Adhunik Power & Natural Resources 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 concerned subsidiary companies. The consolidated financial statements presented by the Company include the financial results of its subsidiary companies. The financial results of Adhunik Power Transmission Limited and Neepaz VForge (India) Limited upto 31st October, 2011 and 26th April, 2012 respectively, i.e. the effective date of disinvestment, are included in the consolidated financial statements. 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 Rs. 2066.45 lakhs as compared with net loss Rs. 52.17 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 extended financial and accounting period ended June 30, 2012 is included in the annual accounts.

DIRECTORS

During the period under review, Mr. Raghaw Sharan Pandey was appointed as an Independent Director of the Board with effect from August 10, 2011.

In accordance with the provisions of the Companies Act, 1956 and Article 152 of the Articles of Association, Mr. Jugal Kishore Agarwal, Mr. Nirmal Kumar Agarwal, Mr. Nandanandan Mishra and Mr. S.M. Lakhotia, Directors of your Company, retires 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 fifteen months period ended June 30, 2012, 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 June 30, 2012 and of the loss 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. The said report also contain a disclosure as required under Part II, Section II , Para 1(C) of Schedule XIII pertaining to remuneration to be paid to the Managing Director in case of absence or inadequacy of profit.

The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid 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 extended financial and accounting period ended June 30, 2012. 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, 2011	4	824
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Number of shareholders to whom shares were transferred from the suspense account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on June 30, 2012.	4	824

The voting rights on the shares outstanding in the suspense account as on June 30, 2012 shall remain frozen till the rightful owner of such shares claim 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.

As per MCA Circular No. 17/2012 dated 23rd July, 2012, the Companies are required to file one Form 5 INV each year for furnishing complete information on unpaid/unclaimed amounts lying with companies as on the date of Annual General Meeting of that year, in pursuance of Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012. The Company has filed the respective Form 5 INV with Ministry of Corporate Affairs, West Bengal.

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under 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 forms part of this report.

AUDITORS

M/s. S. R. Batliboi & Co., Chartered Accountants, the Auditors of your Company will hold office till the conclusion of the ensuing Annual General Meeting. The retiring auditors have not offered themselves for reappointment. It is proposed to appoint M/s. Das & Prasad, Chartered Accountants having firm registration no. FRN 303054E allotted by The Institute of Chartered Accountants of India (ICAI), as Auditors of your Company in place of the retiring auditors. Your Company has obtained a written consent form M/s. Das & Prasad, Chartered Accountants to the effect that their appointment, if made, will be within the limits specified under section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board of Directors of your Company recommended the appointment of M/s. Das & Prasad, Chartered Accountants as the Auditors of your Company.

AUDITORS' REPORT

The observations of the Auditors are duly dealt in Notes to Accounts attached to the Balance Sheet and are self- explanatory in nature.

The Auditors, in their statement under Companies (Auditors Report) Order, 2003 annexed to the aforesaid Report, have observed the following:-

a) Delay in few cases in depositing undisputed statutory dues;

b) Certain delays in repayment to banks during the year and the arrears of such dues as on the Balance Sheet date; and

Further, the Board of Directors informs that:-

a) Delays in few cases in depositing undisputed statutory dues have been due to mismatches in cash flows

b) Delays in making payment of dues to banks were due to mismatches in cash flows;

COST AUDITORS

The Central Government has approved the appointment of M/s. Chatterjee & Co., Cost Accountants of 21/2, Gariahat Road (West), Kolkata – 700 068, a Cost Audit Firm, as Cost Auditor of the Company w.e.f. 1st April, 2011 to carry out audit of cost records of the Company including verification of cost accounting records maintained under Section 209(1)(d) of the Companies Act,1956 and other specific assignments as may be discussed and agreed by and between the Cost Auditors and the management for conducting Cost Audit for the fifteen months period ended June 30, 2012. This is in compliance with General Circular No. 15/2011 dated 11.04.2011 issued by the Ministry of Corporate Affairs, Cost Audit Branch.

period ended June 30, 2012. This is in compliance with General Circular No. 15/2011 dated 11.04.2011 issued by the Ministry of Corporate Affairs, Cost Audit Branch.

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. Employee relations continued to be harmonious during the year. The Company's Performance Management System is bench-marked with prevailing best practices. The Company seeks to continuously enhance competitiveness and skills of its employees. Employee recognition is prompt and rewarding.

The Board wishes to place on record its appreciation for the efforts of all its employees.

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.

APPRECIATION

Your Directors wish to place on record their appreciation for the support extended to the Company by its lenders, the Central and State Governments as well as its business associates. Your Directors also thank the members for their continued support.

Registered office

14 Netaji Subhas Road
Kolkata -- 700001

Date: 29.08.2012

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;

- Substituting partially Coal Tar in place of Furnace Oil for better stabilization of thermal regime.
- Use of Pallets in place of Iron Ore in the making of Sponge Iron, which gives higher yield at lower consumption of Coal.
- Optimization of use of Blast Furnace Gas & Coke oven Gas for in re-heating furnace of Rolling Mill.
- Optimization of Hot Metal in place of Sponge Iron in Steel making.
- Higher consumption of Sinter to reduce Coke Consumption in Iron making.
- All Impact Crusher timing has been optimized to reduce the idle running hours.

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

- Repair/modification in CFBC & APH tubes have been taken-up to optimize the generation of Power through less consumption of Coal & better use of rejects like Dolo Char.
- Conveyor Belts have been modified for increase in capacity, thereby achieving lower running time of conveyor and still continues.
- The Company proposes to install VLB (Virtual Lance Burner) system in Electric Arc Furnace to improve the yield and 'Tap to Tap' time, thereby reduce the specific power of Consumption per Ton of Casteel.
- Additional Fluid Coupling in PA & ID Fans in Power Plant for Power Saving.

c) Impact of the above two for reduction of energy consumption and consequent impact on the cost of production of goods;

- Use of aforesaid measures and proposals will support in savings on cost.

FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy.

A. Power and fuel consumption

1 Electricity	Standards, if any	Current Year	Previous Year
a)Purchased			
Unit (Lakhs – Kwh)		2478	2689
Total amount (Rs. In lakhs)		13472	10751
Rate/unit (Rs. In lakhs)		5.44	4.00
b)Own generation			
i.Through diesel generator			
Unit (Lakhs – Kwh)		6.84	3.15
Units per ltrs. of high speed diesel		3.80	3.65
Cost/unit (Rs. In lakhs)		10.00	9.54
ii.Through steam turbine/generator			
Units (Lakhs – Kwh)		2384	2205
Total Amount (Rs. In lakhs)		9255	5805
Cost/unit (Rs. In lakhs)		3.88	2.63
2.Coal			
Quantity (tones)		742599	427865
Total cost		46,00,208,562	2,070,790,130
Average rate		6195	4840
3.Furnace oil			
Quantity (k. ltrs.)		3931.4	
Total amount		1433.2	
Average rate		36.45	

4.Light diesel oil		
Quantity (k. ltrs.)	0.00	
Total amount (Rs. In lakhs)	0.00	
Average rate (Rs. per k. ltrs.)	0.00	

5.High speed diesel oil		
Quantity (k. ltrs.)	2630.61	1444.425
Total amount (Rs. In lakhs)	998.77	497.62
Average rate (Rs. per k. ltrs.)	37.97	34.45

6.Coke		
Qty.(tones)	213377	144238
Total cost	3855,468,639	2,207,182,989
Avg. rate	18069	15302

B. Consumption (in Units) Per Tonne of Sponge Iron

	Standards, if any	Current Year	Previous Year
Electricity		80.88	113.65
Coal		-	1.59
Furnace oil		0.00	-
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		0.95	-

Consumption (in units) per tonne of pig iron from MBF

	Standards, if any	Current Year	Previous Year
Electricity		125.00	155.49
Coal			0.56
Furnace oil		0.09	0.69
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		0.80	-

Consumption (in units) per tonne of billet

	Standards, if any	Current Year	Previous Year
Electricity		632.79	768.19
Coal			0.01
Furnace oil		1.64	0.02
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		2.63	-

Consumption (in units) per tonne of rolled steel

	Standards, if any	Current Year	Previous Year
Electricity		68.94	98.39
Coal			
Furnace oil		20.07	
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		5.56	

Consumption (in Units) Per Tonne of SilicoMang.& Ferro Chrome Ferro Sillicon

	Standards, if any	Current Year	Previous Year
Electricity		4,860.23	4450.56
Coal			0.01
Furnace oil		0.84	0.65
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		1.41	-

Consumption (in units)per ton of pig iron from Ferro Alloys Division

	Standards, if any	Current Year	Previous Year
Electricity		2,400.00	
Coal			
Furnace oil		0.00	
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		0.00	

FORM B

Form for disclosure of particulars with respect to absorption

Research & Development (R & D)

1.Specific areas in which R & D carried out by the Company.

- **Improvement in rolled products inherent quality by exercising the following practice:**

  Increase in roll finish temperature to over 850 deg. Celsius for medium carbon steel and 900 deg. Celsius for low carbon steel as an implementation towards "Normalising-Rolling Practice" for obtaining improved inherent grain structure which in turn enhance "Response to Heat Treatment and Mechinability".

2.Benefits derived as a result of the above R & D

a) Variations in material properties e.g. hardenability, mechanical properties e.g. yield and impact strength are eliminated.

b) Improvements in customer satisfaction reflected through repeat order and entry of lot many new customers.

3.Future plan of action

Working towards achieving "ZERO DEFECTS, WASTAGE AND COMPLAINT STATUS" in the organisation.

4.Expenditure on R & D

a) Capital	-
b) Recurring	-
c) Total	-
d) Total R & D expenditure as a percentage of total turnover	-

Technology absorption, adaptation and innovation

1.Efforts, in brief, made towards technology absorption, adaptation and innovation

Today, energy cost for steelmaking comprises almost 20 to 25% of the total steel manufacturing cost. This cost is primarily governed by the electrical energy consumed per tone of steel, used in Basic Electric Arc Furnace. Primary melting with hot metal integrated steelmaking practice, heat energy is liberated in the system from the exothermic reaction of carbon, silicon, phosphorous and iron with oxygen blown from outside into the pool of liquid metal in EAF through a water cooled copper lance. Thus heat energy liberated out of the system offset the need of electrical energy for heating up of the liquid metal and other processing. Worldwide system of Injection of Oxygen, natural gas (Propane) and coke either simultaneously or individually into the liquid metal in EAF reduces consumption of electrical energy by almost 20 to 30 Kwh/Lmt and cycle time by 20 minutes per heat/ This alongwith post combustion methodology ensures complete combustion inside EAF and avoids overoxidation. With a view to achieve the above goal Adhunik Metaliks Limited steel manufacturing process has installed 2 Nos. of VLB (Virtual Lance Burner) system for injection of 2 gaseous fuels and one solid fuel e.g. coke.

2.Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, among others

The new system is presently under trial and validation process. But the results of trial heats are a good indicative of achieving our GOAL in near future.

3.In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:

a) Technology imported	VLB technology in Electric Arc Furnace for primary melting from BSE (Germany).
b) Year of import	2012
c) Has technology been fully absorbed?	Under trial run and validation.
d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.	Being new technology, operational trials with various modules being taught to melters and will need additional two months.

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 (Rs. in lakhs)	34,713.69	10,471.17
Foreign exchange outgo (Rs. in lakhs)	33,340.01	22,086.74

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

Sl. No.	Name	Designation	Remuneration Received	Nature of Employment &	Nature of Duties	Qualification & EXperience (yrs)	Date of enployment	Age	Last Employment & Designation	% of Equity Shares
1	Manoj Agarwal#	Managing Director	NIL	Regular	Managerial	BE(Engg.) - 19 years	16.03.2004	42	Nil	1.05%
2	Sanjay Pratap	ED - Mines & Govt. Affairs	11,250,000	Regular	Managerial	BA, LLB	01.11.2009	46	Bhusan Steel & Strips Limited	Nil
3	Sanjeev Kumar	EVP & Group CIO	8,749,995	Regular	Managerial	Master in Computer Management, B.Tech. - 26 years	24.05.2010	50	Polygenta Technologies Ltd. - CIO & Team Leader	Nil
4	Anil Jain *	Executive Director - Group Finance	3,897,851	Regular	Managerial	B.Com.(Hons.), ICAI, ICSI, ICWAI	09.03.2012	41	Punj Llyod Limited - Exec. VP (Corporate Affairs & Investor Relations)	Nil

#Due to inadequate profit, no remuneration was paid

*Employed for the part of the year

Registered office

14 Netaji Subhas Road
Kolkata -- 700001

Date: 29.08.2012

For and on behalf of the Board

Ghanshyam Das Agarwal
Chairman

Details as per MCA direction under section 212 of the Companies Act, 1956 as on 30.06.2012

Figures in Lakhs except for number of shares

	2011-12			
Particulars	OMML	APNRL	APTL	NVFL
Authorized Capital	2,500.00	83,000.00	-	-
Paid-up Capital	2,000.00	60,563.75	-	-
Reserves	32,603.64	5,893.64	-	-
Total Assets	142,905.52	292,589.71	-	-
Total liabilities	108,301.88	292,589.04	-	-
Investments other than investment in subsidiaries	4.00	-	-	-
Turnover	70,977.74	-	4,139.95	26,885.32
Profit/(Loss) Before Taxation	11,983.14	(67.69)	1.59	(387.32)
Provision for Taxation	3,857.30	1.46	13.76	(65.91)
Profit/(Loss) after Taxation	8,125.85	(69.15)	(12.17)	(321.41)
Proposed Dividend	-	-	-	-

Notes:

- OMML (Orissa Manganese & Minerals Ltd.)
- APNRL (Adhunik Power & Natural Resources Ltd.)
- APTL (Adhunik Power Transmission Ltd.)
- NVFL (Neepaz V Forge (India) Ltd.)

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 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 dealt with in the books of account of the holding company.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Orissa Manganese & Minerals Ltd	30.06.2012	20,000,000	100%	8,125.85	-	9,062.72	-
Adhunik Power Transmission Ltd. (Formely Known as Unistar Galvanisers & Fabricators Ltd.) *	31.03.2012	-	-	(12.17)	-	26.71	-
Neepaz V Forge (India) Limited **	31.03.2012	-	-	(321.41)	-	(68.73)	-
Adhunik Power & Natural Resources Limited (Step down Subsidiary)	31.03.2012	176,313,295	79.26%	(69.15)	-	-	-
* Ceases to be Subsidiary w.e.f 01-11-2011							
** Ceases to be Subsidiary w.e.f 27-04-2012							

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.

In accordance with Clause 49 of the Listing Agreement with the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) (Clause 49), the report containing the details of Corporate Governance systems and processes at M/s. Adhunik Metaliks Limited is as under:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations. Good governance practices stem from the culture and mindset of the organisation and at Adhunik we are committed to meet the aspirations of all our stakeholders.

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. It is our endeavour to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of stated goals and objectives.

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 practices 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: 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 governance norms put into practice include the following:

- All securities related filings with Stock Exchanges and SEBI 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 *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.

Role of the Company Secretary in overall governance process: The Company Secretary plays a supportive role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. All the Directors of the Company have access to the advice and services of the Company Secretary.

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 professionals.

COMPOSITION

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors.

The total Strength of the Board during the period under review was twelve (12). The casual vacancy created by resignation of Mr. Makhan Lal Majumdar as Independent Member of the Board with effect from 11th February, 2011, was filled by appointment of Mr. Raghaw Sharan Pandey w.e.f. 10.08.2011 in compliance with the requirements of Clause 49(1) (c) (iv) of the Listing Agreement with Stock Exchanges.

All the Independent Directors of the Company furnished a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations were/are placed before the Board.

The Board has constituted three standing committees, namely Audit Committee, Shareholders' Grievance Committee and Compensation Committee.

During the period under review, the Board met seven times on May 20, 2011, August 10, 2011, November 14, 2011, February 11, 2012, April 25, 2012, May 15, 2012 and May 30, 2012 respectively. The maximum time gap between any two consecutive meetings was not more than four months.

The constitution of the Board during the fifteen months period ended June 30, 2012 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 Ghanshyamdas Agarwal	7	Yes	Non-executive Chairman	12	03	X
2	Shri Jugal Kishore Agarwal	7	Yes	Non-executive Director	12	01	X
3	Shri Nirmal Kumar Agarwal	4	No	Non-executive Director	11	03	X
4	Shri Mohan Lal Agarwal	7	Yes	Non-executive Director	12	01	X
5	Shri Mahesh Kumar Agarwal	5	Yes	Non-executive Director	10	X	X
6	Shri Surendra Mohan Lakhotia	7	Yes	Independent Director	02	02	01
7	Shri Nihar Ranjan Hota	7	No	Independent Director	X	X	X
8	Shri Lalit Mohan Chatterjee	6	Yes	Independent Director	X	X	X
9	Dr. Ramgopal Agarwala	6	Yes	Independent Director	01	X	X
10	Shri Nandanandan Mishra	7	Yes	Independent Director	04	04	X
11	Shri Raghaw Sharan Pandey	5	Yes	Independent Director	01	X	X
12	Shri Manoj Kumar Agarwal	7	Yes	Managing Director	11	03	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. Raghaw Sharan Pandey was appointed as Independent Director on the Board w.e.f. 10.8.2011.

Shareholding of Directors in the Company as on June 30, 2012

Name of Directors	Number of equity shares
Shri Ghanshyamdas 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 Raghaw Sharan Pandey	Nil
Shri Surendra Mohan Lakhotia	Nil
Shri Manoj Kumar Agarwal	12,97,256

BUSINESS OF THE BOARD

Board meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

The normal business of the Board includes:

- General notice of interest of Directors;
- Appointment, remuneration and resignation of Directors, Chief Financial Officer and the Company Secretary;
- 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.
- Sale of material nature, of investments, subsidiaries, assets, among others
- 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), among others through the Shareholders/ Investor's Grievance Committee.
- Brief on statutory developments, changes in government policies, among others 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 attends all the meetings of the 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 2/1A, 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 minute's 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 the 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 fifteen months period ended 30th June, 2012, the audit committee ('the committee') comprised four independent directors and the Managing Director namely

- Shri Surendra Mohan Lakhotia, Chairman
- Shri N. R. Hota, Independent Director
- Shri L. M. Chatterjee, Independent Director
- Dr. 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 the Head of Finance and 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 statutory auditors, internal auditors and cost auditors fixation of audit fee and approval for payment of any other services;
- Approval of payment to Statutory Auditors including Cost Auditors for any other services rendered by them.
- Reviewing with the management the financial statements before submission to the Board, focusing primarily on :
  - Any changes in accounting policies and practices
  - The 'going concern' assumption
  - Major accounting entries based on exercise of judgment by management
  - Significant adjustments, if any, arising out of audit
  - Compliance with accounting standards
  - Compliance with Stock Exchanges and legal requirements concerning financial statements
  - Related party transactions
  - Qualifications, if any, in draft audit report
- Reviewing with the management the annual financial statements of the material unlisted subsidiary companies;
- Reviewing with the management performance of statutory 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 statutory 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, and
- 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.
- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

The Committee met six times during the period under review on May 20, 2011, August 10, 2011, November 14, 2011, February 11, 2012, May 15, 2012 and May 30, 2012. 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	6	6
Shri Nihar Ranjan Hota	6	6
Shri Lalit Mohan Chatterjee	6	5
Dr. Ramgopal Agarwala	6	5
Shri Manoj Kumar Agarwal	6	6

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

COMPENSATION COMMITTEE

The Remuneration Committee of the Board, under the nomenclature 'Compensation Committee', inter alia, recommends to the Board the compensation terms of Executive Directors and the senior most level of management immediately below the Executive Directors.

The Compensation Committee ('the committee') comprised of four independent directors. They are:

- Shri Surendra Mohan Lakhotia, Independent Director
- Shri N. R. Hota, Independent Director

- Shri Nandanandan Mishra, Independent Director
- Shri L. M. Chatterjee, 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. The Compensation Committee was reconstituted by the Board on 30.05.2012 to induct Shri Surendra Mohan Lakhotia. During the period under review, the members of the Committee met once on 20.5.2011.

Attendance record of Compensation Committee members

Name of Directors	Number of meetings	Meetings attended
Shri Nihar Ranjan Hota	1	1
Shri Nandanandan Mishra	1	1
Shri Lalit Mohan Chatterjee	1	0

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

Details of remuneration paid to the Directors during 01.04.2011 to 30.06.2012

(Figures in ₹)

Name of Director	Basic + Benefit	Board Meeting sitting fees	Committee meeting fees	Total
Shri Ghanshyamdas Agarwal	Nil	1,40,000	Nil	1,40,000
Shri Jugal Kishore Agarwal	Nil	1,40,000	Nil	1,40,000
Shri Nirmal Kumar Agarwal	Nil	80,000	Nil	80,000
Shri Mohan Lal Agarwal	Nil	1,40,000	Nil	1,40,000
Shri Mahesh Kumar Agarwal	Nil	1,00,000	Nil	1,00,000
Shri Surendra Mohan Lakhotia	Nil	1,40,000	60,000	2,00,000
Shri Nihar Ranjan Hota	Nil	1,40,000	70,000	2,10,000
Shri Lalit Mohan Chatterjee	Nil	1,20,000	50,000	1,70,000
Dr. Ram Gopal Agarwala	Nil	1,20,000	50,000	1,70,000
Shri Nandanandan Mishra	Nil	1,40,000	10,000	1,50,000
Shri Raghaw Sharan Pandey	Nil	1,00,000	Nil	1,00,000
Shri Manoj Kumar Agarwal	Nil	Nil	Nil	Nil

SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE

The Investors Grievance Committee of the Board, oversees redressal of shareholder and investor grievances, and, inter alia, approves sub-division / consolidation / transmission of shares, issue of duplicate share certificates.

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 quality of service provided for the investors.

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

The Committee met three times during the period under review on April 18, 2011, January 18, 2012 and March 9, 2012.

Attendance record of Shareholders/Investors' Grievances Committee

Name of Directors	Number of meetings	Meetings attended
Shri Ghanshyamdas Agarwal	3	3
Shri Mahesh Kumar Agarwal	3	3
Shri Lalit Mohan Chatterjee	3	0

Details of queries and grievances received and disposed off during 01.04.2011 to 30.06.2012 (As per R&TA records)

Sl. no.	Nature of query/complaint	Received	Disposed off
1	Non-receipt of refund	1	1
2	Non-receipt of dividend	19	19
3	Non-receipt of electronic credit	Nil	Nil
4	Duplicate refund order	Nil	Nil
5	SEBI/Stock Exchange complaints	Nil	Nil
6	Duplicate dividend warrant*	51	51
	Total	71	71

* Includes duplicate/revalidation/correction of dividend warrant

No complaints were pending as on June 30, 2012.

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 personal 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 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 extended financial and accounting period ended 30th June 2012.

29th August, 2012 — Manoj Kumar Agarwal
Kolkata — Managing Director

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 insiders 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 the 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 period under review 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 Agarwalla, 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 37(b) of Schedule 37 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.

- Whistleblower 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.

- In accordance with Part II, Section II, Para 1(C) (IV) of Schedule XIII, the remuneration proposed to be paid to the Managing Director in absence or inadequacy of profit in the company, the Board of Directors has entered into a supplemental and amendatory agreement dated 29.8.2012 to record the terms and conditions including the remuneration which is as follows :

Basic Salary: Rs. 5,00,000/- (Rupees Five Lacs only) per month

House Rent Allowance: Rs. 3,00,000/- (Rupees Three Lacs only) per month.

Special Allowance : Rs. 74,220/- (Rupees Seventy Four Thousand Two Hundred Twenty only) per month.

Bonus/Ex-gratia: Rs. 5,00,000/- (Rupees Five Lacs only) will be paid as bonus for each completed year of service.

Perquisites : Reimbursement of actual expenses incurred for and on account company's work like Credit card expenses, Hotel expenses, Tour expenses including Foreign tour, Professional encouragement, Uniform allowances, Children education allowances including hostel expenses, Medical allowances.

Medical Reimbursement : Reimbursement of medical expenses incurred by the Managing Director on himself and his family members, subject to the ceiling of one month's basic salary in a year or 3 month's basic salary over a period of 3 years.

Leave & Leave Travel Concession: Leave as per rules of the Company including encashment of leave. Leave Travel concession for self and his family once in a year incurred in accordance with the service Rules of the Company.

Club Fees: Monthly subscription of maximum two clubs will be paid at actual and will be reimbursed by the Company.

Personal Accident Insurance: Personal Accident Insurance of an amount the annual premium of which does not exceed Rs. 10,000/-.

Car: Provision of cars for use on Company's business purposes. The use of the Company's Car for the business purposes will not be considered as perquisite.

Telephone : Provision of telephone at residence will not be considered as perquisite but personal long distance calls shall be billed by the Company.

Entertainment Expenses : Reimbursement of entertainment expenses actually and properly incurred for the business of the Company.

Contribution to Super-Annuation Fund and Provident Fund: Contribution towards Provident Fund will be subject to a ceiling of 12% of the salary. Contribution to the Pension/Superannuation Fund together with provident fund shall not exceed 25% of the salary as laid down in the Income Tax Act, 1961. Contribution towards Provident fund, Superannuation fund and annuity fund will not be included in the computation of the ceiling of perquisites to the extent these either singly or put together are not taxable under the Income Tax Act,1961.

Gratuity: Gratuity payable shall be equal to one half month's salary for each completed year of service.

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, among others:** 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 shareholder 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
2010-11	September 15, 2011	11.00 AM	Kalakunj, 48, Shakespeare Sarani, Kolkata – 700 017	1.Payment of sitting fees by the Subsidiary Company/ies for attending the meetings of the Board and / or Committee(s) thereof.
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 the Managing Director 2.Adjustment of deferred tax 3.Increase in authorised capital

Postal ballot

No resolution was passed through Postal Ballot in 2011- 12. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a resolution through postal ballot.

CORPORATE GOVERNANCE CERTIFICATE

The Corporate Governance Certificate from the Statutory Auditors, M/s. S.R. Batliboi & Co., Chartered Accountants that the Company complied with the conditions of Corporate Governance as were applicable as on June 30, 2012 and stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s) is annexed hereto.

GENERAL SHAREHOLDERS' INFORMATION

Company Registration Details

The Company is registered in the State of West Bengal, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L28110WB2001PLC093945

AGM details

Day and date	09th November, 2012
Time	11.00 A.M.
Venue	'Kalakunj', 48 Shakespeare Sarani, Kolkata – 700017
Book closure dates	27th October, 2012 to 9th November, 2012 (both days inclusive)
Dividend payment date	Dividend not recommended

Registrar & Share Transfer Agents

M/s Karvy Computershare Private Limited
Karvy House 46, Avenue 4
Street No. 1, Banjara Hills, Hyderabad - 500034
Tel No. 91-40-23312454/23320751
Fax No. 91-40-23311968
Email: mailmanager@karvy.com

Share transfer system

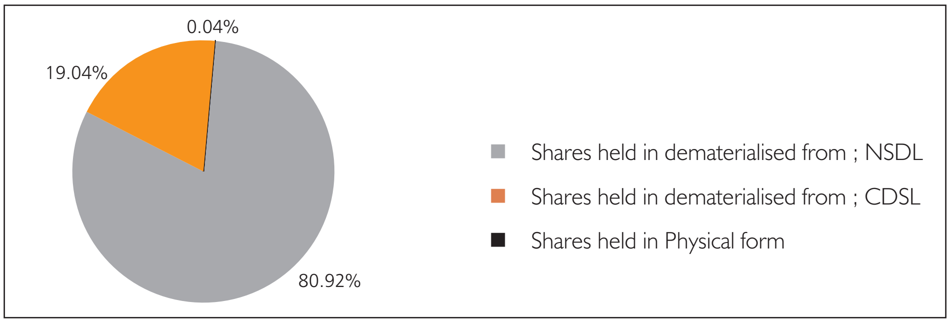
The Registrars & Share Transfer Agent M/s Karvy Computershare Private Limited register the share transfer after the shares are lodged for transfer, within a period ranging from seven to ten days provided the documents lodged with the Registrars/Company are in order. The Company obtains from a Company 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 2012-13 to NSDL and CDSL, the depositories. As on June 30, 2012, 12,34,40,292 shares of the Company constituting 99.96% of the issued and subscribed share capital stood dematerialised.

Details of DEMAT and physical shares as on June 30, 2012

Description	Number of holders	Number of shares	% to equity
CDSL	8941	2,35,09,602	19.04%
NSDL	19928	9,99,30,690	80.92%
Physical	38	59,244	0.04%
Total	**28,907**	**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 fifteen months period ended June 30, 2012 is given below:

	BSE	NSE	Total
Shares (nos.)	16790512	37190424	53980936
Value (in Rs. lakhs)	9402.0023	20744.28	30146.2823

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

Distribution of shareholding as on June 30, 2012

Shareholding of nominal value	Shareholders		Share amount	
₹	Number	% to total	₹	% to total
Up to 5000	25,351	87.70%	3,31,17,290	2.68%
5001-10000	1,856	6.42%	1,52,12,490	1.23%
10001-20000	859	2.97%	1,33,71,420	1.08%
20001-30000	284	0.98%	73,57,430	0.60%
30001-40000	117	0.40%	42,56,860	0.34%
40001-50000	100	0.35%	47,39,090	0.38%
50001-100000	143	0.50%	1,05,80,440	0.87%
100001 and above	197	0.68%	1,14,63,60,340	92.82%
Total	**28,907**	**100.00%**	**1,23,49,95,360**	**100.00%**

Categories of shareholders as on June 30, 2012

Serial number	Category	Number of holders	Number of shares	% to equity
1	Clearing members	62	88,340	0.07%
2	Foreign institutional investor	17	73,68,033	5.97%
3	Mutual funds	7	35,04,223	2.84%
4	Bodies corporate	680	1,20,17,715	9.73%
5	HUF	667	8,60,015	0.70%
6	Non-resident Indians	464	3,38,744	0.27%
7	Overseas corporate bodies	1	1,000	0.00%
8	Foreign corporate bodies	1	54,63,180	4.42%
9	Banks	2	2,46,964	0.20%
10	Indian financial institutions	5	47,08,402	3.81%
11	Persons acting in concert	6	39,63,750	3.21%
12	Company promoters	21	6,71,69,671	54.39%
13	Resident individuals	26,974	1,77,69,499	14.39%
	Total	**28,907**	**12,34,99,536**	**100.00%**

Global depository receipts

During the period 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

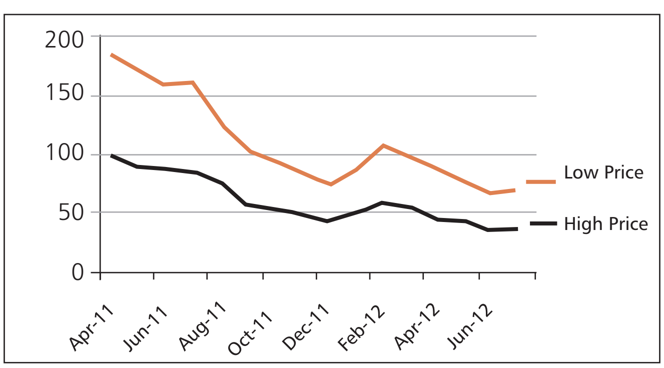
Stock Exchange	Stock code
National Stock Exchange of India Ltd Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai – 400051 Telephone nos: 022-2659 8100/14 Facsimile no.: 022-2659 8120 Website: www.nseindia.com	ADHUNIK
Bombay Stock Exchange Ltd Phioz Jeejeebhoy Towers Dalal Street, Mumbai – 400001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

The annual listing fee for the year 2012-13 has been paid by the Company to both the above Stock Exchanges.

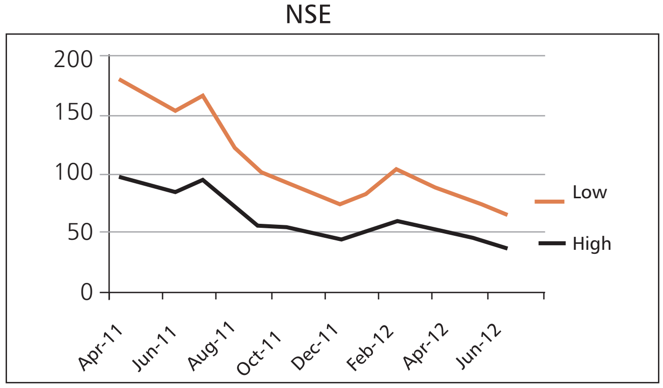
Monthly high and low quotes and volume of shares traded on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE)

	ADHUNIK BSE Price (₹)			NSE		
Month	High	Low	Volume	High	Low	Volume
2011						
April	98.5	84.85	101126323	98.20	86.20	2463616
May	90.5	79.5	84195913	90.50	79.40	1932906
June	88.65	70.00	42255694	86.70	70.00	1644984
July	86.10	74.00	76914295	85.95	74.15	1672131
August	75.80	51.75	125990022	75.80	52.45	3876175
September	58.30	46.50	47855157	58.00	46.60	2863960
October	55.50	40.05	39969378	55.50	40.00	3402874
November	49.05	34.35	96530899	49.50	34.25	3825658
December	44.15	31.25	51952901	44.30	31.60	2528731
2012						
January	50.30	36.65	43668557	50.00	36.30	2917637
February	59.75	47.20	128113093	59.65	46.00	4508436
March	56.50	43.95	41531490	56.35	37.00	1914434
April	46.95	40.50	19016083	49.00	37.30	1221655
May	44.40	33.65	16710953	44.40	31.35	831478
June	37.00	30.90	24369472	35.90	30.00	1585749

BSE



NSE



Dividend history

Financial year	Dividend per share (₹)	Total dividend (₹ in lakhs) (Inclusive of Div. Tax)
2011-12*	Not recommended	Not recommended
2010-11	1.50	2153
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 2012-13		
1	First quarter results	Within November 14, 2012
2	Second quarter and half-year results	Within February 14, 2013
3	Third quarter results and annual results	Within May 30, 2013

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, Odisha
India

Investor's 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

Service of documents through electronic mode

In furtherance of the green initiative part of the Corporate Governance strategies announced last year by the Ministry of Corporate Affairs, Government of India, the Company has sent a communication to all shareholders requesting them to register their e-mail addresses with the Company for receiving the report and accounts, notices among others in electronic mode. Shareholders who have not yet registered their e-mail addresses are once again requested to register the same with the Karvy Computershare Private Limited, Register and Transfer Agents of the Company by mentioning the Company name and folio number/DP ID and client ID via e-mail to our Registrar and Transfer Agents M/s Karvy Computershare Pvt. Limited at adh.cs@karvy.com<mailto:adh.cs@karvy.com>.

For and on behalf of the Board

Registered Office
14, Netaji Subhas Road
Kolkata – 700 001
Date - 29.08.2012

Ghanshyamdas Agarwal
Chairman

CEO AND CFO CERTIFICATION

We, Mr. Manoj Kumar Agarwal, Managing Director and Mr.Pawan Kumar Rathi, Head of Finance and Accounts, responsible for the financial matters certify that:

(a) We have reviewed financial statements and the cash flow statement for the extended financial year and accounting period ended 30th June, 2012 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 our knowledge and belief, no transactions entered into by the Company during the year/period, 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 we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we 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/period;

(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 we 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.

Manoj Kumar Agarwal
Managing Director

Pawan Kumar Rathi
Head of Finance and Accounts

Kolkata

29th August, 2012

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of
Adhunik Metaliks Limited
Kolkata

Re : Certificate regarding compliance of conditions of Corporate Governance

We have examined the compliance of conditions of Corporate Governance by Adhunik Metaliks Limited, for the fifteen months period ended on 30th June 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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.

For S.R. BATLIBOI & CO.
Firm Registration Number : 301003E
CHARTERED ACCOUNTANTS

Per R. K. AGRAWAL
Partner
Membership No. 16667

22, Camac Street
3rd Floor, Block "C"
Kolkata - 700 016
Dated: 29th August, 2012

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 30th June 2012 and also the Statement of Profit and Loss and the cash flow statement for the fifteen months period 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 statements 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, 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, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account.

   iv. In our opinion, the balance sheet, the statement of profit and loss and the 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.

   v. On the basis of the written representations received from the directors, as on 30th June 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Company's Act, 1956.

   vi. *Attention is drawn to claims receivable of ₹ 2450.00 lacs accounted for by the Company towards supply of inferior quality of raw material by vendors. Pending acceptance of the above claims by the respective vendors, we are unable to opine on the quantification and recoverability of these claims and thus its consequential impact, if any, on the Company's financial statements.*

   vii. *Except for the possible effect of the observation in para (vi) above,* in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June 2012;

      b) in the case of the Statement of profit and loss, of the loss for the period ended on that date; an

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

For S. R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per R. K. Agrawal
Partner
Membership No. 16667

Place Kolkata
Date : 29th August, 2012

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 fifteen months period ended 30th June, 2012)

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 period 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. As informed, no material discrepancies were noticed on such verification.

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

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

b) As the Company's inventory of raw materials and finished goods mostly includes bulk materials which require technical expertise for establishing the quantity thereof, the Company has hired independent agencies for physical verification of such stocks. Relying on the above verification by independent expert agencies and according to the information and explanations furnished to us, 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 of inventories.

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

b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, 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) According to 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 Companies Act, 1956 that need to be entered into the register maintained 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 and 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 deposit from the public within the purview of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

vii) In our opinion, the Company has an internal audit system 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 steel products manufactured by 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.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues were outstanding, as on the Balance Sheet date for a period of more than six months from the date they became payable *except in following cases which have since been paid*:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates
Income tax Act, 1961	*Corporate dividend tax*	*8.52*	*September 2011*
Maharashtra Value Added Tax and Central Sales Tax	*Value Added Tax and Central Sales Tax on sale of goods*	*164.60*	*October and November 2011*

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	63.97	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	839.39	2004-12	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-a-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 towards Cenvat credit on structural steel used for construction of capital goods, input, classification, excise duty on job work, transaction value for stock transfer etc.	2,175.97	2003-09	CESTAT (Kolkata), Additional Commissioner (Adjudication) Bhubaneswar, Commissioner (Appeal), Bhubaneswar

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 in repayment of dues to the banks to the extent of ₹ 33,154.65 lacs (the delay in such repayment for less than 30 days is ₹ 22,157.25 lacs and for the period between 30 to 90 days is ₹ 10,997.40 lacs in each individual case), of which ₹ 6,960.70 lacs was in arrears 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 before 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 for loan taken by its wholly owned subsidiary company from bank, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.

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 any preferential allotment of shares during the period to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.

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

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

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 period.

For S. R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per R. K. Agrawal
Partner
Membership No. 16667

Place Kolkata
Date : 29th August, 2012

Balance Sheet As at June 30th, 2012

(₹ in Lacs)

	Notes	30.06.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	12,349.95	12,349.95
Reserves and surplus	4	111,615.75	51,736.53
		123,965.70	64,086.48
Non-current liabilities			
Long-term borrowings	5	54,603.41	74,759.24
Deferred tax liabilities (net)	6	9,568.31	14,713.02
Long-term provisions	7	389.17	361.96
		64,560.89	89,834.22
Current liabilities			
Short-term borrowings	8	53,817.79	47,274.64
Trade payables	9	73,821.89	50,989.96
Other current liabilities	10	43,478.50	17,122.34
Short-term provisions	7	295.43	1,929.44
		171,413.61	117,316.38
TOTAL		359,940.20	271,237.08
ASSETS			
Non-current assets			
Fixed assets :			
Tangible assets	11.1	146,379.72	126,135.56
Intangible assets	11.1	43,135.34	199.40
Capital work-in-progress	11.2	7,039.45	4,240.40
Non-current investments	12	7,325.81	20,707.33
Long-term loans and advances	13	7,882.52	6,040.46
Other non-current assets	14	3,685.66	4,585.49
		215,448.50	161,908.64
Current assets			
Inventories	15	88,691.16	65,779.03
Trade receivables	16	25,867.00	29,737.14
Cash and bank balances	17	2,455.12	1,274.83
Short-term loans and advances	13	14,472.16	10,152.11
Other current assets	14	13,006.26	2,385.33
		144,491.70	109,328.44
TOTAL		359,940.20	271,237.08
Summary of significant accounting policies	2		

The accompanying notes referred to above form an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Company
(Firm Registration No: 301003E)
Chartered Accountants

per R. K. Agrawal
Partner
Membership No. 16667

For and on behalf of the Board of Directors of
Adhunik Metaliks Limited

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Place: Kolkata
Date: August 29, 2012

Statement of Profit and Loss For the fifteen months period ended 30th June 2012

(₹ in Lacs)

	Notes	2011-12 (15 Months)	2010-11 (12 Months)
INCOME			
Revenue from operations (gross)	18	200,599.90	156,565.93
Less: Excise duty		14,757.50	12,488.45
Revenue from operations (net)		185,842.40	144,077.48
Other income	19	4,155.61	4,899.62
Total revenue (I)		**189,998.01**	**148,977.10**
EXPENSES			
Cost of Raw Materials Consumed	20	111,928.36	83,600.51
Purchase of Stock-in-trade	21	8,371.08	1,514.83
(Increase)/ decrease in inventories of Finished Goods, Work-in-Progress, Stock-in-trade and By-Products	22	(16,169.56)	(20,200.13)
Employee benefits expense	23	5,950.74	5,778.22
Other expenses [Including Prior period items ₹ 2.48 lacs (₹ 31.93 lacs)]	24	48,961.17	44,615.02
Total (II)		**159,041.79**	**115,308.45**
Earnings before finance costs, exceptional item, tax, depreciation & amortization (I) – (II)		**30,956.22**	**33,668.65**
Depreciation and amortization expenses	26	11,314.47	8,757.61
Finance costs	25	30,090.19	18,250.43
Profit / (Loss) before exceptional item and tax (III)		**(10,448.44)**	**6,660.61**
Exceptional items (net gain)	27	(5,959.59)	-
Profit / (Loss) before tax (IV)		**(4,488.85)**	**6,660.61**
Tax expenses :			
Current tax		234.70	974.52
Deferred tax credit	6.1	(1,496.98)	-
MAT Credit Entitlement	13.1	(3,174.40)	-
Total tax expenses (V)		**(4,436.68)**	**974.52**
Profit / (Loss) for the period [(IV) – (V)]		**(52.17)**	**5,686.09**
Earnings per equity share [nominal value of share ₹ 10 per share (₹ 10 per share) - Basic & Diluted (₹)	28	(0.04)	4.60
Summary of significant accounting policies	2		

The accompanying notes referred to above form an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Company
(Firm Registration No: 301003E)
Chartered Accountants

per R. K. Agrawal
Partner
Membership No. 16667

Place: Kolkata
Date: August 29, 2012

For and on behalf of the Board of Directors of
Adhunik Metaliks Limited

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Cash Flow Statement For the fifteen months period ended 30th June 2012

(₹ in Lacs)

		2011-12 (15 Months)	2010-11 (12 Months)
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Profit / (Loss) before Tax		(4,488.85)	6,660.61
Adjustments for :			
Depreciation and amortisation expense		11,314.47	8,757.61
Loss on Fixed Assets Sold / Discarded (net)		29.52	-
Net Unrealised Loss/(Gain) on Exchange Rates/Forward Exchange Contracts		(1,272.84)	(159.29)
Share of Loss in partnership firm		0.50	1.03
Bad debts/advances written off		66.03	38.16
Liabilities no Longer Required Written Back		(749.94)	(179.31)
Dividend income from a subsidiary company		-	(1,800.00)
Interest Income		(3,034.78)	(2,700.34)
Profit on Sale of Non Current Investments (Net)		(8,408.40)	(101.39)
Interest & Finance Charges		30,090.19	18,250.43
Operating Profit Before Working Capital Changes		**23,545.90**	**28,767.51**
Movements in Working Capital :			
Increase / (Decrease) in Trade Payables and Other Liabilities		24,349.82	8,320.12
Increase / (Decrease) in Provisions*		27.74	103.67
(Increase) / Decrease in Trade Receivables		3,881.81	(9,121.94)
(Increase) / Decrease in Loans and Advances and Other Assets*		733.57	(987.00)
(Increase) / Decrease in Inventories		(22,912.14)	(21,084.02)
Cash Generated From Operations		**29,626.70**	**5,998.34**
Direct taxes paid (Net of refunds)		(437.15)	(818.46)
Net Cash Generated From Operating Activities	(A)	**29,189.55**	**5,179.88**
B: CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of fixed assets, including capiatal work in progress and capital advances		(19,797.94)	(7,721.57)
Proceeds from Sale of Fixed Assets		86.51	-
Loans given to Body Corporates		(9,546.66)	(2,934.46)
Loans repaid by Body Corporates		4,975.10	6,177.00
Dividends received from a subsidiary company		1,800.00	-
Purchase of non-current investments		(1,000.02)	(200.00)
Sale of non-current Investments		13,147.26	200.00
Maturity of Fixed Deposits (Receipts Pledged with various banks as security)		899.84	1,150.20
Interest Received		2,073.53	2,664.08
Net Cash Used In Investing Activities	(B)	**(7,362.38)**	**(664.75)**

Cash Flow Statement For the fifteen months period ended 30th June 2012

(₹ in Lacs)

		2011-12 (15 Months)	2010-11 (12 Months)
C: Cash Flow From Financing Activities :			
Dividends paid on equity shares		(1,852.49)	(1,799.30)
Proceeds from long-term borrowings		31,000.00	45,363.71
Repayment of long-term borrowings		(27,615.84)	(22,155.55)
Proceeds from short-term borrowings		9,984.34	-
Repayment of short-term borrowings		(12,261.21)	(17,148.55)
Proceeds from working capital loan (Net)		8,804.34	6,531.63
Interest & Finance charges paid		(28,706.02)	(18,250.43)
Net Cash Used In Financing Activities	(C)	(20,646.88)	(7,458.49)
Net Increase / (Decrease) In Cash And Cash Equivalents	(A+B+C)	1,180.29	(2,943.36)
Cash & Cash Equivalents at the beginning of the year		1,274.83	4,218.19
Cash & Cash Equivalents at the end of the period		2,455.12	1,274.83

* Includes both current and non-current items

Notes :

Components of Cash and Cash Equivalents

(₹ in Lacs)

	2011-12 30th June 2012	2010-11 31st March 2011
Cash on hand	69.06	29.41
Balances with Banks in :		
- Current Accounts	1,022.26	951.02
- Deposits with original maturity of less than three months	1,350.00	-
- Unpaid dividend accounts	11.28	8.44
- Unclaimed Application Money Account	2.52	2.52
- Cheques/ drafts on hand	-	283.44
Total Cash & Cash Equivalents (Note No. 19)	2,455.12	1,274.83

Summary of Significant Accounting Policies
As per our report of even date

For S. R. Batliboi & Company
(Firm Registration No: 301003E)
Chartered Accountants

per R. K. Agrawal
Partner
Membership No. 16667

Place: Kolkata
Date: August 29, 2012

For and on behalf of the Board of Directors of
Adhunik Metaliks Limited

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 01 CORPORATE INFORMATION

Adhunik Metaliks Limited ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on stock exchanges in India. The Company is primarily engaged in the manufacture and sale of steel, both alloy & non alloy.

Note 02 SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Preparation

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply in all material respects with the Accounting Standards notified under 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 in respect of fixed assets for which revaluation is carried out. Further, insurance & other claims, on the ground of prudence or uncertainty in realisation, are accounted for as and when accepted / received. The accounting policies adopted in the preparation of Financial Statements are consistent with those used in the previous year except for the changes explained below:

Presentation and disclosure of financial statements

During the fifteen months period ended 30th June 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements of the Revised Schdule VI, applicable in the current period.

Dividend on Investment in subsidiary companies

Till the year ended 31st March 2011, the Company, in accordance with the pre - revised Schedule VI requirement , was recognising dividend declared by the subsidiary companies after the reporting date in the current year's statement of profit and loss if such dividend pertained to the period ending on or before the reporting date. The revised schedule VI , applicable for financial years commencing on or after 1 April 2011, does not contain this requirement. Hence, to comply with Accounting Standard 9 Revenue Recognition, the company has changed its accounting policy for recognition of dividend income from subsidiary companies. In accordance with the revised policy , the company recognises dividend as income only when the right to receive the same is established by the reporting date. However, there is no impact of such change in the accounting policy on the current period's financial statements as no such dividend has been declared by the subsidiary companies pertaining to the period ended on or before 30th June 2012.

B) Use of Estimates

The preparation of financial statements in conformity with the 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.

C) Tangible Fixed Assets :

(i) Fixed Assets are stated at cost of acquisition inclusive of duties (net of CENVAT / VAT), taxes, incidental expenses, erection/commissioning expenses and interest, etc. up to the date the asset is ready to be put to use. In case of revaluation of fixed assets, the cost as assessed by the valuer is considered in the accounts and the differential amount is transferred to revaluation reserve.

(ii) 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.

(iii) 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 Statement of Profit and Loss. Income earned during construction period is deducted from the total of the indirect expenditure.

D) Depreciation :

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

(ii) Depreciation on Fixed Assets is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except in case of road, boundary wall, drains and culverts on which depreciation has been provided @ 6.67% p.a.

as compared to Schedule XIV rate of 3.34% p.a.

(iii) Leasehold land is amortised on a straight line method over the period of respective leases.

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

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

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

E) Intangibles

(i) 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.

(ii) 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 (Mining Rights) are capitalized and amortized prospectively on a straight line basis over the remaining lease period.

F) Foreign Currency Transactions :

i) 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.

ii) Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rate at the date when such value was determined.

iii) 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.

iv) 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.

G) Investments

Investments that are readily realisable 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 carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline 'other than temporary' in the value of the investments.

H) Inventories

(i) Raw materials, stores and spares 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.

(ii) 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.

(iii) 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.

(iv) 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.

I) Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 02 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

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.

J) Excise Duty & 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, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

K) Earnings Per Share

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

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

L) Revenue Recognition

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

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery. Sales are net of returns, claims, trade discounts, Sales Tax and VAT etc. Export turnover includes related export benefits.

Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

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

M) Retirement and other Employee Benefits

i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and is charged to the Statement of Profit and Loss 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.

ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation, as per projected unit credit method made at the balance sheet date.

iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method.

iv) Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

N) Taxation

i) 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.

ii) Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the period 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.

iii) 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.

iv) 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

Note 02 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

asset is created by way of a credit to the Statement of Profit and Loss 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.

O) Segment Reporting

Identification of Segments

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.

P) Leases

i) 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.

ii) 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 Statement of Profit and Loss on straight line basis over the lease term.

Q) Cash and Cash Equivalents

Cash and cash equivalents as indicated in cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

R) 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 repective 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.

S) Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under Accounting Standard 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

T) Provision

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions 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 reviewed at each balance sheet date and adjusted to reflect the current best estimates.

U) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The company does not recognize a contingent liability but discloses its existence in the financial statements.

V) Measurement of EBITDA

As permitted by the Guidance Note on Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss.

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Note 03 SHARE CAPITAL		
Authorized shares		
145,180,000 (145,180,000) Equity Shares of ₹ 10 each	14,518.00	14,518.00
2,000 (2,000) Preference Shares of ₹ 100 each	2.00	2.00
	14,520.00	14,520.00
Issued, subscribed and fully paid-up shares		
123,499,536 (123,499,536) Equity Shares of ₹ 10 each fully paid up	12,349.95	12,349.95
	12,349.95	12,349.95

(a) Terms/ rights attached to equity shares

(i) The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the General Meeting.

(ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) During the period ended 30th June 2012, the amount of per share dividend recognized as distribution to equity shareholders is ₹ Nil per share (₹ 1.50 per share).

(b) Details of shareholders holding more than 5% equity shares in the Company

Names of share holders	As at 30.06.2012		As at 31.03.2011	
	Numbers	% holding	Numbers	% holding
Equity shares of ₹ 10 each fully paid				
Mahananda Suppliers Limited	29,993,485	24.29%	29,993,485	24.29%
Sungrowth Share & Stocks Limited	26,333,352	21.32%	23,763,232	19.24%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(c) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	30.06.2012 Numbers	31.03.2011 Numbers
Equity Shares of ₹ 10 each issued to the shareholders of Vedvyas Ispat Limited under the scheme of amalgamation dated 16th December 2009 approved by the court.	1,259,590	1,259,590
Equity Shares of ₹ 10 each issued to the shareholders of Sri M.P. Ispat & Power Private Limited under the scheme of amalgamation dated 16th September 2009 approved by the court.	2,773,732	2,773,732

(₹ in Lacs)

		As at 30.06.2012	As at 31.03.2011
Note 04 RESERVES AND SURPLUS			
Capital Reserve (Balance as per the last financial statements)	(A)	588.78	588.78
Securities Premium Account			
Balance as per the last financial statements		24,608.13	25,897.16
Less: Adjustment of Deferred Tax Liability / (Assets) (Refer Note No. 6.1)		(3,647.73)	1,289.03
Closing Balance	(B)	28,255.86	24,608.13
General Reserve			
Balance as per the last financial statements		1,732.78	1,448.48
Add : Amount transferred from surplus in the statement of profit and loss		-	284.30
Closing Balance	(C)	1,732.78	1,732.78
Revaluation Reserve			
Balance as per the last financial statements		-	-
Add : Revaluation done during the period [Refer Note No. 11.1(B)]		56,283.66	-
Closing Balance	(D)	56,283.66	-
Surplus in the statement of profit and loss			
Balance as per last financial statements		24,806.84	21,266.06
Profit / (Loss) for the period		(52.17)	5,686.09
Less: Appropriations			
Proposed Final Equity Dividend			
(amount per share ₹ Nil per share (₹ 1.50 per share)		-	1,852.49
Tax on proposed equity dividend		-	8.52
Transfer to General reserve		-	284.30
Total appropriations		-	2,145.31
Net surplus in the statement of profit and loss	(E)	24,754.67	24,806.84
Total reserves and surplus	(A+B+C+D+E)	111,615.75	51,736.53

		Non Current Portion		Current maturities	
		30.06.2012	31.03.2011	30.06.2012	31.03.2011
Note 05 LONG-TERM BORROWINGS					
A) Secured					
Term Loans					
Rupee loans from banks	(A)	54,164.00	74,594.01	34,852.00	11,095.27
Defered Payment Liabilities					
Vehicle / Equipment Loans	(B)	439.41	165.23	295.10	426.04
B) Unsecured					
Loans from Bodies Corporates	(C)	-	-	-	10.00
Others	(D)	-	-	-	75.76
Total	(A+B+C+D)	54,603.41	74,759.24	35,147.10	11,607.07
Amount disclosed under the head "other current liabilities" (Note No. 10)				(35,147.10)	(11,607.07)
		54,603.41	74,759.24	-	-

(a) Nature of security -

i) The rupee term loans from banks amounting to ₹ 66,141.00 lacs (₹ 63,689.28 lacs) are secured by first charge over all the fixed assets of the Company, both present and future, at Chadrihariharpur Kuarmunda, Distt. Sundargarh, Orissa, ranking pari passu with the charges created / to be created in favour of other existing and proposed Institutions / Banks and second pari-passu charge on all the current assets of the Company.

ii) The rupee term loans from banks amounting to ₹ 13,750.00 lacs (₹ 15,000.00 lacs) are secured by second charge on entire movable and immovable assets of the Company.

iii) The rupee term loans from banks amounting to ₹ 9,125 lacs (₹ 7,000.00 lacs) are secured by a subservient charge on the fixed and current assets of the Company.

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 05 LONG-TERM BORROWINGS *(Contd.)*

iv) The rupee Term Loans of ₹ 89,016.00 lacs (₹ 85,689.28 lacs) from banks are further secured by the personal guarantee of one or more promoter directors of the Company.

v) Finance against equipments/vehicles are secured by hypothecation of the respective equipments/vehicles.

(b) Terms of repayment of rupee loans from banks and rate of interest charged -
Rupee term loans of ₹ 89,016.00 lacs (₹ 85,689.28 lacs) from banks carry interest ranging between respective bank's base rate (ranging between 9.75% to 10.50%) plus 2.55% to 4.25% per annum. The repayment terms of the said loans are as under:

Rupee Term Loans

Payment terms	50 structured quarterly installments starting from June 2008 to September 2020	
Installments due	Number of Installments	Amount (₹ in lacs)
Within one year (Refer Note No. 10)	5	34,852.00
One year to Three Year	8	28,537.66
Three Year to Five Year	8	13,149.00
More than Five Year	29	12,477.34
TOTAL	50	89,016.00

(c) The rupee term loans of ₹ 4,778.00 lacs (₹ Nil) due for payment as on 30th June 2012 and interest of ₹ 2,182.70 lacs (₹ 798.53 lacs) which was due for payment in April 2012 to June 2012, have not yet been paid.

(d) Vehicle / Equipment loans carry interest ranging between 8.46% to 11.40% per annum and are secured by the respective fixed assets purchased there against. Following is the repayment schedule of such loans:

Defered Payment Liabilities

Installments due	Number of Installments	Amount (₹in lacs)
Within One Year	204	295.10
After One Year but not more than three years	150	439.41
Total	**354**	**734.51**

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Note 06 DEFERRED TAX LIABILITIES (NET)		
Balance as per the last financial statements	14,713.02	13,423.99
Less: Deferred Tax Asset recognised on unabsorbed depreciation of earlier periods	(3,647.73)	-
Less: Deferred Tax (Asset) / Liability recognised for the period	(1,496.98)	1,289.03
	9,568.31	**14,713.02**

6.1 In view of the revised profitability projections based on expected additional contribution arising due to raising and consumption of Iron ore from its captive mines and considering the net deferred tax liability as at the balance sheet date, the Company has recognized, during the period, deferred tax assets of ₹ 3,647.73 lacs, on unabsorbed depreciation relating to the period prior to 31st March 2011. Since the Company, in terms of the Order of the Hon'ble High Court of Calcutta, had utilized the securities premium account towards meeting the net deferred tax liability in the earlier years, the above deferred tax asset of ₹ 3,647.73 lacs has been adjusted with the opening securities premium account. Further, the net deferred tax assets of ₹ 1,496.98 lacs on current period's timing differences and unabsorbed depreciation has been recognised and adjusted in the Statement of Profit and Loss instead of securities premium account based on a legal opinion obtained by the Company.

(₹ in Lacs)

		As at 30.06.2012	As at 31.03.2011
6.2 Components of Net Deferred tax liabilities as on the balance sheet date are as follows:			
Deferred tax liabilities on			
Timing difference on depreciable assets		16,346.51	14,872.76
	(A)	**16,346.51**	**14,872.76**
Deferred tax assets on			
Unabsorbed Depreciation		6,589.27	-
Other timing differences		188.93	159.74
	(B)	**6,778.20**	**159.74**
Net deferred tax liabilities	(A-B)	**9,568.31**	**14,713.02**

	Non Current		Current	
	30.06.2012	31.03.2011	30.06.2012	31.03.2011
Note 07 PROVISIONS				
Provision for employee benefits*:				
Gratuity (Refer Note No. 32)	267.90	254.64	45.06	35.75
Leave benefits	121.27	107.32	16.64	25.42
	389.17	**361.96**	**61.70**	**61.17**
Other provisions -				
Taxation [net of advance income taxes/Tax deducted at source ₹ 9.49 lacs (₹ 5,149.91 lacs)]	-	-	225.21	7.26
Proposed equity dividend	-	-	-	1,852.49
Provision for tax on proposed equity dividend	-	-	8.52	8.52
	-	-	233.73	1,868.27
	389.17	**361.96**	**295.43**	**1,929.44**

* The classification of provision for employee benefits into current / non current have been done by the actuary based on the estimated amount of cash outflow during the next twelve months from the balance sheet date.

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

(₹ in Lacs)

		As at 30.06.2012	As at 31.03.2011
Note 08 SHORT-TERM BORROWINGS			
A) Secured			
Cash credits from banks		47,410.06	39,115.98
Export Packing credit loan (in foreign currency)		1,407.73	897.45
Short Term Loan from Bank		5,000.00	-
	(A)	53,817.79	40,013.43
B) Unsecured			
Short Term Loan from			
Banks		-	6,005.78
Financial Institutions		-	1,255.43
	(B)	-	7,261.21
Total	(A+B)	53,817.79	47,274.64

(a) Cash credit from banks of ₹ 47,410.06 lacs (₹ 39,116.98 lacs) which is repayable on demand and export packing credit facilities from banks of ₹ 1,407.73 lacs (₹ 897.45 lacs) which is repayable within one year, are secured by first charge on pari passu basis with other working capital lenders by way of hypothecation of entire stock of raw materials, finished goods, process stock, trade receivables and other current assets (both present and future). The same are further secured by a second charge on pari-passu basis together with other working capital lenders over the fixed assets of the Company. Cash credit from banks carry interest ranging between bank base rate (ranging from 9.75% to 10.75%) plus 3.75% to 4.25% per annum. Export packing credit facilities from banks carry interest ranging between LIBOR plus 4.00% per annum.

(b) Short term rupee loan from bank (secured) of ₹ 5,000.00 lacs (₹ Nil) is secured by a first charge on all the fixed assets of the Company ranking pari passu with other lenders. The loan is repayable within one year carrying interest rate of bank's base rate (9.75%) plus 3.25% per annum.

(c) Cash credit from banks of ₹ 47,410.06 lacs (₹ 39,115.98 lacs) as well as Short term loans from Banks of ₹ 5,000.00 lacs (₹ Nil) are further secured by the personal guarantee of one or more promoter directors of the Company.

(₹ in Lacs)

	Current Portion	
	As at 30.06.2012	As at 31.03.2011
Note 09 TRADE PAYABLES		
Acceptances	30,085.87	21,514.01
Trade Payables (Refer Note No. 36)	43,736.02	29,475.95
	73,821.89	50,989.96
Note 10 OTHER CURRENT LIABILITIES		
Current Maturities of Long-term borrowings (Refer Note No. 5)	35,147.10	11,607.07
Interest accrued and due on borrowings	2,182.70	798.53
Advance from customers -	701.40	715.70
Bank Overdraft	23.44	202.69
Investor Education and Protection Fund:		
Unpaid Dividend (Not due)	10.99	8.40
Application money received for allotment of securities and due for refund	2.52	2.52
Payable towards fixed assets	319.62	844.87
Statutory Liabilities	5,090.73	2,942.56
	43,478.50	17,122.34

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

(₹ in Lacs)

Note 11.1 FIXED ASSETS

	Tangible Assets											Intangible Assets		
	Freehold Land including Site Development Expenses	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Computers	Furniture & Fixtures	Office Equipments	Railway Wagons	Railway Siding	Total	Mining Rights	Computer Software	Total
Gross Block (At Cost):														
As at 1st April, 2010	373.04	465.33	5,880.17	128,190.14	1,321.23	282.09	258.45	282.93	2,550.35	5,766.55	145,370.28	210.63	96.56	307.19
Additions	458.64	373.03	1,031.08	1,570.37	43.87	58.57	94.16	49.28	-	87.98	3,766.98	-	4.50	4.50
Disposals/Discard	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments:														
Exchange differences	-	-	-	325.67	-	-	-	-	-	-	325.67	-	-	-
(Refer Note No. A)														
As at 31st March 2011	831.68	838.36	6,911.25	130,086.18	1,365.10	340.66	352.61	332.21	2,550.35	5,854.53	149,462.93	210.63	101.06	311.69
Additions	30.05	-	6,123.85	8,019.01	46.18	76.11	54.51	40.64	-	-	14,390.35	907.08	-	907.08
Disposals/Discard	-	-	-	143.74	96.75	-	-	-	-	-	240.49	-	-	-
Other Adjustments:														
Revaluation of fixed assets	6,373.28	4,965.61	-	-	-	-	-	-	-	3,150.29	14,489.18	41,794.48	-	41,794.48
(Refer Note No. B below)														
Exchange differences			1,452.89	1,324.34							2,777.23	252.29	-	252.29
(Refer Note No. A below)														
As at 30th June 2012	7,235.01	5,803.97	14,487.99	139,285.79	1,314.53	416.77	407.12	372.85	2,550.35	9,004.82	180,879.20	43,164.48	101.06	43,265.54
Accumulated Depreciation/ Amortisation:														
As at 1st April, 2010	-	8.19	524.18	12,412.74	543.91	138.44	95.30	55.68	576.20	232.56	14,587.20	10.21	84.64	94.85
Charge for the period	-	9.29	284.50	7,697.24	144.48	49.80	17.06	17.75	255.04	265.01	8,740.17	7.66	9.78	17.44
Disposals/Discard	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2011	-	17.48	808.68	20,109.98	688.39	188.24	112.36	73.43	831.24	497.57	23,327.37	17.87	94.42	112.29
Charge for the period	-	12.20	422.17	9,915.18	171.03	69.39	29.50	23.20	319.32	334.57	11,296.56	13.60	4.31	17.91
Disposals/Discard	-	-	-	45.90	78.55	-	-	-	-	-	124.45	-	-	-
As at 30th June 2012	-	29.68	1,230.85	29,979.26	780.87	257.63	141.86	96.63	1,150.56	832.14	34,499.48	31.47	98.73	130.20
Net Block														
As at 31st March 2011	831.68	820.88	6,102.57	109,976.20	676.71	152.42	240.25	258.78	1,719.11	5,356.96	126,135.56	192.76	6.64	199.40
As at 30th June 2012	7,235.01	5,774.29	13,257.14	109,306.53	533.66	159.14	265.26	276.22	1,399.79	8,172.68	146,379.72	43,133.01	2.33	43,135.34

(A) Additions to plant and machinery, building and mining righs at Kulum, Orissa includes borrowing costs of ₹ 3,029.52 lacs (₹ 325.67 lacs) transferred from capital work-in-progress / pre-operative expenditure (pending allocation).

(B) Land, Railway Sidings and Mining rights (at Kulum, Orissa), aggregating to ₹ 8,924.62 lacs (Gross block) as on 30th June 2012 have been revalued by an external independent valuer on Net Replacement Cost/Fair Value basis and the incremental value on revaluation of ₹ 56,283.66 lacs have been credited to Revaluation Reserve.

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Note 11.2 CAPITAL WORK-IN-PROGRESS		
Land and Site Development Expenses	281.84	-
Civil Construction and Structural Works	5,956.97	1,726.76
Plant and Equipments	10,501.90	3,254.61
Capital Goods in Stock	-	5.70
	16,740.71	4,987.07
Less: Transfer to Fixed Assets	11,439.08	2,344.20
	5,301.63	2,642.87
Add: Pre-operative Expenditure (Pending Allocation) (Refer details below)	1,737.82	1,597.53
	7,039.45	4,240.40

Details of Pre-operative Expenditure (Pending Allocation)

During the period, the company has incurred the following expenses relating to ongoing projects of the company, which are accounted as pre-operative expenses and grouped under Capital Work-in-progress. Consequently, expenses disclosed under the respective notes are net of the following amounts capitalized by the company.

Opening Balance Brought Forward	1,597.53	247.22
EXPENDITURE		
Power & Fuel	2,045.60	296.22
Consumption of Stores & Consumable	215.25	0.75
Salaries & Bonus etc.	1,363.86	262.77
Professional & Consultancy Charges	50.40	14.53
Interest on Term Loans	2,401.59	1,157.70
Other borrowing costs	1.54	7.21
Miscellaneous Expenses	85.12	76.38
Sub-Total	7,760.89	2,062.78
Less: Transfer to Fixed Assets	6,023.07	465.25
	1,737.82	1,597.53

Note 12 NON-CURRENT INVESTMENTS (LONG-TERM)		
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
Investment in subsidiaries		
20,000,000 (2,000,000) Equity Shares of ₹ 10 each fully paid-up in Orissa Manganese & Minerals Limited (Refer Note No. 30 (b) & 12.2)	6,309.60	6,309.60
Nil (2,728,350) Equity Shares of ₹ 10 each fully paid-up in Adhunik Power and Transmission Limited (Refer Note No. 12.1)	-	961.58
Nil (9,373,042) Equity Shares of ₹ 10 each fully paid-up in Neepaz V Forge (India) Limited (Refer Note No. 12.1)	-	5,244.96
Investment in step down subsidiary		
Nil (80,496,393) Equity Shares of ₹ 10 each fully paid-up in Adhunik Power & Natural Resources Limited (subsidiary of a wholly owned subsidiary company) (Refer Note No. 12.1)	-	8,174.50
Share Application Money to Adhunik Power & Natural Resources Limited (4,200,000 equity shares of ₹ 10 each) (Since alloted)	1,000.02	-

(₹ in Lacs)

Note 12 NON-CURRENT INVESTMENTS (LONG-TERM) *(Contd.)*	As at 30.06.2012	As at 31.03.2011
Investment in Other Company		
76,500 (76,500) Equity Shares of ₹ 10 each fully paid-up in Adhunik Meghalaya Steels Private Limited	7.65	7.65
Investment in Capital of Partnership Firm (Joint Venture)		
United Minerals (Refer Note No. 35)	8.54	9.04
	7,325.81	**20,707.33**

12.1 During the period, the Company has disposed off its entire shareholdings in two subsidiary companies, namely "Adhunik Power and Transmission Limited and Neepaz V Forge (India) Limited, and also sold 80,496,393 equity shares in one step down subsidiary company, namely "Adhunik Power & Natural Resources Limited" which have resulted in net gain of ₹ 8,408.40 lacs.

12.2 Orissa Manganese & Minerals Limited, a wholly owned subsidiary company, has issued 18,000,000 bonus equity shares to the Company during the period.

		Non Current		Current	
		30.06.2012	31.03.2011	30.06.2012	31.03.2011
Note 13 LOANS AND ADVANCES (Unsecured, considered good unless stated otherwise)					
Capital advances to:					
Related Parties		-	994.39	-	-
Others		2,239.84	3,098.70	-	-
	(A)	**2,239.84**	**4,093.09**	**-**	**-**
Advances recoverable in cash or in kind					
Considered good - To Related Parties		-	-	1,819.02	2,022.59
Considered good - To Others		-	-	5,013.47	6,427.90
Doubtful - To Others		55.23	61.30	-	-
		55.23	61.30	6,832.49	8,450.49
Provision for doubtful advances		55.23	61.30	-	-
	(B)	**-**	**-**	**6,832.49**	**8,450.49**
Loans to:					
Body Corporates		-	-	5,788.09	224.92
Employees		-	-	80.14	73.23
	(C)	**-**	**-**	**5,868.23**	**298.15**
Security Deposits	(D)	**2,042.38**	**1,947.37**	**52.48**	**57.10**
Others					
Balances with statutory / government authorities		-	-	1,267.26	1,031.64
Prepaid expenses		5.50	-	451.70	314.73
Advance income-tax [net of provision for taxation ₹ 3,591.42 lacs (₹ Nil lacs)]		420.40	-	-	-
MAT Credit Entitlement (Refer Note No. 13.1)		3,174.40	-	-	-
	(E)	**3,600.30**	**-**	**1,718.96**	**1,346.37**
Total	(A+B+C+D+E)	**7,882.52**	**6,040.46**	**14,472.16**	**10,152.11**

13.1 The Company has revised its profitability projections considering the benefit of procurement of Iron ore from its captive mines which has become operational in May 2012. Accordingly, the company is now certain that there would be sufficient taxable income in future periods to utilize MAT credit entitlements. Consequently, the company has recognized during the period MAT credit entitlement of ₹ 3,174.40 lacs (including ₹ 2,939.70 lacs paid in earlier years).

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

(₹ in Lacs)

	Non Current		Current	
	30.06.2012	31.03.2011	30.06.2012	31.03.2011
Note 14 OTHER ASSETS (Unsecured, considered good unless stated otherwise)				
Non-current bank balances (Refer Note No 17)	3,685.66	4,585.49	-	-
Others				
Interest Receivable on				
Bank Deposits			90.45	75.44
Other Advances			114.19	159.56
Receivable from Banks towards forward contract restatement			2,466.05	-
Receivable towards sale of non current investment (Refer Note No. 37)			9,642.19	-
Dividend Receivable from subsidiary			-	1,800.00
Export Benefits Receivable			693.38	350.33
Total	**3,685.66**	**4,585.49**	**13,006.26**	**2,385.33**

(₹ in Lacs)

		As at 30.06.2012	As at 31.03.2011
Note 15 INVENTORIES (valued at lower of cost and net realizable value)			
Raw Materials [includes in transit ₹ 315.21 lacs (₹ 205.89 lacs)]		20,716.11	12,233.03
Finished Goods [includes in transit ₹ 1,959.89 lacs (₹ 572.45 lacs)]		36,063.50	21,241.52
Work in Progress		14,031.18	17,347.98
By Products		15,612.37	12,372.23
		86,423.16	**63,194.76**
Stock-in-trade		20.48	8.66
Stores and Spares [includes in transit ₹ Nil (₹ 590.91 lacs)]		2,247.52	2,575.61
		88,691.16	**65,779.03**
Details of Stock of Finished Goods and Work in Progress			
Sponge Iron		9,725.69	2,035.58
Billets		8,594.61	5,510.35
Rolled Products		10,335.76	7,032.27
Pig Iron		3,785.75	1,230.58
Iron ore		813.22	8,142.68
Coke		11,615.98	7,060.33
Others		5,223.66	7,577.71
		50,094.68	**38,589.50**
Stock-in-trade- Rolled product and scrap		20.48	8.66
Note 16 TRADE RECEIVABLES (UNSECURED)			
Outstanding for a period exceeding six months from the date they are due for payment			
Considered good		3,057.44	392.75
Doubtful		7.92	7.92
		3,065.36	400.67
Provision for doubtful receivables		7.92	7.92
	(A)	3,057.44	392.75
Other trade receivables (considered good)		22,809.56	29,344.39
	(B)	22,809.56	29,344.39
Total	(A+B)	25,867.00	29,737.14

(₹ in Lacs)

	Non Current		Current	
	30.06.2012	31.03.2011	30.06.2012	31.03.2011
Note 17 CASH AND CASH BALANCES				
Cash and cash equivalents				
Balances with banks:				
On current accounts			1,022.26	951.02
Deposit with original maturity of less than three months			1,350.00	-
On unpaid dividend account			11.28	8.44
On Unclaimed Application Money Account			2.52	2.52
Cheques/Drafts on Hand			-	283.44
Cash on hand			69.06	29.41
			2,455.12	**1,274.83**
Other bank balances				
Deposits with original maturity for more than 12 months #	12.11	24.13		
Margin money deposit #	3,673.55	4,561.36		
	3,685.66	**4,585.49**	-	-
Amount disclosed under non-current assets (Refer Note No 14)	(3,685.66)	(4,585.49)		
	-	-	**2,455.12**	**1,274.83**

Receipts lying with Banks/Government Authorities as security against guarantees / letters of credit issued by them.

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Note 18 REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products		
Finished goods	186,987.59	149,364.40
Traded goods	9,583.16	1,763.70
Other operating revenue		
Sale of By-Products	2,093.23	3,086.04
Sale of Raw Materials	946.43	2,004.36
Export Benefits	989.49	347.43
Revenue from operations (gross)	**200,599.90**	**156,565.93**
Less: Excise duty	14,757.50	12,488.45
Revenue from operations (net)	**185,842.40**	**144,077.48**
Finished goods		
Billet	70,893.42	50,080.64
Rolled Product	84,738.38	70,693.07
Pig Iron	16,394.18	8,611.91
Silicon and Ferro Alloys	1,918.89	10,791.24
Others	13,042.72	9,187.54
	186,987.59	**149,364.40**
By Products		
Granulated Slag	582.89	587.85
Coke Fines	510.04	-
Scrap	386.18	1,516.60
Coal Tar	247.33	275.71
Iron Ore Fines	165.88	341.62
Others	200.91	364.26
	2,093.23	**3,086.04**

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Note 18 REVENUE FROM OPERATIONS *(Contd.)*		
Raw Materials		
Coal	946.43	2,004.36
	946.43	2,004.36
Stock-in-trade-Rolled product and scrap	9583.16	1763.70
	9583.16	1763.70

	2011-12 (15 Months)	2010-11 (12 Months)
Note 19 OTHER INCOME		
Interest income on		
Bank deposits	249.29	124.57
Loans, advances and deposits	2,785.49	2,575.77
Dividend income from a subsidiary company	-	1,800.00
Unspent liabilities and provisions no longer required written back	749.94	179.31
Gain on currency future transactions	336.98	-
Gain on Sale of Non Current Investments (Net)	-	101.39
Gain on foreign exchange fluctuation / forward exchange contracts (Net)	-	68.66
Insurance and Other Claims	2.10	36.51
Miscellaneous Income	31.81	13.41
	4,155.61	4,899.62

	2011-12 (15 Months)	2010-11 (12 Months)
Note 20 COST OF RAW MATERIALS CONSUMED		
Opening Stock of Raw Materials	12,233.03	12,181.62
Add: Purchases	120,411.44	83,651.92
	132,644.47	95,833.54
Less: Closing Stock	20,716.11	12,233.03
Cost of raw materials consumed (Refer details below)	111,928.36	83,600.51
Details of raw materials consumed		
Iron Ore	17,123.14	30,206.55
Coal	46,633.54	36,646.22
Sponge Iron	19,852.59	3,918.38
Pellet	9,229.09	-
Others	19,090.00	12,829.36
	111,928.36	83,600.51

	2011-12 (15 Months)	2010-11 (12 Months)
Note 21 PURCHASE OF STOCK-IN-TRADE		
Rolled products and scrap	8,371.08	1,514.83
	8,371.08	1,514.83

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)	(increase)/ Decrease
Note 22 (INCREASE)/ DECREASE OF INVENTORIES IN FINISHED GOODS, WORK-IN-PROGRESS, STOCK-IN-TRADE AND BY- PRODUCTS			
Inventories at the end of the period:			
Finished Goods	36,063.50	21,241.52	(14,821.98)
Work in Progress	14,031.18	17,347.98	3,316.80
Trading Goods	20.48	8.66	(11.82)
By Products	15,612.37	12,372.23	(3,240.14)
(A)	**65,727.53**	**50,970.39**	**(14,757.14)**
Inventories at the beginning of the period:			
Finished Goods	21,241.52	13,920.48	(7,321.04)
Work in Progress	17,347.98	11,192.71	(6,155.27)
Trading Goods	8.66	163.35	154.69
By Products	12,372.23	5,176.88	(7,195.35)
(B)	**50,970.39**	**30,453.42**	**(20,516.97)**
(B-A)	**(14,757.14)**	**(20,516.97)**	
Transferred to Fixed Assets	(3,510.39)	-	
Excise duty on (Increase)/decrease in finished goods	2,097.97	316.84	
	(16,169.56)	**(20,200.13)**	

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Note 23 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	5,590.79	5,282.86
Contribution to provident fund	178.39	141.81
Gratuity expense (Refer Note No. 32)	24.07	87.58
Workmen and Staff Welfare Expenses	157.49	145.97
Managing Directors' Remuneration	-	120.00
	5,950.74	**5,778.22**

In view of losses during the period, the managing director has waived his remuneration. The remuneration of ₹ 120.00 lacs paid during the period has been subsequently refunded by him.

Note 24 OTHER EXPENSES		
Consumption of Stores and Spares	15,111.97	13,233.67
Power and Fuel	11,310.25	10,238.31
Conversion Charges	4,279.27	2,989.58
Operation and Maintenance Charges (Refer details below)	5,704.81	5,625.07
Freight and Forwarding Charges [Net of recovery of ₹ 749.29 lacs (₹ 560.90 lacs)]	5,175.35	5,478.72
Rent (Including Land Lease Rent ₹ 0.29 lacs (₹ 0.29 lacs) to Directors)	554.73	351.14
Rates and Taxes	420.98	255.92
Legal and Professional Charges	1,075.84	539.55
Insurance	103.34	96.98
Repair and Maintainence		
Plant and Machinery	1,589.35	2,787.13
Buildings	74.51	193.20
Others	120.04	81.66

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Note 24 OTHER EXPENSES *(Contd.)*		
Travelling and Conveyance Expenses	254.74	296.33
Directors' Travelling and Conveyance Expenses	23.48	34.36
Communication Costs	239.90	202.53
Directors' Sitting Fees	16.00	9.00
Auditors' Remuneration as auditor:		
Audit fee	37.50	37.50
Limited review fee	32.00	22.50
In Other Capacity for Certification, etc	8.75	8.50
Reimbursement of Expenses to auditor	2.30	1.37
Prior Period items (Net) (Refer details below)	2.48	31.93
Bad debts/advances written off	72.10	38.16
Less : Adjusted against provision	(6.07)	-
Rebate, discounts and other selling expenses	1,669.90	1,036.87
Motor Vehicle Expenses	444.95	424.20
Loss on Sale/Discard of Fixed Assets	29.52	-
Cost of raising, drilling and excavation	14.79	-
Share of Loss in Partnership Firm (Refer Note No. 35)	0.50	1.03
Miscellaneous Expenses	597.89	599.81
	48,961.17	44,615.02

Operation & Maintenance Charges consist of the following expenses

Contract Payments	2,269.46	2,916.40
Testing and Inspection Charges	436.42	377.27
Refractory Management Charges	1,215.43	875.67
Labour Charges	907.48	785.43
Plant and Equipment Hire Charges	774.33	628.83
Packing & Forwarding Charges	25.72	29.01
Miscellaneous	75.97	12.46
	5,704.81	5,625.07

Prior Period items (Net) consist of the following expenses:

Income		
Rent & Hire Charges	-	0.03
Total (A)	-	0.03
Expenses		
Commission	-	21.41
Security Charges	-	3.05
Interest	-	0.73
Miscellaneous Expenses	2.48	6.77
Total (A)	2.48	31.96
Total (B-A)	2.48	31.93

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Note 25 FINANCE COSTS		
Interest On:		
Term Loans	13,114.16	8,618.31
Cash Credit, Letters of Credit and Others	14,326.87	7,288.41
Other borrowing costs	2,649.16	2,343.71
	30,090.19	18,250.43

	2011-12 (15 Months)	2010-11 (12 Months)
Note 26 DEPRECIATION & AMORTIZATION EXPENSE		
Depreciation of tangible assets	11,296.56	8,740.17
Amortization of intangible assets	17.91	17.44
	11,314.47	8,757.61

	2011-12 (15 Months)	2010-11 (12 Months)
Note 27 EXCEPTIONAL ITEMS		
Gain on Sale of Non Current Investments (Net) (Refer Note No. 12.1)	8,408.40	-
Loss on foreign exchange fluctuation / forward exchange contracts (Net) (Refer Note No. 27.1)	(2,448.81)	-
	5,959.59	-

27.1 Due to unusual significant depreciation in the value of Indian Rupee against foreign currencies, the company has incurred net foreign exchange fluctuation loss of ₹ 2,448.81 lacs during the period on operating balances and forward exchange contracts (both realized and unrealized), which has been considered as exceptional items.

	2011-12 (15 Months)	2010-11 (12 Months)
Note 28 EARNINGS PER SHARE (EPS)		
Net Profit / (Loss) after tax for calculation of basic and diluted EPS (₹ in Lacs)	(52.17)	5,686.09
Weighted average number of equity shares in calculating basic and diluted EPS	123,499,536	123,499,536
Nominal Value of equity shares	₹ 10	₹ 10
Basic and Diluted Earnings Per Share	₹ (0.04)	₹ 4.60

	2011-12 (15 Months)	2010-11 (12 Months)
Note 29 CONTINGENT LIABILITIES		
Claims & Government demands against the Company not acknowledged as debt:		
Excise demands under dispute/appeal	2,147.93	1,121.60
Sales Tax matters (under dispute/appeal)	494.30	618.27
Customers / Vendors claims	122.67	380.41
Bills discounted and Bank Guarantees outstanding	10,354.51	2,452.00
	13,119.41	4,572.28

Note 30 CAPITAL AND OTHER COMMITMENTS

a) As at 30th June 2012, the Company has commitments of ₹ 2,839.05 lacs (₹ 21,901.36 lacs) net of advances ₹ 2,239.84 lacs (₹ 4,093.09 lacs) relating to estimated amount of contracts to be executed on capital account and not provided for.

b) 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 pledged 2,000,000 equity shares of OMM as a security against the above loan.

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 30 CAPITAL AND OTHER COMMITMENTS *(Contd.)*

c) Commitments for operating lease arrangements are as follows:

The Company has obtained Liquid Oxygen Plant on operating lease. The lease rent payable per month is ₹ 26.00 Lacs (₹ 26.00 Lacs). The lease term is for a non-cancellable 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 are no sub leases. Future lease rentals payable under non-cancellable operating leases are as follows:

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Within one year	312.00	312.00
After one year but not more than five years	1,248.00	1,248.00
More than five years	286.00	676.00
	1,846.00	**2,236.00**

Note 31

Disclosure of outstanding loans and advances given by the Company together with maximum amount thereof as per Clause 32 of the listing agreement:

Loan to subsidiary Company

Orissa Manganese & Minerals Limited	-	-
Maximum Amount outstanding during the period	7,500.00	-

Note 32 DISCLOSURE UNDER ACCOUNTING STANDARD-15 (REVISED) ON 'EMPLOYEE BENEFITS'

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 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 the financial statements.

Statement of Profit and Loss

(a) Net employee benefit expense recognized in the employee cost

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Current service cost	180.08	43.33
Interest cost on benefit obligation	29.65	16.71
Net actuarial(gain)/loss	(185.66)	27.54
Net benefit expense	**24.07**	**87.58**

Balance Sheet

(b) Benefit asset/liability

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Present value of defined benefit obligation	312.96	290.39
Fair value of plan assets	-	-
Less: Unrecognised past service cost	-	-
Net asset/(liability)	**(312.96)**	**(290.39)**

(c) Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	290.39	215.03
Current service cost	180.08	43.33
Interest cost	29.65	16.71
Benefits paid	(1.50)	(12.22)
Actuarial (gains)/losses on obligation	(185.66)	27.54
Closing defined benefit obligation	**312.96**	**290.39**

Note 32 DISCLOSURE UNDER ACCOUNTING STANDARD-15 (REVISED) ON 'EMPLOYEE BENEFITS' *(Contd.)*

(d) The principal assumptions used in determining gratuity and leave encashment obligations for the company's plans are shown below:

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Discount rate	8.00%	8.00%
Salary increase	6.00%	8.00%
Mortality table	LIC (1994-1996) ultimate	LIC (1994-1996) ultimate

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

(e) Amounts for the current and previous four periods are as follows:

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
Gratuity					
Defined benefit obligation	312.96	290.39	215.03	120.72	50.30
Plan assets	-	-	-	-	-
Surplus/(deficit)	(312.96)	(290.39)	(215.03)	(120.72)	(50.30)
Experience adjustments on plan liabilities (gains)/losses	(185.66)	27.54	37.68	14.65	-

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

(f) Amounts provided for the defined contribution plans are as follows:

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Defined Contribution plans:		
Amount recognised in the Statement of Profit and Loss		
Contribution to Provident Fund	178.39	141.81

Note 33 SEGMENT INFORMATION

(i) **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.

(ii) **Geographical Segment:** 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)

	2011-12 (15 Months)	2010-11 (12 Months)
Domestic Revenues	164,896.72	145,747.33
Export Revenues (Including Export Benefits)	35,703.18	10,818.60
Total	**200,599.90**	**156,565.93**

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Domestic Trade Receivables	24,979.51	28,896.08
Export Trade Receivables	887.49	841.06
	25,867.00	29,737.14

(iii) Since the Company has common fixed assets for producing goods for domestic and overseas markets and there are no overseas fixed assets, separate figures for fixed assets / additions to fixed assets for these two segments are not furnished.

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) **Forward Contract**

For minimizing the risk of currency exposure, the Forward Cover Contracts are of USD 1,590,527 (USD 1,500,000) for trade receivables and USD 36,544,423 (USD 25,192,798) for trade payables.

(b) **Particulars of unhedged foreign currency exposure as at the balance sheet date**

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Trade Receivables	-	88.55
Trade Payables	38.22	527.51
Foreign Currency Loans	1,407.73	897.45
	1,445.95	1,513.51

Note 35 INTEREST IN PARTNERSHIP FIRM

The Company has 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.

Capital of the Partnership Firm	17.08	18.08

The Profit and Loss sharing ratio between the Partners in the aforesaid Partnership firm is as under:

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 fifteen months period ended 30th June 2012 are as follows:

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Assets	28.15	27.15
Liabilities	16.17	14.67
Capital Reserves	3.44	3.44
Revenue	-	-
Other Income	0.29	1.05
Depreciation	0.70	0.68
Other Expenses	0.09	1.40
Profit / (Loss) after tax	(0.50)	(1.03)

Note 36 TRADE PAYABLES INCLUDES AMOUNT DUE TO MICRO AND SMALL ENTERPRISES IN TERMS OF MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT) AS UNDER:

a) Principal Amount remaining unpaid at the end of accounting year.	87.99	119.67
Interest due on above	15.44	11.24
	103.43	130.91
b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	(4.50)	-
c) The amount of interest adjusted during the period	(2.77)	-
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	42.86	37.37
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	58.30	48.61
f) The 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 the MSMED Act 2006	-	-

Note 37 RELATED PARTY DISCLOSURES

a) Names of related parties and related party relationship

Related parties where control exists:	
Subsidiary/Step down Subsidiary Companies	Orissa Manganese & Minerals Limited
	Adhunik Power & Natural Resources Limited
	Adhunik Power & Transmission Limited (Ceased to be a subsidiary company we.f 1st November 2011)
	Neepaz V Forge (India) Limited (Ceased to be a subsidiary company we.f 27th April 2012)
Related parties with whom transactions have taken place during the period:	
Partnership Firm (Joint Venture)	United Minerals
Key Management Personnel	Mr. Manoj Kumar Agarwal (Managing Director)
	Mr. Ghanshyam Das Agarwal (Chairman)
	Mr. Jugal Kishore Agarwal (Director)
	Mr. Nirmal Kumar Agarwal (Director)
	Mr. Mohan Lal Agarwal (Director)
	Mr. Mahesh Kumar Agarwal (Director)
Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Adhunik Alloys & Power 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.
	Swarnarekha Steel Industries Ltd
	Zion Steel Ltd.

b) Related party transactions

(₹ in Lacs)

Nature of Transactions	Subsidiary/Step down Subsidiary Companies	Key Management Personnel and their Relatives	Enterprises over which key Management Personnel/ Share Holders/Relatives have significant influence	Joint Venture (Partnership Firm)	Total
1. In relation to Statement of Profit and Loss					
Purchase of goods / services					
Adhunik Power & Transmission Limited	1,383.83 (50.00)				1,383.83 (50.00)
Orissa Manganese & Minerals Limited	13,440.14 (11,852.19)				13,440.14 (11,852.19)
Neepaz V Forge (India) Limited	665.71 (35.77)				665.71 (35.77)
Adhunik Alloys & Power Limited			3,117.73 (369.78)		3,117.73 (369.78)
Adhunik Industries Limited			82.24 (-)		82.24 (-)
Adhunik Steel Limited			24.02 (-)		24.02 (-)
Zion Steel Ltd.			3,582.85 (-)		3,582.85 (-)

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 37 RELATED PARTY DISCLOSURES *(Contd.)*

(₹ in Lacs)

Nature of Transactions	Subsidiary/Step down Subsidiary Companies	Key Management Personnel and their Relatives	Enterprises over which key Management Personnel/ Share Holders/Relatives have significant influence	Joint Venture (Partnership Firm)	Total
Revenue from Operations					
Adhunik Power & Natural Resources Limited	1,399.51 (2,528.19)				1,399.51 (2,528.19)
Adhunik Power & Transmission Limited (Formerly Unistar Galvaniser and Fabricators Limited)	- (16.19)				- (16.19)
Orissa Manganese & Minerals Limited	676.98 (215.20)				676.98 (215.20)
Neepaz V Forge (India) Limited	11,673.05 (8,444.69)				11,673.05 (8,444.69)
Adhunik Alloys & Power Limited			2,341.43 (1,841.38)		2,341.43 (1,841.38)
Adhunik Industries Limited			- (44.06)		- (44.06)
Hire charges					
Adhunik Power & Transmission Limited	- (0.60)				- (0.60)
Orissa Manganese & Minerals Limited	24.04 (24.00)				24.04 (24.00)
Adhunik Steels Limited			3.43 (1.35)		3.43 (1.35)
Accounts maintenance charges and Rent					
Adhunik InfoTech Limited			216.90 (170.20)		216.90 (170.20)
Others		- (1.13)			- (1.13)
Conversion Charges					
Zion Steel Ltd.			984.49 (2,712.75)		984.49 (2,712.75)
Hire charges/ Electricity charges received					
Adhunik Power & Transmission Limited	- (127.50)				- (127.50)
Zion Steel Ltd.			218.35 (-)		218.35 (-)
Interest Received					
Neepaz V Forge (India) Limited	424.62 (472.04)				424.62 (472.04)
Orissa Manganese & Minerals Limited	840.14 (1,253.35)				840.14 (1,253.35)
Adhunik Alloys & Power Limited			258.64 (-)		258.64 (-)
Remuneration to Managing Director #					
Manoj Kumar Agarwal		- (120.00)			- (120.00)
Dividend Received					
Orissa Manganese & Minerals Ltd	- (1,800.00)				- (1,800.00)

Note 37 RELATED PARTY DISCLOSURES *(Contd.)*

(₹ in Lacs)

Nature of Transactions	Subsidiary/Step down Subsidiary Companies	Key Management Personnel and their Relatives	Enterprises over which key Management Personnel/ Share Holders/Relatives have significant influence	Joint Venture (Partnership Firm)	Total
2. In relation to Balance Sheet Items					
Purchase of Investments (including share application money)					
Adhunik Power & Natural Resources Limited	1,000.02 (595.00)				1,000.02 (595.00)
Sale of Investments					
Orissa Manganese & Minerals Limited	9,524.00 (-)				9,524.00 (-)
Mahananda Suppliers Limited			9,642.19 (-)		9,642.19 (-)
Sale of Fixed Assets					
Orissa Manganese & Minerals Limited	7.08 (-)				7.08 (-)
Purchase of Fixed Assets					
Orissa Manganese & Minerals Limited	1,502.33 (-)				1,502.33 (-)
Neepaz V Forge (India) Limited	31.21 (-)				31.21 (-)
Guarantees Obtained					
Mr. Manoj Kumar Agarwal		106,084.73 (103,825.43)			106,084.73 (103,825.43)
Mr. Ghanshyam Das Agarwal		142,834.73 (118,825.43)			142,834.73 (118,825.43)
Mr. Jugal Kishore Agarwal		68556.725 (64,572.43)			68,556.73 (64,572.43)
Mr. Nirmal Kumar Agarwal		82,756.73 (66,543.43)			82,756.73 (66,543.43)
Mr. Mohan Lal Agarwal		73,556.73 (64,572.43)			73,556.73 (64,572.43)
Mr. Mahesh Kumar Agarwal		68,631.73 (66,543.43)			68,631.73 (66,543.43)
Balance outstanding as at the year end – Debit					
Adhunik Power & Natural Resources Limited	53.61 (482.90)				53.61 (482.90)
Adhunik Power & Transmission Limited	- (994.39)				- (994.39)
Orissa Manganese & Minerals Limited	1,738.08 (1,978.23)				1,738.08 (1,978.23)
Neepaz V Forge (India) Limited	- (4,754.75)				- (4,754.75)
Mahananda Suppliers Ltd.			9,642.19 (-)		9,642.19 (-)
Adhunik Alloys & Power Limited			2,315.28 (812.70)		2,315.28 (812.70)

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

b) Related party transactions

(₹ in Lacs)

Nature of Transactions	Subsidiary/Step down Subsidiary Companies	Key Management Personnel and their Relatives	Enterprises over which key Management Personnel/ Share Holders/Relatives have significant influence	Joint Venture (Partnership Firm)	Total
Adhunik InfoTech Limited			24.61 (43.36)		24.61 (43.36)
Zion Steel Ltd.			- (601.28)		- (601.28)
Neepaz B.C. Dagara Steels Pvt Ltd.			- (1.00)		- (1.00)
Balance outstanding as at the year end – Credit					
United Minerals				- (3.70)	- (3.70)
Manoj Kumar Agarwal		- (6.74)			- (6.74)
Zion Steel Ltd.			2,130.03 (-)		2,130.03 (-)
Adhunik Steels Limited			14.20 (1.35)		14.20 (1.35)
Adhunik Industries Limited			8.59 (15.70)		8.59 (15.70)
Swarnrekha Steel Industries Limited			- (59.31)		- (59.31)
Others		- (1.49)			- (1.49)
United Minerals				2.72 (-)	2.72 (-)

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Note 38

The Income Tax Department had conducted a Search and Seizure operation in the Company's premises during the period, under Section 132 of the Income Tax Act, 1961. No order/ demand, consequent to such operation, has so far been received by the Company from the Income Tax Department and thus liability, if any, arising out of such search and seizure is not presently ascertainable.

Note 39 CIF VALUE OF IMPORTS (INCLUDING THROUGH CANALIZING AGENCY) DURING THE PERIOD:

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Raw materials	30,978.81	20,895.06
Components and Spare Parts	1,113.41	1,045.80
Capital Goods	1,119.21	-
	33,211.43	21,940.86

Note 40 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS):

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Professional and Consultancy charges	84.72	43.99
Interest, Finance & Commitment Charges	10.01	57.77
Others	33.85	44.12
	128.58	145.88

Note 41

Value of Raw Materials and Components, Stores and Spares consumed during the period (including charged to repairs and maintenance and capital)

(₹ in Lacs)

	% of total consumption 2011-12 (15 Months)	Value (₹ in lacs) 2011-12 (15 Months)	% of total consumption 2010-11 (12 Months)	Value (₹in lacs) 2010-11 (12 Months)
Raw Materials				
Imported	26%	29,155.46	26%	21,792.35
Indigenously obtained	74%	82,772.90	74%	61,808.16
	100%	111,928.36	100%	83,600.51
Stores and Spares				
Imported	6%	864.58	5%	770.26
Indigenously obtained	94%	15,689.62	95%	15,173.34
	100%	16,554.20	100%	15,943.60

Notes to Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 42 EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
FOB Value of Exports	34,713.69	10,471.17

Note 43

The Company has raised claims on vendors amounting to ₹ 2,450 lacs towards supply of inferior quality of raw materials during the current period. The claims have not been accepted by the vendors. The management is certain about recovery of above amount.

Note 44

The Company has extended its accounting year from 31st March 2012 to 30th June 2012. Accordingly, the current year's figure being for fifteen months period ended 30th June 2012, are not comparable with those of the previous year.

Further, Previous year figures including those given in brackets have been rearranged where ever neccessary to conform with the current period classification under Revised Schedule VI as stated in note no. 2 above.

As per our report of even date

For S. R. Batliboi & Company
(Firm Registration No: 301003E)
Chartered Accountants

per R. K. Agrawal
Partner
Membership No. 16667

Place: Kolkata
Date: August 29, 2012

For and on behalf of the Board of Directors of
Adhunik Metaliks Limited

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Consolidated Auditors' Report

To
The Board of Directors
Adhunik Metaliks Limited

1. We have audited the attached Consolidated Balance Sheet of Adhunik Metaliks Limited and its subsidiaries (the 'Group') as at 30th June 2012, and also the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the fifteen months period ended on that date, annexed thereto. These consolidated financial statements are the responsibility of Adhunik Metaliks Limited'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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets of ₹ 45.87 lacs as at 30th June 2012 and total revenue of ₹ 28,462.62 lacs and net cash inflows of ₹ 202.87 lacs for the period then ended. The financial statements of these subsidiaries and joint ventures for the fifteen months period ended 30th June 2012 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 these subsidiaries and joint ventures, is based solely on the report of other auditors.

4. *Attention is drawn to claims receivable of ₹ 2450.00 lacs accounted for by the Company towards supply of inferior quality of raw material by vendors. Pending acceptance of the above claims by the respective vendors, we are unable to opine on the quantification and recoverability of these claims and thus its consequential impact, if any, on the Company's consolidated financial statements.*

5. *Except for the possible effect of the observation in paragraph 4 above*, based on our audit and on consideration of the 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 con-formity with the accounting principles generally accepted in India :-

   i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30th June 2012;

   ii. in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the period ended on that date; and

   iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the period ended on that date.

For S. R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountant

per R. K. Agrawal
Partner
Membership No. 16667

Place Kolkata
Date : 29th August, 2012

Consolidated Balance Sheet As at June 30th, 2012

(₹ in Lacs)

	Notes	30.06.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	12,349.95	12,349.95
Reserves and surplus	4	136,357.58	74,691.11
		148,707.53	**87,041.06**
Share Application Money (Pending Allotment)		-	2,861.47
Minority Interest		44,154.90	16,312.02
Non-current liabilities			
Long-term borrowings	5	300,281.43	229,901.96
Deferred tax liabilties (net)	6	15,963.53	18,408.62
Other long-term liabilities	7	-	6,038.38
Long-term provisions	8	699.14	593.11
		316,944.10	**254,942.07**
Current liabilities			
Short-term borrowings	9	57,441.60	54,282.91
Trade payables	10	85,060.28	60,691.66
Other current liabilities	11	106,140.08	47,819.98
Short-term provisions	8	2,025.07	3,986.90
		250,667.03	**166,781.45**
TOTAL		**760,473.56**	**527,938.07**
Assets			
Non-current assets			
Fixed assets :			
Tangible assets	12.1	209,036.42	192,070.78
Intangible assets	12.1	50,364.37	6,391.10
Capital work-in-progress	12.2	274,297.36	148,436.71
Goodwill on Consolidation		7,047.83	8,543.11
Non-current investments	13	7.65	8.65
Long-term loans and advances	14	35,378.24	25,846.92
Other non-current assets	15	4,357.79	5,310.28
		580,489.66	**386,607.55**
Current assets			
Inventories	16	98,801.15	80,750.33
Trade receivables	17	34,153.62	30,418.64
Cash and bank balances	18	12,264.43	10,189.00
Short-term loans and advances	14	21,554.14	19,365.22
Other current assets	15	13,210.56	607.33
		179,983.90	**141,330.52**
TOTAL		**760,473.56**	**527,938.07**
Summary of significant accounting policies	2		

The accompanying notes referred to above form an integral part of the consolidated financial statements

As per our report of even date

For S. R. Batliboi & Company
(Firm Registration No: 301003E)
Chartered Accountants

per R. K. Agrawal
Partner
Membership No. 16667

Place: Kolkata
Date: August 29, 2012

For and on behalf of the Board of Directors of
Adhunik Metaliks Limited

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Consolidated Statement of Profit and Loss

For the fifteen months period ended 30th June 2012

(₹ in Lacs)

	Notes	2011-12 (15 Months)	2010-11 (12 Months)
CONTINUING OPERATIONS			
Income			
Revenue from operations (gross)	19	244,981.48	178,616.16
Less: Excise duty		16,434.50	11,463.12
Revenue from operations (net)		228,546.98	167,153.04
Other income	20	6,538.04	2,980.13
Total revenue (I)		235,085.02	170,133.17
EXPENSES			
Cost of Raw Materials Consumed	21	105,591.90	63,291.54
Purchase of Stock-in-trade	22	8,371.08	1,514.83
(Increase)/ decrease in inventories of Finished Goods, Work-in-Progress, Stock-in-trade and By-Products	23	(16,865.52)	(22,906.89)
Employee benefits expenses	24	9,184.12	7,648.41
Other expenses [Including Prior period items ₹ 9.15 lacs (₹ 57.53 lacs)]	25	71,858.59	62,738.10
Total (II)		178,140.17	112,285.99
Earnings before finance costs, exceptional item, tax, depreciation & amortization (I) – (II)		56,944.85	57,847.18
Depreciation & amortization expenses	26	15,862.30	10,379.03
Finance costs	27	41,415.26	22,614.24
Profit / (Loss) before exceptional item and tax (III)		(332.71)	24,853.91
Exceptional items (net gain)	28	633.98	-
Profit before tax (IV)		301.27	24,853.91
Tax expenses :			
Current tax		2,677.28	5,754.13
Income Tax relating to Earlier Years		(50.23)	12.57
Deferred tax charge	6.1	1,451.21	2,788.75
MAT Credit Entitlement	14.1	(4,656.18)	-
Total tax expenses (V)		(577.92)	8,555.45
Profit for the period from continuing operations VI [(IV) – (V)]		879.19	16,298.46
DISCONTINUED OPERATIONS	29		
Profit before tax from discontinued opertions		1,000.14	2,047.12
Tax expenses of discontinued operations		(52.15)	(222.15)
Profit for the preiod from discontinued opertions (VII)		1,052.29	2,269.27
Net Profit after tax but before minority interest (VI+VII)		1,931.48	18,567.73
Share of profit / (loss) of Minority Interest		(134.99)	136.74
Profit for the period		2,066.47	18,430.99
Earnings per equity share [nominal value ₹ 10 per share (₹ 10 per share) - Basic & Diluted (₹)	30	1.67	14.92
Summary of significant accounting policies	2		

The accompanying notes referred to above form an integral part of the consolidated financial statements

As per our report of even date

For S. R. Batliboi & Company
(Firm Registration No: 301003E)
Chartered Accountants

per R. K. Agrawal
Partner
Membership No. 16667

For and on behalf of the Board of Directors of
Adhunik Metaliks Limited

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Place: Kolkata
Date: August 29, 2012

Cash Flow Statement For the fifteen months period ended 30th June 2012

(₹ in Lacs)

		2011-12 (15 Months)	2010-11 (12 Months)
A: CASH FLOW FROM OPERATING ACTIVITIES :			
Net profit before tax from continuing operations		301.27	24,853.91
Net profit before tax from discontinued operation [refer note (i) below]		1,000.14	2,047.12
		1,301.41	26,901.03
Adjustments for :			
Depreciation and amortisation on continuing operations		15,862.30	10,379.03
Depreciation and amortisation on discontinued operation		1,300.02	671.45
Loss on Fixed Assets Sold / Discarded (net)		369.66	24.86
Net Unrealised Loss/(Gain) on Exchange Rates/Forward Exchange Contracts		(1,296.25)	(100.93)
Bad debts/advances written off		71.54	80.70
Liabilities no Longer Required Written Back		(1,549.47)	226.08
Interest Income		(4,711.02)	(2,551.96)
Dividends received		(0.20)	-
Profit on Sale of Non Current Investments		(3,172.45)	(101.39)
Interest & Finance Charges		43,975.91	20,834.36
Operating Profit Before Working Capital Changes		52,151.45	56,363.23
Movements in Working Capital :			
Increase / (Decrease) in Trade Payables and Other Liabilities		34,068.18	34,029.72
Increase / (Decrease) in Provisions*		128.60	230.35
(Increase) / Decrease in Trade Receivables		(4,557.28)	(8,302.67)
(Increase) / Decrease in Loans and Advances and Other Assets*		(3,921.22)	(10,168.29)
(Increase) / Decrease in Inventories		(22,927.27)	(28,175.75)
Cash Generated From Operations		54,942.46	43,976.59
Direct taxes paid (Net of refunds)		(2,923.24)	(6,421.43)
Net Cash Generated From Operating Activities	(A)	**52,019.22**	**37,555.16**
B: CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of fixed assets, including capiatal work in progress and capital advances		(163,381.57)	(143,447.20)
Proceeds from Sale of Fixed Assets		467.00	95.77
Loans given to Body Corporates		(9,546.66)	(2,934.46)
Loans repaid by Body Corporates		4,975.10	6,177.00
Dividends received		0.20	-
Purchase of non-current investments		-	200.00
Proceeds from sale of subsidiary		3,623.21	(4.00)
Maturity of Fixed Deposits (Receipts Pledged with various banks as security)		359.75	207.49
Interest Received		3,740.02	2,692.44
Net Cash Used In Investing Activities	(B)	(159,762.95)	(137,012.96)

Cash Flow Statement For the fifteen months period ended 30th June 2012

(₹ in Lacs)

		2011-12 (15 Months)	2010-11 (12 Months)
C: CASH FLOW FROM FINANCING ACTIVITIES :			
Dividends paid on equity shares		(2,144.15)	(1,799.80)
Sale of minority interest		-	238.48
Proceeds from Compulsorily Convertible Participatory Preference Shares		25,018.25	13,300.00
Refund of Share Application Money		(385.05)	(28.45)
Proceeds from long-term borrowings		149,217.44	169,321.94
Repayment of long-term borrowings		(31,025.19)	(58,616.46)
Proceeds from short-term borrowings		9,984.34	5,000.00
Repayment of short-term borrowings		(14,261.21)	(17,148.54)
Proceeds from working capital loan (Net)		14,669.61	7,748.95
Interest & Finance charges paid		(41,564.82)	(20,711.41)
Net Cash Used In Financing Activities	(C)	109,509.22	97,304.71
Net Increase / (Decrease) In Cash And Cash Equivalents	(A+B+C)	1,765.49	(2,153.09)
Cash & Cash Equivalents at the beginning of the year		9,264.86	11,417.95
Cash & Cash Equivalents at the end of the period		11,030.35	9,264.86

* Includes both current and non-current items

Notes :

1. Components of Cash and Cash Equivalents

	As at 30th June 2012	As at 31st March 2011
Cash on hand	123.62	103.47
Balances with Banks in :		
- Current Accounts	4,743.83	5,862.98
- Deposits with original maturity of less than three months	6,149.10	3,004.00
- Unpaid dividend accounts	11.28	8.44
- Unclaimed Application Money Account	2.52	2.52
- Cheques/ drafts on hand	-	283.45
Total Cash & Cash Equivalents (Note No. 19)	11,030.35	9,264.86

Summary of Significant Accounting Policies

2. In view of the sale of subsidiary, current period's figures are not comparable with those of the previous year. Also refer note 29.

As per our report of even date

For S. R. Batliboi & Company
(Firm Registration No: 301003E)
Chartered Accountants

per R. K. Agrawal
Partner
Membership No. 16667

For and on behalf of the Board of Directors of
Adhunik Metaliks Limited

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

Place: Kolkata
Date: August 29, 2012

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 01 CORPORATE INFORMATION

Adhunik Metaliks Limited ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on stock exchanges in India. The Company along with its two subsidiaries and two joint venture companies operates in (a) manufacture and sale of steel, both alloy & non alloy, (b) mining of iron ore, manganese ore and graphite ore, and (c) setting up a 1,080 MW coal-based thermal power plant at Jamshedpur.

Note 02 SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Preparation

The Financial Statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply in all material respects with the Accounting Standards notified under 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 in respect of fixed assets for which revaluation is carried out. Further, insurance & other claims, on the ground of prudence or uncertainty in realisation, are accounted for as and when accepted / received. The accounting policies adopted in the preparation of Consolidated Financial Statements are consistent with those used in the previous year except for the changes explained below:

Presentation and disclosure of consolidated financial statements

During the fifteen months period ended 30th June 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements of the Revised Schdule VI, applicable in the current period.

B) Principles of Consolidation of Financial Statements

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

i) 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 assets, 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 are be eliminated unless the cost cannot be recovered.

ii) 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.

iii) 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	
		30.06.2012	31.03.2011
Orissa Manganese & Minerals Limited	India	100.00%	100.00%
Adhunik Power & Natural Resources Limited	India	79.26%*	97.96%
Neepaz V Forge India Limited**	India	-	59.20%
Adhunik Power Transmission Limited#	India	-	82.78%

*Includes Equity Shares to the extent of 79.26% (51.58%) held by a subsidiary Company Orissa Manganese & Minerals Limited.

** Ceased to be a subsidiary company w.e.f 27th April 2012

Ceased to be a subsidiary company w.e.f 1st November 2011

iv) Minorities' interest in net profit/loss of consolidated Subsidiaries for the period 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.

v) On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal

vi) 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.

Note 02 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

vii) The Joint Venture companies considered in the consolidated financial statements as jointly controlled entity are as follows:

Name of the Joint Venture	Country of Incorporation	Proportion of ownership/ interest as at	
		30.06.2012	31.03.2011
United Minerals (Partnership firm)	India	50%	50%
Neepaz B.C. Dagra Steels Private Limited (Jointly controlled entity)	India	50%	-

viii) 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.

ix) The financial statements of all the subsidiaries have been prepared for the period ended 30th June 2012 and used for the purpose of consolidation except in case of Adhunik Power Transmission Ltimited and Neepaz V Forge India Limited which have ceased to be subsidiary companies w.e.f 1st November 2011 and 27th April 2012 respectively, in which case their financial statements have been prepared for the period from 1st April 2011 to 31st October 2011 and from 1st April 2011 to 26th April 2012 respectively.

C) Use of Estimates

The preparation of the consolidated financial statements in conformity with the 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.

D) Tangible Fixed Assets :

i) Tangible Assets are stated at cost of acquisition less accumulated depreciation and imapirment loss, if any. Cost is inclusive of duties (net of CENVAT / VAT), taxes, incidental expenses, erection/commissioning expenses and interest, etc. up to the date the asset is ready to be put to use. In case of revaluation of fixed assets, the cost as assessed by the valuer is considered in the accounts and the differential amount is transferred to revaluation reserve.

ii) 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.

iii) 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 Consolidated Statement of Profit & Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

iv) 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.

E) Depreciation :

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

ii) Depreciation on Fixed Assets is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except in case of road, boundary wall, drains and culverts on which depreciation has been provided @ 6.67% p.a. as compared to Schedule XIV rate of 3.34% p.a.

iii) Leasehold land is amortised on a straight line method over the period of respective lease.

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

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

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

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 02 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

F) Intangibles

i) 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.

ii) 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 (Mining Rights) are capitalized and amortized prospectively on a straight line basis over the remaining lease period.

G) Foreign Currency Transactions :

i) 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.

ii) Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rate at the date when such value was determined.

iii) 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 consolidated financial statements are recognized as income or as expenses in the year in which they arise.

iv) 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 consolidated 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.

H) Investments

Investments that are readily realisable 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 carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline 'other than temporary' in the value of the investments.

I) Inventories

i) Raw materials, stores and spares 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.

ii) 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.

iii) 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.

iv) 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.

J) Borrowing Costs

Borrowing costs relating to the acquisition / 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.

K) Excise duty, custom duty and royalty

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).

Note 02 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

L) Earnings Per Share

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

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

M) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery. Sales are net of returns, claims, trade discounts, Sales Tax and VAT etc.

Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

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

N) Retirement and other Employee Benefits

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

ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation, as per projected unit credit method made at the balance sheet date.

iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method.

iv) Actuarial gains/losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred.

O) Taxation

i) 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.

ii) Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the period 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 Group 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.

iii) The carrying amounts of deferred tax assets are reviewed at each balance sheet date. The Group 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.

iv) 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 Consolidated Statement of Profit and Loss account and shown as MAT Credit Entitlement. The Group 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 Group will pay normal income tax during the specified period.

P) Segment Reporting

i) Identification of Segments:

The Group has identified that its operating segments are the primary segments. The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Group are located.

ii) Inter-segment transfers:

The Group generally accounts for inter-segment sales and transfers at cost.

iii) Allocation of Common Costs:

Common allocable costs are allocated to each segment on case to case basis applying the ratio appropriate to each relevant case.

iv) Unallocated items:

Revenue and expenses which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis have been included under the head "Unallocated - Common".

v) Segment accounting policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the company as a whole.

Q) Leases

i) Finance Lease:

Assets acquired under finance leases, which effectively transfer to the Group 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 the consolidated statement of profit and loss.

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

ii) 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 Consolidated Statement of Profit and Loss account on straight line basis over the lease term.

R) Cash and Cash Equivalents

Cash and cash equivalents as indicated in cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

S) Impairment of Assets

i) Tangible Fixed 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 repective 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.

ii) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each Cash generating unit (CGU) (or group of CGUs) to which the goodwill relates and impairment loss is recognized when recoverable amount of CGU is less than its carrying value.

T) Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

U) Provision

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions 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

Note 02 SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

V) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

W) Measurement of EBITDA

As permitted by the Guidance Note on Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the Consolidated Statement of Profit and Loss.

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Note 03 SHARE CAPITAL		
Authorized shares		
145,180,000 (145,180,000) Equity Shares of ₹ 10 each	14,518.00	14,518.00
2,000 (2,000) Preference Shares of ₹ 100 each	2.00	2.00
	14,520.00	14,520.00
Issued, subscribed and fully paid-up shares		
123,499,536 (123,499,536) Equity Shares of ₹ 10 each fully paid up	12,349.95	12,349.95
	12,349.95	12,349.95

(a) Terms/ rights attached to equity shares

i) The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the General Meeting.

ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii) During the period ended 30th June 2012, the amount of per share dividend recognized as distribution to equity shareholders is ₹ Nil per share (₹ 1.50 per share).

(b) Details of shareholders holding more than 5% equity shares in the Company

Name of Share holders	As at 30.06.2012		As at 31.03.2011	
	Number	% holding	Number	% holding
Equity shares of ₹ 10 each fully paid				
Mahananda Suppliers Limited	29,993,485	24.29%	29,993,485	24.29%
Sungrowth Share & Stocks Limited	26,333,352	21.32%	23,763,232	19.24%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(c) Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	30.06.2012 Number	31.03.2011 Number
Equity Shares of ₹ 10 each issued to the shareholders of Vedvyas Ispat Limited under the scheme of amalgamation dated 16th December 2009 approved by the court.	1,259,590	1,259,590
Equity Shares of ₹ 10 each issued to the shareholders of Sri M.P. Ispat & Power Private Limited under the scheme of amalgamation dated 16th September 2009 approved by the court.	2,773,732	2,773,732

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

(₹ in Lacs)

		As at 30.06.2012	As at 31.03.2011
Note 04 RESERVES AND SURPLUS			
Capital Reserve			
Balance as per the last consolidated financial statements		642.53	642.53
Add : Transfer from surplus in the consolidated statement of profit and loss		1,800.00	-
Less: Adjustment of reserves relating to subsidiaries sold during the period		(50.31)	-
Closing Balance	(A)	2,392.22	642.53
Securities Premium Account			
Balance as per the last consolidated financial statements		24,998.76	26,287.79
Add: Received during the period		69.04	-
Less: Adjustment of Deferred Tax Liability / (Assets) (Refer Note No. 6.1)		(3,647.73)	1,289.03
Less: Adjustment of reserves relating to subsidiaries sold during the period		390.54	-
Closing Balance	(B)	28,324.99	24,998.76
General Reserve			
Balance as per the last consolidated financial statements		3,143.68	1,346.82
Add: Amount transferred from surplus in the consolidated statement of profit and loss		-	1,796.86
Add: Adjustment of reserves relating to subsidiaries sold during the period		40.42	-
Closing Balance	(C)	3,184.10	3,143.68
Revaluation Reserve			
Balance as per the last consolidated financial statements		-	-
Add : Revaluation done during the period [Refer Note No. 11.1(B)]		56,283.66	-
Closing Balance	(D)	56,283.66	-
Surplus in the consolidated statement of profit and loss			
Balance as per the last consolidated financial statements		45,906.14	31,425.01
Profit / (Loss) for the period		2,066.47	18,430.99
Less: Appropriations			
Proposed Final Equity Dividend			
(amount per share ₹ Nil per share (₹ 1.50 per share)		-	1,852.48
Tax on proposed equity dividend		-	300.52
Transfer to General reserve		-	1,796.86
Transfer to Capital reserve		1,800.00	-
Total appropriations		1,800.00	3,949.86
Net surplus in the consolidated statement of profit and loss	(E)	46,172.61	45,906.14
Total reserves and surplus	(A+B+C+D+E)	136,357.58	74,691.11

		Non Current Portion		Current Maturities	
		30.06.2012	31.03.2011	30.06.2012	31.03.2011
Note 05 LONG-TERM BORROWINGS					
A) Secured					
Term Loans					
Rupee loans from:					
Banks		282,277.96	223,612.38	52,145.67	13,908.10
Financial institutions		11,731.00	-	-	-
	(A)	294,008.96	223,612.38	52,145.67	13,908.10
Deferred payment liabilities					
Vehicle, Equipment & Housing Loans	(B)	1,272.47	1,189.64	541.17	667.66
B) Unsecured					
Rupee loan from a bank		5,000.00	5,000.00	-	-
Loans from Bodies Corporates		-	-	-	10.00
Others		-	99.94	-	75.76
	(C)	5,000.00	5,099.94	-	85.76
Total	(A+B+C)	300,281.43	229,901.96	52,686.84	14,661.52
Amount disclosed under the head "other current liabilities" (Note No. 11)		-	-	(52,686.84)	(14,661.52)
		300,281.43	229,901.96	-	-

(a) Nature of security:

i) In case of Adhunik Metaliks Limited:

a) The rupee term loans from banks amounting to ₹ 66,141.00 lacs (₹ 63,689.28 lacs) are secured by first charge over all the fixed assets of the Company, both present and future, at Chadrihariharpur Kuarmunda, Distt. Sundargarh, Orissa, ranking pari passu with the charges created / to be created in favour of other existing and proposed Institutions / Banks and second pari-passu charge on all the current assets of the Company.

b) The rupee term loans from banks amounting to ₹ 13,750.00 lacs (₹ 15,000.00 lacs) are secured by second charge on entire movable and immovable assets of the Company.

c) The rupee term loans from banks amounting to ₹ 9,125.00 lacs (₹ 7,000.00 lacs) are secured by a subservient charge on the fixed and current assets of the Company.

d) The rupee Term Loans of ₹ 89,016.00 Lacs (₹ 85,689.28 Lacs) from banks are further secured by the personal guarantee of one or more promoter directors of the Company.

ii) In case of its subsidiary, Orissa Manganese and Minerals Limited:

a) Rupee term loans of ₹ 33,541.66 Lacs (₹ 23,000.00 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 and escrow on the entire cash flow of the mining division. The above loan is also secured by the personal guarantee of a promoter director of the Company as well as by pledge of 2 lacs Equity shares in the Company held by Adhunik Metaliks Limited, the Holding Company

b) Rupee term loans of ₹ 32,647.98 Lacs (₹ 25,251.52 Lacs) are secured by first pari-passu charge on all the fixed assets and second pari-passu charge on all the current assets, both present and future, of the specific pellet project against which the loan has been taken.

iii) In case of its subsidiary, Adhunik Power and Natural Resources Limited:

The rupee Term Loan from banks and financial institutions for Phase I and Phase II amounting to ₹ 190,949.00 lacs (₹ 92,259.00 lacs) are secured by way of following:

a) a first mortgage charge created/to be created on all the immovable properties including leasehold land, both present and future pertaining to the project.

b) a first charge created/to be created by way of hypothecation of all the movable plant and machinery, machinery spares, tools and accessories, operating cash flows, book debts, receivables, commission and any other revenues of whatsoever nature and wherever arising, both present and future.

c) assignment of all project related documents, contracts, rights, interest, insurance contracts and all benefits incidental to project activities.

vi) Finance against Vehicle, Equipment & Housing Loans are secured by hypothecation of the respective vehicles/equipments/houses.

b) Terms of repayment of rupee loans from banks and financial institutions and rate of interest charged:

i) Rupee term loans of ₹ 346,154.63 Lacs (₹ 237,520.48 Lacs) from banks carry interest ranging between respective lender's base rate (ranges from 9.75% to 10.50%) plus 2.55% to 4.25% per annum. The repayment terms of the said loans are as under:

Rupee Term Loans

Payment terms	Quarterly Installments starting from June 2008 to September 2020	
	Number of Installments	Amount (₹in lacs)
Within one year (Refer Note No. 10)	15	52,145.67
One year to Three Year	39	85,231.83
Three Year to Five Year	40	74,619.31
More than Five Year	88	134,157.82
TOTAL	182	346,154.63

ii) Rupee term loan of ₹ 5,000.00 Lacs (₹ 5,000.00 Lacs) from a bank carries interest rate of Prime Lending Rate (18.50%) minus 3.25% per annum. The loan is mandatorily convertible into 15% Non-Convertible Cumulative Redeemable Preference Shares on the final maturity date May 2, 2014. However, the Company has an option to voluntarily prepay the said loan before final maturity date.

(c) The rupee term loans of ₹ 6,236.33 lacs (₹ Nil) due for payment as on 30th June 2012, have not yet been paid. Further out of total interest of ₹ 5,283.37 lacs (₹ 1,808.09 lacs) which was due for payment in April 2012 to June 2012, only ₹ 1,787.24 lacs (₹ 1,808.09 lacs) have been paid after the balance sheet date.

(d) Deferred payment liabilities represent vehicle, equipment and housing loans carrying interest ranging between 8.46% to 11.40% per annum and are secured by the respective fixed assets purchased there against. Following is the repayment schedule of such loans:

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 05 LONG-TERM BORROWINGS *(Contd.)*

Defered Payment Liabilities

Installments due	Number of Installments	Amount (₹in lacs)
Within One Year (Refer Note No. 10)	422	541.17
After One Year but not more than five years	358	1,142.71
More than 5 years	35	129.76
Total	**815**	**1,813.64**

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Note 06 DEFERRED TAX LIABILITIES (NET)		
Balance as per last consolidated financial statements	18,408.62	14,589.15
Less: Deferred Tax Asset recognised on unabsorbed depreciation of earlier periods	(3,647.73)	-
Less: Deferred Tax (Asset) / Liability recognised for the period	1,451.21	3,819.47
Less: Net Deferred Tax Liability relating to subsidiaries sold during the period	(248.57)	-
	15,963.53	18,408.62

6.1 In view of the revised profitability projections based on expected additional contribution arising due to raising and consumption of Iron ore from its captive mines and considering the net deferred tax liability as at the balance sheet date, Adhunik Metaliks Limited has recognized, during the period, deferred tax assets of ₹ 3,647.73 lacs, on unabsorbed depreciation relating to the period prior to 31st March 2011. Since the Company, in terms of the Order of the Hon'ble High Court of Calcutta, had utilized the securities premium account towards meeting the net deferred tax liability in the earlier years, the above deferred tax asset of ₹ 3,647.73 lacs has been adjusted with the opening securities premium account. Further, the net deferred tax assets of ₹ 1,496.98 lacs on current period's timing differences and unabsorbed depreciation has been recognised and adjusted in the Statement of Profit and Loss instead of securities premium account based on a legal opinion obtained by the Company.

6.2 Components of Net Deferred tax liabilities as on the balance sheet date are as follows:

Deferred tax liabilities			
Arising on timing difference on depreciable assets		22,806.49	19,685.76
	(A)	22,806.49	19,685.76
Deferred tax assets			
On Unabsorbed Depreciation		6,589.27	1,059.83
On Other timing differences		253.69	217.31
		6,842.96	1,277.14
Net deferred tax liabilities (A-B)	(B)	15,963.53	18,408.62

Note 07 OTHER LONG TERM LIABILITIES

Payable for supplies and services towards Capital Work-In-Progress	-	6,038.38
	-	6,038.38

(₹ in Lacs)

	Non Current		Current	
	30.06.2012	31.03.2011	30.06.2012	31.03.2011
Note 08 PROVISIONS				
Provision for employee benefits*:				
Gratuity (Refer Note No. 33)	439.68	392.12	67.54	51.39
Leave benefits	233.21	176.49	31.69	37.80
	672.89	**568.61**	**99.23**	**89.19**
Other provisions -				
Mines Restoration Charges	26.25	24.50	-	-
Taxation (net of advance income taxes/Tax deducted at source)	-	-	1,917.32	1,745.04
Proposed equity dividend	-	-	-	1,852.49
Provision for tax on proposed equity dividend	-	-	8.52	300.18
	26.25	**24.50**	**1,925.84**	**3,897.71**
	699.14	**593.11**	**2,025.07**	**3,986.90**

* The classification of provision for employee benefits into current / non current have been done by the actuary based on the estimated amount of cash outflow during the next twelve months from the balance sheet date.

Provision for mines restoration charges:

The activities of the Company 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 management has estimated such future expenses on best judgment basis and the provision thereof has been made in the accounts. The movement in provisions for Mine Restoration Charges during the period is as follows :

	As at 30.06.2012	As at 31.03.2011
At the beginning of the year	24.50	21.50
Arising during the period	1.75	3.00
Utilized during the period	-	-
At the end of the period	**26.25**	**24.50**

Note 09 SHORT-TERM BORROWINGS			
A) Secured			
Cash credits from banks		51,033.87	44,124.25
Export Packing credit loan (in foreign currency)		1,407.73	897.45
Short Term Loan from Bank		5,000.00	-
	(A)	**57,441.60**	**45,021.70**
B) Unsecured Loans			
Short Term Loan from Bank		-	9,261.21
	(B)	-	**9,261.21**
Total	(A+B)	**57,441.60**	**54,282.91**

(i) In case of Adhunik Metaliks Limited,

(a) Cash credit from banks of ₹ 47,410.06 lacs (₹ 44,124.25 lacs) which is repayable on demand and export packing credit facilities from banks of ₹ 1,407.73 lacs (₹ 897.45 lacs) which is repayable within one year, are secured by first charge on pari passu basis with other working capital lenders by way of hypothecation of entire stock of raw materials, finished goods, process stock, trade receivables and other current assets (both present and future). The same are further secured by a second charge on pari-passu basis together with other working capital lenders over the fixed assets of the Company. Cash credit from banks carry interest ranging between bank base rate (ranging from 9.75% to 10.75%) plus 3.75% to 4.25% per annum. Export packing credit facilities from banks carry interest ranging between LIBOR rate (0.75%) plus 4.00% per

(b) Short term rupee loan from bank (secured) of ₹ 5,000.00 lacs (₹ Nil) is secured by a first charge on all the fixed assets of the Company ranking

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 09 SHORT-TERM BORROWINGS *(Contd.)*

pari passu with other lenders. The loan is repayable within one year carrying interest rate of bank's base rate (9.75%) plus 3.25% per annum.

(c) Cash credit from banks of ₹ 47,410.06 lacs (₹ 39,115.98 lacs) as well as Short term loans from Banks of ₹ 5,000.00 lacs (₹ Nil) are further secured by the personal guarantee of one or more promoter directors of the Company.

(ii) In case of Orissa Manganese and Minerals Limited, Cash Credit from banks of ₹ 3,623.81 lacs (₹ Nil) are secured by way of first charge over the current assets and second charge over the fixed assets of Iron ore beneficiation and pelletisation plant at Kandra, Jamshedpur.

The cash credit is repayable on demand and carries interest ranging between Bank base rate (10.50%) plus 2.00% to 2.25% per annum.

(₹ in Lacs)

	Current Portion	
	As at 30.06.2012	As at 31.03.2011
Note 10 TRADE PAYABLES		
Acceptances	35,662.08	23,863.50
Trade Payables (Refer Note No. 36)	49,398.20	36,828.16
	85,060.28	60,691.66

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Note 11 OTHER CURRENT LIABILITIES		
Current Maturities of Long-term borrowings (Refer Note No. 5)	52,686.84	14,661.52
Interest accrued and due on borrowings	5,283.37	1,808.09
Interest accrued but not due on borrowings	194.68	122.98
Advance from customers	5,568.99	2,117.64
Bank Overdraft	89.01	1,538.74
Employee related liabilities	654.65	579.77
Security Deposit	26.69	26.69
Investor Education and Protection Fund:		
Unpaid Dividend (Not due)	10.99	8.40
Application money received for allotment of securities and due for refund	2.52	2.52
Retention Money	35.85	35.87
Payable towards fixed assets	33,094.00	20,851.51
Statutory Dues	8,492.49	6,066.25
	106,140.08	47,819.98

(₹ in Lacs)

Note 12.1 FIXED ASSETS

	Tangible Assets											Intangible Assets			
	Freehold Land including Site Development Expenses	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Computers	Furniture & Fixtures	Office Equipments	Railway Wagons	Railway Siding	Total	Mining Rights	Goodwill	Intangible Assets	Total
Gross Block :															
As at 1st April, 2010	2,937.21	1,227.52	9,631.27	141,368.95	3,215.42	726.49	714.47	462.10	2,550.35	5,766.56	168,600.34	4,907.94	183.82	209.16	5,300.92
Additions	2,830.14	2,029.88	5,048.93	37,457.01	195.15	160.70	279.22	127.68	-	87.99	48,216.70	2,262.42	-	200.87	2,463.29
Disposals/Discard	-	-	-	129.15	5.81	-	-	-	-	-	134.96	-	-	-	-
Other Adjustments:															
Borrowing Cost (Refer Note No. A)	-	-		1,723.16	-	-	-	-	-	-	1,723.16	-	-	-	-
As at 31st March 2011	5,767.35	3,257.40	14,680.20	180,419.97	3,404.76	887.19	993.69	589.78	2,550.35	5,854.55	218,405.24	7,170.36	183.82	410.03	7,764.21
Additions	2,441.57	1,556.66	10,440.87	22,416.83	283.51	173.48	123.66	152.23	-	-	37,588.81	2,850.48	-	97.60	2,948.08
Disposals/Discard (Refer Note No. D)	129.63	117.06	3,629.36	21,549.31	258.40	103.76	82.48	71.70	-	-	25,941.70	-	-	57.49	57.49
Other Adjustments:															
Revaluation of fixed assets (Refer Note No. B)	6,373.28	4,965.61	-	-	-	-	-	-	-	3,150.29	14,489.18	41,794.47	-	-	41,794.47
Borrowing Cost (Refer Note No. A)	-	-	1,452.89	2,962.83	-	-	-	-	-	-	4,415.72	252.29	-	-	252.29
As at 30th June 2012	14,452.57	9,662.61	22,944.60	184,250.32	3,429.87	956.91	1,034.87	670.31	2,550.35	9,004.84	248,957.25	52,067.60	183.82	450.14	52,701.56
Accumulated Depreciation/ Amortisation:															
As at 1st April, 2010	-	45.68	610.76	12,790.76	1,089.29	242.12	147.11	76.11	580.80	232.56	15,815.19	458.78	36.76	128.72	624.26
Charge for the year	-	69.15	486.74	8,861.07	330.55	129.09	106.00	30.95	255.04	265.01	10,533.60	662.14	36.76	49.95	748.85
Disposals/Discard	-	-	-	10.27	4.06	-	-	-	-	-	14.33	-	-	-	-
As at 31st March 2011	-	114.83	1,097.50	21,641.56	1,415.78	371.21	253.11	107.06	835.84	497.57	26,334.46	1,120.92	73.52	178.67	1,373.11
Charge for the period	-	309.06	737.07	14,080.05	423.26	181.53	99.23	39.13	319.32	334.58	16,523.23	729.36	45.93	214.03	989.32
Disposals/Discard	-	5.17	317.25	2,387.46	129.71	70.62	18.37	8.28	-	-	2,936.86	-	-	25.24	25.24
As at 30th June 2012	-	418.72	1,517.32	33,334.15	1,709.33	482.12	333.97	137.91	1,155.16	832.15	39,920.83	1,850.28	119.45	367.46	2,337.19
Net Block															
As at 31st March 2011	5,767.35	3,142.57	13,582.70	158,778.41	1,988.98	515.98	740.58	482.72	1,714.51	5,356.98	192,070.78	6,049.44	110.30	231.36	6,391.10
As at 30th June 2012	14,452.57	9,243.89	21,427.28	150,916.16	1,720.54	474.79	700.90	532.40	1,395.19	8,172.69	209,036.42	50,217.32	64.37	82.68	50,364.37

(A) Additions to Plant and Machinery, Building and Mining Rights includes borrowing costs of ₹ 4,668.01 lacs (₹ 1,723.16 lacs) transferred from capital work-in-progress / pre-operative and trial run expenditure (pending allocation).

(B) In case of Adhunik Metaliks Limited, Land, Railway Sidings and Mining rights (at Kulum, Orissa) aggregating to ₹ 8,924.62 lacs (Gross block) as on 30th June 2012 have been revalued by an external independent valuer on Net Replacement Cost/Fair Value basis and the the incremental value on revaluation of ₹ 56,283.66 lacs have been credited to Revaluation Reserve.

(C) In case of Orissa Manganese and Minerals Limited:

(i) The Iron Ore Pellet Plant (IOPP) having achieved its technical parameters of operation and stabilization of production efficiency has commenced the commercial production w.e.f 1st December 2011. Accordingly, fixed assets amounting to ₹ 15129.26 lacs (including proportionate allocation of preoperative and trial run expenditure) have been capitalised during the period.

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 12.1 FIXED ASSETS *(Contd.)*

(ii) Plant and Machinery includes items given on operating leases, details whereof are given below:

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Gross Block	5,637.84	5,637.84
Depreciation charge	614.47	614.47
Accumulated Depreciation	1,230.62	616.15
Net block	4,407.22	5,021.69

(D) During the period, the Company has disposed off its entire shareholdings in two subsidiary companies, namely "Adhunik Power and Transmission Limited and "Neepaz V Forge (India) Limited". Hence, disposals / discard for the current period mainly includes fixed assets of the subsidiaries sold during the period.

Note 12.2 CAPITAL WORK-IN-PROGRESS

Land & Site Development Expenses	281.84	293.03
Civil Construction and Structural Works	9,987.57	12,729.46
Plant and Equipments	223,071.41	141,686.64
Material with contractors/Fabricators	3,044.37	2,467.14
Capital Goods in Stock	5,466.67	2,592.15
	241,851.86	**159,768.42**
Less: Transfer to Fixed Assets	26,910.46	37,442.98
	214,941.40	122,325.44
Add: Pre-operative and trial run expenditure (pending allocation) (Refer details below)	59,355.96	26,111.27
	274,297.36	**148,436.71**

The Capital work in progress includes ₹ 261,970.06 lacs (₹ 130,906.29 lacs) cost incurred relating to 540 MW power project, being set up by a subsidiary company, Adhunik Power and Natural Resources Limited. The project is expected to be commissioned during the financial year 2012-13.

Details of Pre-operative and trial run expenditure (pending allocation)

During the period, the company has incurred the following expenses relating to ongoing projects of the company, which are accounted as pre-operative expenses and grouped under Capital Work-in-progress. Consequently, expenses disclosed under the respective notes are net of the following amounts capitalized by the company.

Opening Balance Brought Forward	26,111.27	13,877.43
Expenditure		
Raw Materials Consumed	2,052.10	1,218.59
Power & Fuel	4,276.57	1,361.73
Labour Charges	-	215.95
Consumption of Stores & Consumable	215.25	627.10
Salaries, wages and bonus	4,662.50	2,755.79
Repair and Maintenance		
Plant and Machinery		1.80
Others	100.00	140.85
Operation & Maintenance Charges	126.58	-
Rent & Hire Charges	167.50	258.82
Rates & Taxes	259.84	250.11
Insurance	23.32	58.65
Legal and Professional Charges	1,817.18	266.62
Freight & Forwarding Expenses	47.91	-
Depreciation	350.23	231.96
Travelling & Conveyance	379.18	452.96
Selling Expenses	-	19.37

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Note 12.2 CAPITAL WORK-IN-PROGRESS *(Contd.)*		
Interest On:		
Term Loans	28,343.75	11,561.34
Cash Credit, Letters of Credit and Others	536.15	345.54
Other borrowing costs		303.28
Miscellaneous Expenses	1,489.12	1,338.48
Sub-Total (A)	**70,958.45**	**35,286.37**
Income		
Sales	1,540.31	1,083.28
Less : Excise Duty	143.84	-
	1,396.47	1,083.28
Interest on fixed deposits	88.40	26.23
Sub-Total (B)	**1,484.87**	**1,109.51**
Increase / (Decrease) in Stock		
Closing Stock		
Finished goods [transferred to (Increase)/Decrease in inventories - (Note No. 23)	1,406.69	297.16
Work in Progress [transferred to (Increase)/Decrease in inventories - (Note No. 23)	-	220.50
Opening Stock		
Finished Goods	-	1.69
Work in Progress	-	148.46
SUB-TOTAL (C)	**1,406.69**	**367.51**
Total (A-B-C)	**68,066.89**	**33,809.35**
Less: Transferred to Tangible Assets	8,710.93	7,698.08
	59,355.96	**26,111.27**

Note 13 NON-CURRENT INVESTMENTS (LONG-TERM)		
Trade investments - Unquoted (At cost)		
Equity Shares		
76,500 (76,500) Equity Shares of ₹ 10 each fully paid-up in Adhunik Meghalaya Steels Private Limited	7.65	7.65
Non-Trade investments - Unquoted (At cost)		
Equity Shares		
Nil (1,000) Equity Shares in Cosmos Bank of ₹ 100/- each	-	1.00
	7.65	**8.65**

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

(₹ in Lacs)

		Non Current		Current	
		30.06.2012	31.03.2011	30.06.2012	31.03.2011
Note 14 LOANS AND ADVANCES (Unsecured, considered good unless stated otherwise)					
Capital advances	(A)	**18,929.14**	**20,268.00**	**-**	**-**
Advances recoverable in cash or in kind					
Considered good - Related Parties (Refer Note No. 14.2)		5,000.00	-	3,343.70	3,476.44
Considered good - Others		-	-	9,832.19	10,875.02
Doubtful - To Others		60.97	67.04	-	-
		5,060.97	67.04	13,175.89	14,351.46
Provision for doubtful advances		60.97	67.04	-	-
	(B)	**5,000.00**	**-**	**13,175.89**	**14,351.46**
Loans to:					
Body Corporates		-	-	5,788.09	224.92
Employees		-	-	131.39	137.34
	(C)	**-**	**-**	**5,919.48**	**362.26**
Security Deposits	(D)	**6,292.82**	**5,470.18**	**155.53**	**68.80**
Others					
Balances with statutory / Government Authorities		50.15	98.83	1,794.95	4,229.63
Prepaid expenses		17.02	9.91	508.29	353.07
Advance income-tax (net of provision for taxation)		432.93	-	-	-
MAT Credit Entitlement (Refer Note No. 14.1)		4,656.18	-	-	-
	(E)	**5,156.28**	**108.74**	**2,303.24**	**4,582.70**
Total	(A+B+C+D+E)	**35,378.24**	**25,846.92**	**21,554.14**	**19,365.22**

Notes:

14.1 Adhunik Metaliks Limited has revised its profitability projections considering the benefit of procurement of Iron ore from its captive mines which has become operational in May 2012. Accordingly, the company is now certain that there would be sufficient taxable income in future periods to utilize MAT credit entitlements. Consequently, the company has recognized during the period MAT credit entitlement of ₹ 3,174.40 lacs (including ₹ 2,939.70 lacs paid in earlier years).

14.2 Adhunik Metaliks Limited has raised claims on vendors amounting to ₹ 2,450 lacs towards supply of inferior quality of raw materials during the current period. The claims have not been accepted by the vendors. The management is certain about recovery of above amount.

14.3 Orissa manganese and minerals limited (OMML), a wholly owned subsidiary company, has entered into a 50:50 Joint Venture agreement with Mr. B.C. Dagara, the lessee of Sulaipat Iron Ore Mine, Odisha 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, the Company has advanced ₹ 2,636.42 Lacs (₹ 2,634.57 Lacs) to Mr. B.C. Dagara which appears as 'Advances recoverable in cash or in kind' against the above mine.

The Company 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 ₹ 3,947.51 Lacs (₹ 3,042.00 Lacs) has been paid as security deposit to him during the pendency of this service contract.

(₹ in Lacs)

	Non Current		Current	
	30.06.2012	31.03.2011	30.06.2012	31.03.2011
Note 15 OTHER ASSETS (Unsecured, considered good unless stated otherwise)				
Non-current bank balances (Refer Note No. 18)	4,357.79	5,310.28	-	-
Others				
Interest Receivable on				
Bank Deposits			114.50	87.32
Other Advances			114.19	159.56
Receivable from Banks towards forward contract restatement			2,466.05	-
Receivable towards sale of non-current investments (Refer Note No. 37)			9,642.19	-
Export Benefits Receivable			693.38	350.33
Others			180.25	10.12
Total	**4,357.79**	**5,310.28**	**13,210.56**	**607.33**

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Note 16 INVENTORIES (valued at lower of cost and net realizable value)		
Raw Materials [includes stock-in-transit ₹ 315.21 lacs (₹ 636.28 lacs)]	21,648.05	15,212.19
Finished Goods [includes stock-in-transit ₹ 1,959.89 lacs (₹ 572.45 lacs)]	38,968.87	23,098.19
Work-in-Progress	20,524.22	27,355.33
By Products	15,062.63	11,666.08
	96,203.77	**77,331.79**
Stock-in-trade	20.48	8.65
Stores & Spares [includes stock-in-transit ₹ Nil (₹ 590.95 lacs)]	2,576.90	3,409.89
	98,801.15	**80,750.33**

Note 17 TRADE RECEIVABLES (UNSECURED)		Current	
Outstanding for a period exceeding six months from the date they are due for payment			
Considered good		3,101.64	535.81
Doubtful		7.92	42.64
		3,109.56	578.45
Provision for doubtful receivables		7.92	42.64
	(A)	**3,101.64**	**535.81**
Other trade receivables (considered good)		31,051.98	29,882.83
	(B)	**31,051.98**	**29,882.83**
Total	(A+B)	**34,153.62**	**30,418.64**

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

(₹ in Lacs)

	Non Current		Current	
	30.06.2012	31.03.2011	30.06.2012	31.03.2011
Note 18 CASH AND CASH BALANCES				
Cash and cash equivalents				
Balances with banks:				
On current accounts			4,743.83	5,862.98
Deposit with original maturity of less than three months			6,149.10	3,004.00
On unpaid dividend account			11.28	8.44
On Unclaimed Application Money Account			2.52	2.52
Cheque/Draft on Hand			-	283.45
Cash on hand			123.62	103.47
			11,030.35	9,264.86
Other bank balances				
Deposits with original maturity for more than 12 months #	74.81	228.90	-	15.95
Deposits with original maturity for more than 3 months but less than 12 months #	-	-	-	199.57
Margin money deposit #	4,282.98	5,081.38	1,234.08	708.62
	4,357.79	5,310.28	1,234.08	924.14
Amount disclosed under non-current assets (Refer Note No. 15)	(4,357.79)	(5,310.28)	-	-
	-	-	12,264.43	10,189.00

Receipts lying with Banks/Government Authorities as security against guarantees / letters of credit issued by them

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Note 19 REVENUE FROM OPERATIONS		
Revenue from operations		
Sale of products / Services		
Finished goods	230,508.84	169,100.16
Stock-in-trade	9,583.16	1,763.70
Sale of Services	35.33	-
	240,127.33	170,863.86
Other operating revenue		
Sale of By-Products	2,093.23	4,740.51
Sale of Raw Materials	946.43	2,004.36
Lease rent	825.00	660.00
Export Benefits	989.49	347.43
Revenue from operations (gross)	244,981.48	178,616.16
Less: Excise duty	16,434.50	11,463.12
Revenue from operations (net)	228,546.98	167,153.04
Note 20 OTHER INCOME		
Interest income on :		
Bank deposits	368.57	215.94
Loan, advances and deposits	4,290.41	2,211.43
Dividend income on Long Term Investment	-	-
Unspent liabilities and provisions no longer required written back	1,392.26	215.26
Profit on Sale of Investments (Non-Current, Trade)	-	101.39
Profit on Sale Investments (Current, Non Trade)	-	0.30
Gain on foreign exchange fluctuation / forward exchange contracts (Net)	-	111.39
Gain on currency future transactions	336.98	-
Insurance & Other Claims	2.10	36.51
Rent & Hire Charges	110.27	84.38
Other non-operating income	37.45	3.53
	6,538.04	2,980.13

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Note 21 COST OF RAW MATERIALS CONSUMED		
Opening Stock of Raw Materials	15,212.19	12,882.59
Less: Inventory related to discontinued operations	(2,392.11)	(1,209.70)
Opening Stock of Raw Materials related to continued operation	12,820.08	11,672.89
Add: Purchases	116,471.97	64,698.86
	129,292.05	76,371.75
Less: Closing Stock	21,648.05	15,212.19
Less: Inventory related to discontinued operations	-	(2,392.11)
Closing Stock of Raw Materials related to continued operation	21,648.05	12,820.08
Less : Raw Materials Consumed in Trial Run	2,052.10	260.13
Cost of raw materials consumed	**105,591.90**	**63,291.54**

21.1 Cost of raw materials consumed is computed after excluding inventory of the subsidiary companies namely "Neepaz V Forge Limited" and "Adhunik Power Transmission Limited" which has been sold during the period (Refer Note No. 29).

	2011-12 (15 Months)	2010-11 (12 Months)
Note 22 PURCHASE OF STOCK-IN-TRADE		
Rolled products and scrap	8,371.08	1,514.83
	8,371.08	**1,514.83**

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)	(increase)/ Decrease
Note 23 (INCREASE)/ DECREASE OF INVENTORIES IN FINISHED GOODS, WORK-IN-PROGRESS, STOCK-IN-TRADE AND BY- PRODUCTS			
Inventories at the end of the period:			
Finished Goods	38,968.87	23,098.19	(15,870.68)
Work in Progress	20,524.22	27,355.33	6,831.11
Stock-in-trade	20.48	8.64	(11.84)
By Products	15,062.63	11,666.08	(3,396.55)
	74,576.20	**62,128.24**	**(12,447.96)**
Less: Inventory related to discontinued operations	-	(4,504.65)	(4,504.65)
	74,576.20	**57,623.59**	**(16,952.61)**
Inventories at the beginning of the period:			
Finished Goods	23,098.19	15,488.41	(7,609.78)
Work in Progress	27,355.33	15,989.26	(11,366.07)
Stock-in-trade	8.64	163.36	154.72
By Products	11,666.08	5,327.54	(6,338.54)
	62,128.24	**36,968.57**	**(25,159.67)**
Less: Inventory related to discontinued operations	(4,504.65)	(2,573.09)	1,931.56
	57,623.59	**34,395.48**	**(23,228.11)**
	(16,952.61)	**(23,228.11)**	
Add : Stock Transferred on commencement of commercial production			
Finished Goods (Refer Note No. 12.2)	1,406.69	-	(1,406.69)
Work in Progress	-	-	-
	1,406.69	**-**	**(1,406.69)**
Less: Transferred to Fixed Assets	3,510.39	-	
Excise duty on (Increase)/decrease of finished goods	2,190.79	321.22	
	(16,865.52)	**(22,906.89)**	

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

23.1 (Increase)/ decrease in Finished Goods, Work-in-Progress, Traded Goods and By-Products is computed after excluding inventory of the subsidiary companies namely "Neepaz V Forge Limited" and "Adhunik Power Transmission Limited"which has been sold during the period (Refer Note No. 29).

23.2 In case of Orissa Manganese & Minerals Limited (OMML), a wholly owned subsidiary company, during the extraction of manganese ore in earlier years, the company had incidentally extracted 41,495.79 MT of high-grade iron ore from the Patmunda & Orahuri Manganese Mines, which has been included as a part of inventories and valued accordingly. OMML has already applied to the state government for inclusion of iron ore also in the manganese ore mining leases.

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Note 24 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	8,572.49	7,001.88
Contribution to provident and other funds (Refer Note No. 33)	242.98	170.29
Gratuity expense (Refer Note No. 33)	68.29	123.83
Workmen & Staff Welfare Expenses	300.36	232.41
Managing Directors' Remuneration	-	120.00
	9,184.12	7,648.41

In view of losses during the period, the managing director has waived his remuneration. The remuneration of ₹ 120.00 lacs paid during the period has been subsequently refunded by him.

	2011-12 (15 Months)	2010-11 (12 Months)
Note 25 OTHER EXPENSES		
Consumption of Stores and Spares	15,423.93	13,267.94
Power and Fuel	17,145.27	10,364.81
Conversion Charges	4,279.27	2,989.58
Operation and Maintainence Charges (Refer details below)	7,116.41	6,490.97
Freight and Forwarding Charges [Net of recovery of ₹ 749.29 lacs (₹ 560.90 lacs)]	8,993.24	8,996.44
Rent (Including Land Lease Rent ₹ 0.29 lacs (₹ 0.29 lacs) to Directors)	1,051.52	636.91
Cost of Raising	5,489.03	6,570.19
Royalty	1,870.69	3,605.77
Rates and Taxes	485.09	276.99
Legal and Professional Charges	1,650.89	1,364.45
Insurance	119.45	104.09
Repair and Maintainence:		
Plant and Machinery	1,739.69	2,800.78
Buildings	83.18	213.43
Others	198.32	450.01
Travelling and Conveyance Expenses	898.56	496.17
Directors' Travelling and Conveyance Expenses	31.49	112.77
Communication Costs	277.27	228.11
Directors' Sitting Fees	20.10	9.00
Auditors' Remuneration as auditor:		
Audit fee	58.53	55.06
Limited review fee	52.68	30.00
In Other Capacity for Certification (etc)	16.88	8.50
Reimbursement of Expenses to auditor	4.86	4.00
Bad debts/advances written off	72.10	44.54
Less : Adjusted against provision	(6.07)	-
Commission on sales	5.72	56.56
Rebate, discounts and other selling expenses	1,900.15	1,022.23
Motor Vehicle Expenses	681.80	627.66
Loss on Discard of Fixed Assets	29.52	-
Security Charges	335.53	303.71
Mines Restoration Charges	1.75	3.00
Peripheral Development expenses	231.54	226.09
Prior period items (Net) (Refer details below)	8.45	50.53
Charity and Donations	38.62	45.57
Miscellaneous Expenses	1,553.13	1,282.24
	71,858.59	62,738.10

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Note 25 OTHER EXPENSES *(Contd.)*		
Operation and Maintenance Charges consist of the following expenses		
Contract Payments	3,050.14	2,916.60
Testing and Inspection Charges	439.22	377.27
Refractory Management Charges	1,215.43	875.67
Labour Charges	907.48	785.43
Plant and Equipment Hire Charges	1,211.28	1,400.43
Water Charges	112.80	-
Mines Supervision Charges	38.86	11.62
Packing & Forwarding Charges	25.72	29.01
Miscellaneous	115.48	94.95
	7,116.41	**6,490.98**
Prior Period items (Net) consist of the following expenses:		
Income		
Operation & Maintenance Charges	-	5.19
Miscellaneous Income	4.97	1.07
Total (A)	**4.97**	**6.26**
Expenses		
Commission	-	21.41
Security Charges	-	3.05
Freight & forwarding expenses	8.80	-
Cost of Raising, Excavation and Drilling Expenses	-	10.56
Miscellaneous Expenses	4.62	21.77
Total (A)	**13.42**	**56.79**
Total (A-B)	**8.45**	**50.53**

Note 26 DEPRECIATION & AMORTIZATION EXPENSE

	2011-12 (15 Months)	2010-11 (12 Months)
Depreciation of tangible assets	14,994.38	9,700.11
Amortization of intangible assets	867.92	678.92
	15,862.30	**10,379.03**

Note 27 FINANCE COSTS

	2011-12 (15 Months)	2010-11 (12 Months)
Interest on:		
Term Loans	23,018.46	11,334.98
Cash Credit, Letters of Credit and Others	14,890.76	7,466.22
Income tax	147.03	275.87
Other borrowing costs	3,359.01	3,537.17
	41,415.26	**22,614.24**

Note 28 EXCEPTIONAL ITEMS

	2011-12 (15 Months)	2010-11 (12 Months)
Profit on Sale of Investments (Non-Current, Trade) Refer Note No. 28.2	3,172.44	-
Loss on foreign exchange fluctuation / forward exchange contracts (Net) Refer Note No. 28.1	(2,538.46)	-
	633.98	**-**

28.1 Due to unusual significant depreciation in the value of Indian Rupee against foreign currencies, the company has incurred net foreign exchange fluctuation loss of ₹ 2,448.81 lacs during the period on operating balances and forward exchange contracts (both realized and unrealized), which has been considered as exceptional items.

28.2 During the period, the Group has disposed off its entire shareholdings in two subsidiary companies, namely "Adhunik Power and Transmission Limited and Neepaz V Forge (India) Limited, and also sold 40,496,393 equity shares in one step down subsidiary company, namely "Adhunik Power & Natural Resources Limited" which have resulted in net gain of ₹ 3,172.44 lacs.

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 29 DISCONTINUED OPERATIONS

On 31st October 2011 and 26th April 2012, the Company had entered into agreements with third parties for sale of its entire shareholding in two of its subsidiary companies namely "Adhunik power Transmission Limited" and "Neepaz V Forge Limited" respectively. Pursuant to the said agreements, the total cash consideration received towards sale of entire shareholding in the above subsidiaries amounts to ₹ 3,623.21 lacs (₹ 1,023.13 lacs relating to Adhunik power Transmission Limited and ₹ 2,600.08 lacs relating to Neepaz V Forge Limited) and net loss on disposal amounting to ₹ 2,357.29 lacs (₹ 455.45 lacs relating to Adhunik power Transmission Limited and ₹ 1,901.84 lacs relating to Neepaz V Forge Limited) have been taken to exceptional items. Both the subsidiaries fall under the "Iron and Steel" segment of the Group and the details of the said subsidiary companies are as follows:

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Revenue	26,847.66	13,334.09
Expenses	21,986.84	9,572.95
Profit from operating activities	4,860.82	3,761.14
Finance costs	2,560.66	1,042.58
Depreciation/amortization	1,300.02	671.45
Profit before tax	1,000.14	2,047.12
Income-tax expense	(52.15)	(222.15)
Profit after tax	**1,052.29**	**2,269.26**

The carrying amounts of the total assets, liabilities and minority interest for the discontiued operations are as follows:

Total assets	-	37,367.54
Total liabilities	-	30,625.93
Minority interest	-	2,657.49
Net assets	-	4,084.13

The net cash flows attributable to the above subsidiary are as follows:

Operating activities	3,706.33	3,728.21
Investing activities	(643.84)	(3,245.13)
Financing activities	(2,859.62)	(260.08)
Net cash inflows/(outflows)	202.87	223.00

Note 30 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net Profit after tax for calculation of basic and diluted EPS (₹ in Lacs)	**2,066.47**	**18,430.99**
Weighted average number of equity shares in calculating basic and diluted EPS	123,499,536	123,499,536
Nominal Value of equity shares	₹ 10	₹ 10
Basic and Diluted Earnings Per Share	₹ 1.67	₹ 14.92

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Note 31 CONTINGENT LIABILITES		
Claims & Government demands against the Company not acknowledged as debt:		
Excise demands under dispute/ appeal	2,147.93	1,121.60
Sales Tax matters (under dispute/appeal)	494.30	618.27
Provident Fund	27.00	2.46
Customers / Vendors claims	122.67	380.41
Bills discounted and Bank Guarantees outstanding	19,722.88	10,870.00
Custom Duty on Import of equipments and spare parts under EPCG Scheme	767.48	561.86
	23,282.26	**13,554.60**

Note 31 CONTINGENT LIABILITES *(Contd.)*

i) Orissa Manganese and Minerals Limited (OMML), has received a demand for payment of ₹ 2,641.02 lacs as Net Present Value (NPV) towards afforestation charges relating to the forest area proposed to be surrendered by the Company in respect of its existing manganese ore mines in Odisha. However, based on the order passed by the government authority, the Company is presently required to deposit ₹ 1,320.51 lacs i.e. 50% of NPV demand and also to submit an undertaking to the concerned authority that it will deposit the balance 50% of NPV i.e. ₹ 1,320.51 lacs if it is so decided by the Hon'ble Supreme Court in a similar case. The above amount to be so deposited may be refunded to the Company in case the Hon'ble Supreme court in a similar case, decides that no such NPV is payable by the lessee for the surrendered lease area. Pending the Supreme Court decision, the Company has provided and capitalized 50% of the NPV i.e. ₹ 1,320.51 lacs as 'mining right' under 'Intangible assets', which will be amortized over the remaining lease period of the mine.

ii) Following legal cases in Orissa Manganese and Minerals Limited (OMML), a wholly owned subsidiary, are pending in respect of which the accounting impact, if any, is presently not ascertainable:

(a) The Company had entered into a 10 years agreement for raising of manganese ore from its mines 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 Company 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 Company for the pre-mature termination of the Contract. Finally, the sole arbitral tribunal passed an award against the Company on August 1, 2008 upholding the raising contract dated May 14, 2003. The company has filed a petition for setting aside the said award and the matter is pending for hearing in the District Court. BKCPL has also filed a Section 9 application under Arbitration & Conciliation Act, 1996. Arbitration proceedings are currently going on between the parties. The Company is of opinion that the agreement with BKCPL is null and void based on the aforesaid facts.

(b) OMML 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 Company 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 Company. In case of FSPL, award has been passed against the Company and the Company has filed appeal u/s 34 of Arbitration Act in Calcutta High Court. In case of MIEL, arbitration is under progress in the tribunal.

(c) OMML had entered into a 10 years agreement in respect of raising of iron ore with ASL and BKCPL and selling of iron ore with FSPL and MIEL on May 14, 2003 and March 6, 2006 respectively. The aforesaid agreements were terminated by the Company 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 and MIEL contained a clause that the agreement would come into force on mutual abandonment with ASL and FSPL. None of the Companies namely BKCPL and MIEL have moved any proceeding for enforcement of their contract. The arbitration petitions of both ASL and FSPL have been dismissed on the ground that these contracts are violative of Rule 37 of Mineral Concession Rule 1960. Based on this arbitration award, the company is of the opinion that all such contracts are null & void in law.

(d) OMML had entered into a 7 year agreement in respect of raising of Iron Ore with Metsil Exports Pvt Ltd. (MEPL) and selling of Iron Ore with Synergy Ispat Pvt Ltd (SIPL) both dated February 27, 2005. The aforesaid agreements were terminated by the Company on June 22, 2007 stating that these agreements were in violation of Rule 37 of Mineral Concession Rules, 1960. SIPL has filed an application under section 9 of the Arbitration & Conciliation Act, 1996 against the Company which is pending. MEPL has not filed any application against the Company.

iii) Adhunik Power and Natural Resources Limited, a subsidiary company has filed a writ petition in the High Court of Jharkhand against demand of ₹ 1,806.00 lacs (₹ Nil) raised by Subernarekha Dam Division towards water charges. The Honorable High Court has stayed the said demand and instructed not to take any coercive action against the Company.

Note 32 CAPITAL AND OTHER COMMITMENTS

a) As At 30 June 2012, the Company has commitments of ₹ 39,442.56 lacs (₹ 1,19,707.45 lacs) net of advances ₹ 18,929.14 lacs (₹ 18,053.20 lacs) relating to estimated amount of contracts to be executed on capital account and not provided for.

b) As At 30 June 2012, 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 pledged 2,000,000 equity shares of OMM as a security against the above loan.

c) Adhunik Power and Natural Resources Limited, a subsidiary company has entered into long-term Fuel Supply Agreement (FSA) with Central

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 32 CAPITAL AND OTHER COMMITMENTS *(Contd.)*

Coalfields Limited (CCL) for purchase of annual contracted quantity of 2.077 MMT of coal at a price to be notified from time to time by Coal India Limited (CIL) for consumption at power plant.

d) Commitments for operating lease arrangements are as follows:

Operating lease: Group as lessee

The Company has obtained Liquid Oxygen Plant on operating lease. The lease rent payable per month is ₹ 26.00 Lacs (₹ 26.00 Lacs). The lease term is for a non-cancellable 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 are no sub leases. Future lease rentals payable under non-cancellable operating leases are as follows:

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Within one year	312.00	312.00
After one year but not more than five years	1,248.00	1,248.00
More than five years	286.00	676.00
	1,846.00	2,236.00

Operating lease: Group as lessor

Orissa Manganese and Minerals Limited (OMML), a wholly owned subsidiary company has entered into a non cancellable lease agreement consisting of the Company's plants & equipments with a vendor. The non cancellable lease has the balance term of 8 years left out. The lease charges will be reviewed at the end of the period of 5 years from the date of commencement of lease. The lease is renewable on the expiry of the lease term at the option of lessor.

Future minimum rentals payable under non-cancellable operating leases are as follows:

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Within one year	660.00	660.00
After one year but not more than five years	2,640.00	2,640.00
More than five years	1,815.00	2,640.00
	5,115.00	5,940.00

Note 33 DISCLOSURE UNDER ACCOUNTING STANDARD-15 (REVISED) ON 'EMPLOYEE BENEFITS'

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 scheme 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 the consolidated financial statements.

Consolidated Statement of Profit and Loss

(a) Net employee benefit expense recognized in the employee cost

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Current service cost	351.24	80.46
Interest cost on benefit obligation	44.98	22.33
Net actuarial (gain)/loss	(278.41)	64.99
Net benefit expense	**117.81**	**167.78**

Balance Sheet

(b) Benefit asset/liability

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Present value of defined benefit obligation	507.22	443.51
Fair value of plan assets	-	-
Less: Unrecognised past service cost	-	-
Net asset/(liability)	**(507.22)**	**(443.51)**

Note 33 DISCLOSURE UNDER ACCOUNTING STANDARD-15 (REVISED) ON 'EMPLOYEE BENEFITS' *(Contd.)*

(c) Changes in the present value of the defined benefit obligation are as follows:

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Opening defined benefit obligation	443.51	291.86
Current service cost	351.24	80.46
Interest cost	44.98	22.33
Benefits paid	(3.61)	(16.13)
Actuarial (gains)/losses on obligation	(278.41)	64.99
Adjustment related to subsidiaries sold during the period	(50.49)	-
Closing defined benefit obligation	**507.22**	**443.51**

(d) The principal assumptions used in determining gratuity and leave encashment obligations for the company's plans are shown below:

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Discount rate	8.00%	8.00%
Salary increase	6.00%	8.00%
Mortality table	LIC (1994-1996) ultimate	LIC (1994-1996) ultimate

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

(e) Amounts for the current and previous four periods are as follows:

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
Gratuity					
Defined benefit obligation	507.22	443.51	291.86	154.50	68.31
Plan assets	-	-	-	-	-
Surplus/(deficit)	(507.22)	(443.51)	(291.86)	(154.50)	(68.31)
Experience adjustments on plan liabilities (gains)/losses	(278.41)	64.99	29.23	14.65	-
Experience adjustments on plan assets	NA	NA	NA	NA	NA

Experience adjustment of plan liabilities has not been separately disclosed for the FY 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.

(f) Amounts provided for the defined contribution plans are as follows:

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Defined Contribution plans:		
Amount recognised in the Statement of Profit and Loss		
Contribution to Provident Fund	308.05	163.70

Note 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) Forward Contract

For minimizing the risk of currency exposure, the Forward Cover Contracts are of USD 1,590,527 (USD 1,500,000) for trade receivables and USD 36,544,423 (USD 25,192,798) for trade payables.

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 34 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE *(Contd.)*

(b) Particulars of unhedged foreign currency exposure as at the balance sheet date

(₹ in Lacs)

	As at 30.06.2012	As at 31.03.2011
Trade Receivables	-	88.55
Trade Payables	656.01	1,771.83
Foreign Currency Loans	1,407.73	897.45
Advances including balances with banks	0.08	65.49
	2,063.82	2,823.32

Note 35 TRADE PAYABLE INCLUDES AMOUNT DUE TO MICRO & SMALL ENTERPRISES IN TERMS OF MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT) AS UNDER:

a)	Principal Amount remaining unpaid at the end of accounting year.	87.99	119.67
	Interest due on above	15.44	11.24
		103.43	130.91
b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	(4.50)	-
c)	The amount of interest adjusted during the period	(2.77)	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	42.86	37.37
e)	The amount of interest accrued and remaining unpaid at the end of each accounting year	58.30	48.61
f)	The 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 the MSMED Act 2006	-	-

Note 36 INTEREST IN JOINT VENTURE ENTITLES

The Company's share of the assets, liabilities, income and expenses in the Jointly venture entities as per the audited accounts as at and for the fifteen months period ended 30th June 2012 is as follows:

(₹ in Lacs)

	2011-12 (15 Months)	2010-11 (12 Months)
Non Current assets		
Tangible Assets	13.97	14.67
Current assets		
Inventories	4.46	4.46
Trade receivables	0.09	0.09
Cash and bank balances	2.71	1.25
Short-term loans and advances	6.64	4.79
Other current assets	0.29	0.04
Current liabilities		
Trade Payables	1.59	2.94
Other Current Liabilities	13.23	11.73
Income / Expense		
Other Income	0.29	1.05
Depreciation	0.70	0.68
Other Expenses	0.09	1.40
Profit / (Loss) after tax	(0.50)	(1.03)

Note 37 RELATED PARTY DISCLOSURES

a)	Names of related parties and related party relationship	
	Related parties with whom transactions have taken place during the year:	
	Joint Venture	United Minerals (partnership firm)
		Neepaz B C Dagara Steels Pvt Limited
	Key Management Personnel	Mr. Manoj Kumar Agarwal (Managing Director)
		Mr. Ghanshyam Das Agarwal (Chairman)
		Mr. Jugal Kishore Agarwal (Director)
		Mr. Nirmal Kumar Agarwal (Director)
		Mr. Mohan Lal Agarwal (Director)
		Mr. Mahesh Kumar Agarwal (Director)
		Mr. Asfaqu Motiwala
	Enterprises over which Key Management	Adhunik Alloys & Power Ltd.
	Personnel / Share Holders /	Adhunik Infotech Ltd.
	Relatives have significant influence	Adhunik Industries Ltd.
		Adhunik Meghalaya Steels (Private) Ltd.
		Adhunik Steels Ltd.
		Futuristic Steels Ltd.
		Mahananda Suppliers Ltd.
		Neepaz B.C. Dagara Steels Pvt Ltd.
		Swarnarekha Steel Industries Ltd
		Zion Steel Ltd.
		Askshardham Merchantile (P) Ltd.
		Pragati Ispat Udyog

b) Related party transactions

(₹ in Lacs)

Nature of Transactions	Key Management Personnel and their Relatives	Enterprises over which key Management Personnel/ Share Holders/Relatives have significant influence	Joint Venture	Total
1. In relation to Statement of Profit and Loss				
Purchase of goods / services				
Adhunik Alloys & Power Limited		14,267.52 (1,946.47)		14,267.52 (1,946.47)
Adhunik Steels Limited		6,129.02 (6,552.74)		6,129.02 (6,552.74)
Adhunik Industries Limited		658.24 (865.20)		658.24 (865.20)
Zion Steel Ltd.		3,582.85 (-)		3,582.85 (-)
Revenue from Operations				
Adhunik Alloys & Power Limited		24,006.48 (9,829.03)		24,006.48 (9,829.03)
Adhunik Steels Limited		- (727.98)		- (727.98)
Adhunik Corporation Limited		98.08 (-)		98.08 (-)
Adhunik Industries Limited		- (44.06)		- (44.06)

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 37 RELATED PARTY DISCLOSURES *(Contd.)*

(₹ in Lacs)

Nature of Transactions	Key Management Personnel and their Relatives	Enterprises over which key Management Personnel/ Share Holders/Relatives have significant influence	Joint Venture	Total
Accounting & Maintenance charges and Rent				
Adhunik Alloys & Power Limited		3,288.24 (225.01)		3,288.24 (225.01)
Adhunik Steels Limited		924.41 (727.98)		924.41 (727.98)
Adhunik InfoTech Limited		352.96 (269.71)		352.96 (269.71)
Zion Steel Ltd.		984.49 (2,712.75)		984.49 (2,712.75)
Others	- (1.13)			- (1.13)
Hire charges				
Adhunik Steels Limited		3.43 (1.35)		3.43 (1.35)
Electricity charges received				
Zion Steel Ltd.		218.35 (-)		218.35 (-)
Purchase of Fixed Asset				
Adhunik Industries Limited		- (19.27)		- (19.27)
Interest Income				
Adhunik Alloys & Power Limited		394.42 (109.89)		394.42 (109.89)
Adhunik Steels Limited		2,692.52 (1,210.89)		2,692.52 (1,210.89)
Remuneration to Managing Director				
Manoj Kumar Agarwal	- (120.00)			- (120.00)
2. In relation to Balance Sheet Items				
Subscription towards Equity Shares				
Neepaz B C Dagra Steels Pvt Ltd		- (4.00)		- (4.00)
Sale of Investments				
Mahananda Suppliers Ltd.		9,642.19 (-)		9,642.19 (-)
Guarantees Obtained				
Mr. Manoj Kumar Agarwal	106,084.73 (103,825.43)			106,084.73 (103,825.43)
Mr. Ghanshyam Das Agarwal	142,834.73 (118,825.43)			142,834.73 (118,825.43)
Mr. Jugal Kishore Agarwal	68,556.73 (64,572.00)			68,556.73 (64,572.00)
Mr. Nirmal Kumar Agarwal	82,756.73 (66,543.43)			82,756.73 (66,543.43)
Mr. Mohan Lal Agarwal	73,556.73 (64,572.43)			73,556.73 (64,572.43)
Mr. Mahesh Kumar Agarwal	68,631.73 (66,543.43)			68,631.73 (66,543.43)

Note 37 RELATED PARTY DISCLOSURES *(Contd.)*

(₹ in Lacs)

Nature of Transactions	Key Management Personnel and their Relatives	Enterprises over which key Management Personnel/ Share Holders/Relatives have significant influence	Joint Venture	Total
Balance outstanding as at the year end – Debit				
Adhunik Alloys & Power Limited		10,360.20 (2,915.88)		10,360.20 (2,915.88)
Adhunik Steels Limited		8,304.07 (1,248.33)		8,304.07 (1,248.33)
Adhunik Corporation Limited		- (4.02)		- (4.02)
Adhunik Industries Limited		121.87 (-)		121.87 (-)
Adhunik InfoTech Limited		222.13 (37.84)		222.13 (37.84)
Pragati Ispat Udyog		- (1.60)		- (1.60)
Mahananda Suppliers Limited		9,642.19 (-)		9,642.19 (-)
Swarnrekha Steel Industries Limited		- (51.60)		- (51.60)
Zion Steel Ltd.		- (601.28)		- (601.28)
Neepaz B.C. Dagara Steels Pvt Ltd.		- (27.08)	27.33 -	27.33 (27.08)
Balance outstanding as at the year end – Credit				
Manoj Kumar Agarwal	- (6.74)			- (6.74)
Zion Steel Ltd.		2,130.03 (-)		2,130.03 (-)
Adhunik Steels Limited		14.20 (1.35)		14.20 (1.35)
Adhunik InfoTech Limited		11.43 (-)		11.43 (-)
Adhunik Industries Limited		8.59 (12.52)		8.59 (12.52)
Adhunik Corporation Limited		1.92 (-)		1.92 (-)
Swarnrekha Steel Industries Limited		- (59.31)		- (59.31)
Futuristic Steels Ltd		227.63 (227.63)		227.63 (227.63)
Akshar dham marcantile Pvt Ltd		- (235.05)		- (235.05)
Others	- (14.81)			- (14.81)

c) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 38 SEGMENT INFORMATION

(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 is appearing in the segment disclosure.

(₹ in Lacs)

Particulars	Continuing Operations				Discontinued Operations	Total Operations
	Iron & steel	Mining	Power	Total	(Refer Note 29)	
(A) Revenue						
External	200,974.75 (136,462.09)	35,248.91 (44,463.72)	- (-)	236,223.66 (180,925.81)	26,482.25 (13,195.13)	262,705.91 (194,120.94)
Inter Segment sales	7,524.65 (13,772.77)	152.03 (-)	- (-)	7,676.68 (13,772.77)	- (-)	7,676.68 (13,772.77)
Total Revenue from operations (Net of Excise)	**193,450.10 (122,689.32)**	**35,096.88 (44,463.72)**	**- (-)**	**228,546.98 (167,153.04)**	**26,482.25 (13,195.13)**	**255,029.23 (180,348.17)**
(B) Results						
Segment results	17,542.80 (17,035.85)	17,105.60 (27,477.30)	(67.69) (-)	34,580.72 (44,513.15)	3,508.56 (3,075.76)	38,089.28 (47,588.91)
Unallocated Expenses/ (Income) (Net)						36.22 (25.13)
Other Income						6,590.29 (2,994.06)
Operating Profit						**44,643.35 (50,557.84)**
Finance Costs						43,975.92 (23,656.81)
Exceptional items (net gain)						633.98 (-)
Tax expenses						630.07 (8,333.30)
Minority Interest						134.99 (136.74)
Net Profit / (Loss) for the period						**2,066.47 (18,430.98)**
(C)Total Assets						
Segment assets	381,649.93 (310,156.06)	57,392.67 (45,515.79)	291,526.14 (153,758.55)			730,568.75 (509,430.40)
Unallocated assets						29,904.86 (18,027.48)
Total assets	**381,649.93 (310,156.06)**	**57,392.67 (45,515.79)**	**291,526.14 (153,758.55)**			**760,473.61 (527,457.88)**
(D)Total Liabilities						
Segment liabilities	89,525.82 (63,781.41)	12,283.63 (8,656.17)	32,205.64 (25,787.87)			134,015.09 (98,225.45)
Unallocated liabilities						433,596.10 (323,017.88)
Total liabilities	**89,525.82 (63,781.41)**	**12,283.63 (8,656.17)**	**32,205.64 (25,787.87)**			**567,611.19 (421,243.33)**
(E)Other Segment Information						
Capital expenditures						
Tangible	18,750.17 (35,855.75)	10,474.05 (4,847.31)	138,035.21 (100,622.55)		1,288.52 (13,437.70)	**168,547.95 (154,763.31)**
Intangible	1,160.82 (4.50)	1,943.70 (2,403.39)	95.84 (-)		- (55.41)	**3,200.37 (2,463.30)**
Depreciation and amortisation	13,301.05 (8,734.88)	2,561.25 (1,644.16)	350.23 (231.96)		1,300.02 (671.45)	**17,512.55 (11,282.45)**
Non cash expenses other than depreciation	95.55 (-)	- (6.38)	- (-)	95.55 (-)	345.66 (-)	**441.21 (6.38)**

(ii) **Geographical Segment:** The Company's total operations fall within the Domestic Geographical Segment and hence there are no disclosures to be made under Accounting Standard - 17, other than those already provided in the financial statements.

(iii) The Company's production/dispatches at mines were temporarily suspended /discontinued for a part of the period.

Notes to Consolidated Financial Statements as at and for the fifteen months period ended 30th June 2012

Note 39

The Income Tax Department had conducted a Search and Seizure operation in the Group's premises during the period, under Section 132 of the Income Tax Act, 1961. No order/ demand, consequent to such operation, has so far been received by the Group from the Income Tax Department and thus liability, if any, arising out of such search and seizure is not presently ascertainable.

Note 40

In case of Orissa Manganese & Minerals Limited (OMM), a wholly owned subsidiary company:

(i) The Mining Leases pertaining to the various mines have already expired and the Company's applications for renewal thereof are pending with the concerned authorities. The Company 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. In view of above, these accounts have been prepared on a Going Concern Basis.

(ii) Since the Iron ore pellet plant has commenced commercial operation during the year w.e.f 1st December 2011, the previous year's figures are not comparable to that extent.

Note 41

Adhunik Power and Natural Resources Limited (APNRL), a subsidiary company, has issued 1,810,700 Series-A Compulsorily Convertible Participatory Preference Shares (CCPPS) of ₹ 1,000 each at par to IDFC Trustee Company Limited and 552,900 and 138,225 Series-B CCPPS of ₹ 1,000 each at par to Macquarie SBI Infrastructure Investments Pte Limited and SBI Macquarie Infrastructure Trustee Pvt. Limited respectively in terms of their definitive agreements.

CCPPS is convertible into equity shares on or prior to 31st December 2013. The conversion rate of the CCPPS shall be determined based on certain events specified in Schedule 1 & 2 of the "Shareholders Agreement" (as amended). The aggregate amount of ₹ 25,018.25 lacs (₹ 13,300.00 lacs) received towards subscription to the CCPPS from the investors, which is mandatorily convertible into equity shares, has been disclosed under the head "Minority Interest" in the consolidated financial statements".

Note 42

The Company has extended its accounting year from 31st March 2012 to 30th June 2012. Accordingly, the current year's figure being for fifteen months period ended 30th June 2012, are not comparable with those of the previous year.

Further, Previous year figures including those given in brackets have been rearranged where ever neccessary to conform with the current period classification under Revised Schedule VI as stated in note no. 2 above.

As per our report of even date

For S. R. Batliboi & Company
(Firm Registration No: 301003E)
Chartered Accountants

per R. K. Agrawal
Partner
Membership No. 16667

Place: Kolkata
Date: August 29, 2012

For and on behalf of the Board of Directors of
Adhunik Metaliks Limited

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Anand Sharma
Company Secretary

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of members of ADHUNIK METALIKS LIMITED will be held on Friday, the 9th day of November, 2012 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 for the fifteen months period ended June 30, 2012, the Profit & Loss Account for the period ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Jugal Kishore Agarwal, who retires from office by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Nirmal Kumar Agarwal, who retires from office by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Nandanandan Mishra, who retires from office by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr.Surendra Mohan Lakhotia, who retires from office by rotation, and being eligible, offers himself for reappointment.
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT M/s. Das & Prasad, Chartered Accountants having Registration No. 303054E allotted by The Institute of Chartered Accountants of India (ICAI), (in respect of whom notice in writing from a member of the Company signifying his intention to appoint them as Auditors of the Company has been received, pursuant to section 225(1) of the Companies Act, 1956) be and are hereby appointed as Auditors of the Company in place of the retiring auditors, M/s. S. R. Batliboi & Co., Chartered Accountants, (who have not offered themselves for re-appointment as Auditors of the Company), to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company based on the recommendation of the Audit Committee, in addition to reimbursement of all out of pocket expenses as may be incurred in connection with the audit of the accounts of the Company."

Regd. Office:

14, N.S. Road
2nd Floor, Kolkata

By Order of the Board

Anand Sharma
Company Secretary

Dated: 29th August , 2012

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 Saturday, 27th October, 2012 to Friday, 9th November, 2012 (both days inclusive).

7. 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.

8. 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 – 500 081.

9. 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.

10. 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.'

11. Non Resident Indians 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.

12. Members are requested to quote their folio number / DP ID & Client ID number in all correspondences.

13. Member's 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.

14. 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 – 500 081.

15. 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.

16. **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.

17. Brief resume of Directors seeking 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	Jugal Kishore Agarwal	Nirmal Kumar Agarwal	Nandanandan Mishra	Surendra Mohan Lakhotia
Date of birth	05/10/1951	10/01/1962	20/10/1942	24/01/1942
Date of appointment	02/06/2003	06/05/2002	27/10/2008	28/05/2009
Qualification	Graduation in Law	Graduation in Science	Indian Revenue Service	Chartered Accountant
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 unit.	He has over 36 years of rich experience in various critical portfolios in public sector administration.	Rendering professional services as a Management Consultant.
List of Public Companies in which holds directorship	• Orissa Manganese & Minerals Limited • Adhunik Infotech Limited • Adhunik Cement Limited • Adhunik MSP Cement (Assam) Limited • Adhunik Corporation Limited • Adhunik Alloys & Power Limited • Sungrowth Share & Stocks Limited • Mahananda Suppliers Limited	• Adhunik Alloys & Power Limited • Sungrowth Share & Stocks Ltd. • Orissa Manganese & Minerals Ltd. • Adunik Power & Natural Resources Ltd. • Mahananda Suppliers Ltd • Ganga Power & Natural Resources Ltd. • Neepaz Power Ltd.	• United Credit Ltd. • Medirad Tech India Limited. • Lux Industries Limited. • Jindal Pipes Limited. • Mideast Integrated Steels Limited.	• Ramkrishna Forgings Ltd. • Adhunik Power & Natural Resources Limited. • Merfin Advisors Private Limited

	• Adhunik Power & Natural Resources Limited • Adhunik Steels Limited • Swarnrekha Steel Industries Ltd. • Adhunik Industries Ltd. • Moira Madhujore Coal Limited • Hanuman Advisory Limited • Gajeshwar Advisory Limited			
Chairman / Member of the committee of the Board of Directors of the Company	NIL	NIL	• Member – Compensation Committee	• Chairman – Audit Committee • Member – Compensation Committee
Chairman / Member of the committees of Directors of other Companies	• Adhunik Alloys & Power Limited, Member- Audit Committee	• Adhunik Power & Natural Resources Ltd. Member – Audit Committee. • Orissa Manganese & Minerals Limited, Member – Audit Committee • Adhunik Alloys & Power Limited – Member – Audit Committee.	• Emami Paper Mills Limited. Member- Audit Committee • Lux Industries Ltd. - Member- Audit Committee, • United Credit Ltd. - Member- Audit Committee. • Mideast Integrated Steel Limited- Member Audit Committee	• Ramkrishna Forgings Ltd. – Chairman - Audit Committee • Adhunik Power & Natural Resources Ltd. Member - Audit Committee
No. of equity shares held in the Company	12,52,032	15,40,825	NIL	NIL

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Although not required, an explanatory statement is being given in respect of item No. 6 of the Notice.

M/s. S. R. Batliboi & Co., Chartered Accountants, who had been re-appointed as auditors by the Members at the 10th Annual General Meeting for the financial year 2011-12 would be retiring at the conclusion of the forthcoming Annual General Meeting. They have been Statutory Auditors of the Company for the past several years. They have expressed their unwillingness to be reappointed as Auditors of the Company. The Audit Committee and the Board of Directors placed on record their appreciation on the professional services rendered by M/s. S. R. Batliboi & Co., Chartered Accountants during their association with the Company as its auditors.

As required, the proposed Audtiors, M/s. Das & Prasad, Chartered Accountants having registration no. 303054E allotted by The Institute of Chartered Accountants of India (ICAI), (in respect of whom notice in writing from a Member of the Company signifying intentions to appoint them as Auditors of the Company has been received, pursuant to section 225(1) of the Companies Act, 1956) have forwarded a certificate to the Company stating that the appointment, if made, will be within the limit specified in the sub-section (1-B) of section 224 of the Companies Act, 1956.

The Directors recommended the adoption of the Resolution at item No. 6 of the Notice.

None of the Directors are in any way concerned or interested in the resolution at the item No. 6 of the Notice.

Regd. Office:

By Order of the Board

14, N.S. Road
2nd Floor, Kolkata
Dated: 29th August , 2012

Anand Sharma
Company Secretary

ADHUNIK METALIKS LIMITED

Regd. Office: 14, Netaji Subhas Road, Kolkata – 700 001

Website : www. adhunikgroup.com email id : investorrelations@adhunikgroup.co.in

ATTENDANCE SLIP

Ledger Folio No. .... D.P. ID* ....

No. of Shares held .... Client ID* ....

1. Full name of member/Proxy ....

2. If Proxy, full name of Member ....

I certify that I am a registered Shareholder/ Proxy for the registered Shareholder of the Company.

I hereby record my presence at the Eleventh Annual General Meeting of the Members of the Company held on Friday, the 9th November, 2012 at 11:00 A.M. at "Kala Kunj", 48 Shakespeare Sarani, Kolkata – 700 017 and at any adjournment thereof.

Date .... Signature ....

Note: Please fill in this Attendance Slip and hand it over at the entrance of the Meeting Hall.

* Applicable for Members holding shares in Electronic Form

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.

ADHUNIK METALIKS LIMITED

Regd. Office: 14, Netaji Subhas Road, Kolkata – 700 001

Website : www. adhunikgroup.com email id : investorrelations@adhunikgroup.co.in

PROXY FORM

Ledger Folio No. .... D.P. ID* ....

No. of Shares held .... Client ID* ....

I/We...of...in the district of ....being member/ members of the Adhunik Metaliks Limited hereby appoint ....of ....in the district of ....or failing him .... of .... in the district of ....as my / our proxy to attend and vote for me/ us on my / our behalf at the Eleventh Annual General Meeting of the Company to be held on Friday, the 9th November, 2012 at 11:00 A.M. at "Kala Kunj", 48 Shakespeare Sarani, Kolkata – 700 017 and at any adjournment(s) thereof.

Signed this ...... day of 2012

Affix Re. 1/- Revenue Stamp

Signature of member ....

Note:	1) This instrument of Proxy, in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than forty eight hours before the scheduled time for holding the meeting. 2) A Proxy need not be a member of the Company.

* Applicable for Members holding shares in Electronic Form