

CONSOLIDATION

Adhunik Metaliks Limited | Annual Report 2012-13



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

FORWARD-LOOKING STATEMENT

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

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in 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.

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CORPORATE INFORMATION

Board of Directors

Mr. Ghanshyamdas Agarwal
Mr. Jugal Kishore Agarwal
Mr. Nirmal Kumar Agarwal
Mr. Mohanlal Agarwal
Mr. Mahesh Kumar Agarwal
Mr. Nihar Ranjan Hota
Dr. Ramgopal Agarwala
Mr. Nandanandan Mishra
Mr. Raghaw Sharan Pandey
Mr. Surendra Mohan Lakhota
Mr. Manoj Kumar Agarwal

Company Secretary

Mr. Anand Sharma

Bankers

Allahabad Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Corporation 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

Das & Prasad
Chartered Accountants

Registered office

Chadri Hariharpur
P.O - Kuarmunda, Sundergarh,
Odisha - 770039

Corporate office

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

Adhunik Metaliks responded to one of the most challenging periods in its existence through timely reinforcement.

The Company embarked on several initiatives including mines commissioning, pelletisation capacity expansion, merchant power plant commissioning, non-core business divestment and subsidiaries' merger and reverse merger.

At Adhunik, the spirit behind these various initiatives is reflected in a single word.

CONSOLIDATION.



ADHUNIK METALIKS IS ONE OF THE MOST EXTENSIVELY INTEGRATED MID-SIZED ALLOY STEEL COMPANIES IN INDIA.

THE COMPANY WAS CREATED AROUND VALUE-ADDITION AND EXTENSIVE BACKWARD INTEGRATION.

THE BENEFITS OF THIS BUSINESS STRATEGY WERE EVIDENT IN A CHALLENGING 2012-13: THE COMPANY REPORTED A CASH PROFIT OF ₹ 98.84 CRORE EVEN AS PEER BALANCE SHEETS CONTINUED TO BE STRESSED.

Legacy

Adhunik Metaliks Limited was incorporated in 2001 by Mahadeo Prasad Agarwal as Neepaz Metaliks Private Limited (renamed in 2005). The Company is managed by Ghanshyam Das Agarwal (Chairman) and Manoj Kumar Agarwal (Managing Director) with an experienced managerial team.

Business

Adhunik Metaliks Ltd (AML) is an integrated manufacturer of alloy and carbon steel with a significant presence in the mining and power sectors through subsidiaries (Orissa Manganese and Minerals Limited and Adhunik Power and Natural Resources Limited).

Certifications

- Certified for ISO 9001:2008 and TS 16949 across all manufacturing units
- Accredited with ISO 14001:2004 and BS OHSAS 18001:2007

Awards and accolades

- Honored with "Entrepreneur of the Year Award by Pravat Khabar in the year 2012
- Adhunik Group has bagged the "Pravat Khabar Best CSR Practices Awards, 2012 for its contribution towards Women Empowerment.
- Mr Manoj Kumar Agarwal awarded with Franchise India's Entrepreneur India Awards 2013 in the category Dynamic Entrepreneur of the Year (Business Transformation).
- 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 "Frame CSR Awards-2012" for its activities in that category at a function in

Bhubaneswar on August 25, 2012. The award was given away by the Hon'ble Chief Minister of Orissa Mr Naveen Patnaik.

- Adhunik Group company awarded for "Highest Growth in Export for the year 2011-12" in the category Large Enterprise.
- Greentech Environment 2012, one of the most prestigious award conferred to Adhunik Metaliks Limited in Silver category (metal & mining sector) for its outstanding achievement in Environment management.
- The most coveted 'Birsu Munda Achievement Award' was conferred on Adhunik Group for its commendable contribution towards the economic growth of the State and for commissioning its Power Plant in Jharkhand. Adhunik Power & Natural Resources Limited (the power vertical of the Group) is the first company to kick off its power plant, amongst several other companies, after having signed a Memorandum of Understanding (MoU)

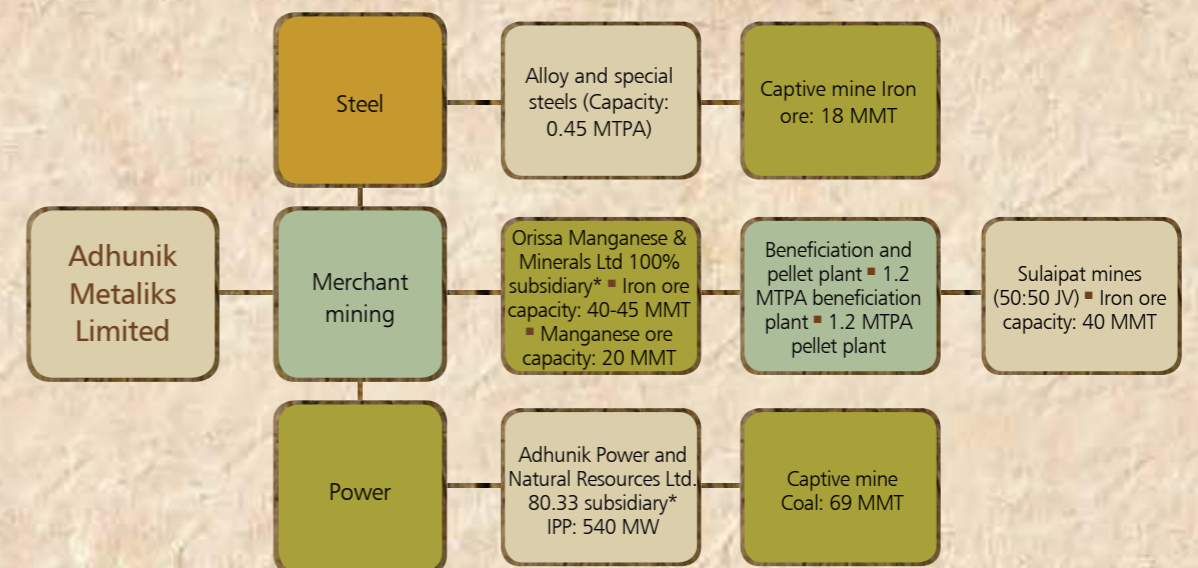
with the Government of Jharkhand.

- Adhunik Power & Natural resources Limited awarded with "Jharkhand Outstanding contribution Award for its commendable contribution in Jharkhand Growth.
- OMML, Ghatkuri mines awarded seven prizes for its performance in the category A2 (Fully Mechanised) in 13th Mines Environment and Mineral Conservation Week Celebration. It was awarded with two 1st prizes in 'Management of Sub-grade Minerals' and 'Publicity and Propaganda', one 2nd prize in 'Best CSR Stall', three 3rd prizes in 'Top Soil Management', 'Dust Suppression Arrangements and Noise, Vibration Survey & Other Scientific Studies, Provision of Lab & General Aesthetic Beauty' and one 3rd prize in 'Overall Category'.

Clientele



Business divisions



OPERATIONAL PERFORMANCE

Steel

- Production of steel achieved during the period was 315931 tonnes.
- Average realisation of rolled products increased from ₹45,654 per tonne in 2011-12 to ₹50,189 per ton

Mining

- Achieved sales volume of 819,864 tonnes of iron ore
- Achieved sales volume of 46,204 tonnes of medium/high grade manganese ore
- Increased realisations from merchant iron ore mines (OMML) from ₹2,857 per tonne in 2011-12 to ₹3,031 per ton
- Increased realisations from merchant manganese ore mines (OMML) from ₹7,115 per tonne in 2011-12 to ₹7,228 per ton
- Recorded a revenue of ₹642.58 crore from the pelletisation plant
- Initiated enhanced capacity for the pelletisation plant

Merchant power

- Started the two-phased 540 MW merchant power plant through APNRL
- Signed long-term power purchase agreement with JSEB, WBSEDCL, Tata Power, PTC
- Achieved a PLF of 73% for the captive power plant

FINANCIAL HIGHLIGHTS, 2012-13

- Consolidated revenue increased 33% from ₹2,449.81 crore in 2011-12 to ₹3,269.32 crore
- Consolidated EBIDTA enhanced 33% from ₹569.44 crore in 2011-12 to ₹760.14 crore
- Consolidated post-tax profit increased 321% from ₹20.66 crore in 2011-12 to ₹87.19 crore
- Consolidated EBIDTA margin stood at 24.6% against 24.2% in 2011-12
- Cash profit stood at ₹276.07 crore against ₹179.28 crore in 2011-12

OUR PERFORMANCE SNAPSHOT

	(₹ crore)
Consolidated revenue	
2008-09	1392.12
2009-10	1539.50
2010-11	1,786.16
2011-12	2,449.81
2012-13	3,269.32

	(₹ crore)
Consolidated EBIDTA	
2008-09	232.55
2009-10	427.14
2010-11	578.47
2011-12	569.44
2012-13	760.14

	(₹ crore)
Consolidated PAT	
2008-09	40.06
2009-10	137.35
2010-11	184.31
2011-12	20.66
2012-13	87.19

	(₹ crore)
Consolidated cash profit	
2008-09	86.26
2009-10	205.02
2010-11	288.09
2011-12	179.28
2012-13	276.07

	(%)
Consolidated EBIDTA margin	
2008-09	17.88
2009-10	28.58
2010-11	32.00
2011-12	24.2
2012-13	24.6

	(₹)
Consolidated earning per share	
2008-09	5.05
2009-10	12.24
2010-11	14.92
2011-12	1.67
2012-13	7.06

“WE HAVE TAKEN MULTIPLE INITIATIVES TO REDUCE COST, IMPROVE PROFITABILITY, EMERGE ASSET-LIGHT AND ENHANCE RETURN ON CAPITAL EMPLOYED”

Mr. Manoj Agarwal, Managing Director, reviews the Company's 2012-13 performance and strategies to create a solid business foundation even in the midst of the slowdown.



Q: Were you pleased with the Company's working during the financial year under review?

A: I would definitely not use the word 'pleased' in view of how we were able to address the challenges addressed by the sector during the year under review, but I would state that we finished the year placed considerably better than we were when we started out. The reality is that the financial year 2012-13 was one of the most challenging faced by the Company during its existence for economic and sectoral factors that had a bearing on the Company's performance. Even as India reported its slowest growth in a decade, Adhunik Metaliks reported a 33% growth in revenues, a 33% increase in its EBITDA to ₹760.14 crore and a 321% increase in its profit after tax to ₹87.19 cr. These numbers are nothing to write to shareholders about. However, I would like to impress upon our shareholders that we strengthened our business during the year under review, whose impact will only be visible during 2013-14 and beyond.

Q: What were the reasons behind the weaker performance?

A: One of the principal reasons for the weaker performance of the steel sector in general was the upheaval in the country's upstream mining sector. The Central Government appointed a commission to examine the state of the country's mining sector, which came down heavily on mining activities in Karnataka. The result was that mining activities were discontinued in that state during the year under review. This single decision had wide-ranging ramifications: for one, mineral costs increased even as steel realisations weakened, which squeezed downstream industry margins. Two, the ripple effect of the Karnataka mining ban was felt in a state like Odisha with a growing mining exposure, which suddenly went slow in awarding mining licenses. The result was that of 250 mines in Odisha, only ten were running towards the close of the year under view. Even as Adhunik (through its subsidiary) possessed clear licenses to mine, some of its inward supplies were affected. From an effective 200 hectares of mining coverage, the Company's throughput could be derived from only 90 hectares with longstanding ramifications in terms of cost, logistics and convenience.

The other point that needs to be indicated here is that there was a critical time-lag between the decline in steel realisations on the one hand and the decline in raw material costs, the latter declining much after the decline

in realisations. This reality compressed the steel sector's margins, resulting in an increase in working capital and interest outflow.

One also needs to draw attention to the fact that there was a 200 bps increase in interest rates during the year under review, which for a cash-intensive sector like steel translated into a higher cost incidence.

From an inputs point of view, this all-round cost increase affected the viability of most steel players in the country, Adhunik Metaliks included.

Q: How did the steel sector perform during the year under review?

A: The steel sector reported one of its slowest growth rates in recent years – a mere 5.5% – as infrastructural spending and industrial growth declined. As a strategic direction, the Company had selected to focus on the manufacture of alloy steel over commodity steel grades. In turn, the Company's alloy production had been directed for the downstream consumption of the country's automobile sector. During the year under review, the automobile sector reported a sharp contraction in demand; an approximate 19% CAGR in revenues declined to a mere 7% during the year under review, which inevitably translated into plant closures for the first time in decades for some of the country's largest automobile brands. This affected the Company's offtake of alloy steel products; our revenues from this business increased only 21% to ₹535.54 crore during the year under review.

Q: How did the Company counter these challenging realities during the year under review?

A: Rather than dismiss the sectoral slowdown as a development outside the Company's direct control, the management at Adhunik Metaliks resolved to make the most of a challenging environment through the following initiatives:

- At a time when most mine owners were selecting to go slow in commissioning their mines, Adhunik Metaliks increased its investments and became the first company to commission captive iron ore mines in Odisha in nearly a decade. This testifies to the Company's commitment to grow its core competence with the objective of extending its value chain and reduce sourcing costs.
- At a time when most alloy steel suppliers to India's auto sector complained of declining offtake, Adhunik Metaliks immediately re-strategised and diverted material to the international markets. The result was that the Company's alloy steel export increased 51% over the previous financial year, logging ₹419.41 crore in revenues during the year under review.
- At a time when most steel manufacturers continued to focus on conventional customer segments, Adhunik Metaliks (among a handful of companies) selected to focus on supplying products to the country's power transmission segment, a niche that continued to perform creditably even in a challenging year.

▪ At a time when most steel manufacturers froze investments across the board, Adhunik Metaliks commissioned a 1.2 million TPA pellet plant in January 2012, the impact of which was felt during the year under review. The plant generated ₹642.58 crore in revenues while operating at 71% capacity utilisation; the response encouraged the Company to enhance its capacity to 1.6 million TPA with attractive inbuilt profitability even during a weak market.

▪ At a time when diesel costs increased, Adhunik Metaliks explored alternative truck routes to reduce costs without compromising on customer delivery.

Q: What is that one big initiative that is expected to emerge as a game changer during the year under review?

A: The Adhunik Group divested its non-core industrial assets during the year under review. The Company liquidated a cement plant, forgings unit and transmission line business, generating ₹400 crore in cash. This also reduced debt of around of ₹800 crore at group level. This is expected to generate an incremental ₹100 crore in annual cash inflow on account of reduction in interest. But more importantly, this inflow into promoter Group

At Adhunik Metaliks, we have charted out an aggressive asset-light approach to enhance revenues and reduce costs

companies is expected to enhance the promoter's capability to invest in Group companies, which, in turn, could help right size their Balance Sheets, invest in their core businesses and strengthen overall competence. The Group will benefit from two perspectives: the recurring losses will now no longer figure on the Company's books and the sizable cash inflow will translate into an annual cash inflow – a sharp swing from the red to the black.

Q: How does the Company expect to the business ahead during the current year?

A: Until 2012-13, the Company held a 100% stake in Orissa Manganese and Minerals Limited, its subsidiary company engaged in mining. OMML possessed approximately 1,100 hectares of mining portfolio across the iron ore, coal and manganese ore. The Company recognised that from a Group perspective it made eminent sense for the two entities to be merged to rationalise tax (corporate and service), comply with the state's requirement of value-addition within the same company (in addition to merchant ore sale) and also resolve conflicts of interest on the sale price of ore from company to another. The merger of the two entities represented a win-win for some good reasons: an annual tax saving of around ₹70 crore, a consolidation of debt with easier repayment tenures and enhanced cash flow. We expect that this merger will become a reality by the third quarter of 2013-14, the full impact translating into financials in 2014-15.

Q: How does the management expect to steer the Company to profitability?

A: The Company will increasingly focus on the export of pellets and steel for some good reasons. One, the weakening of the Indian rupee will enhance the competitiveness of the Company's products. Two, the growing export focus will derisk the Company from an excessive dependence on the Indian market by spreading the geographic risk wider. Three, the significant exports exposure will make it possible for the Company to mobilise dollar debt with a 200 bps cost reduction that can potentially translate into estimated ₹40 crore of annual savings starting April 2014.

Q: What are the prospects of the Company's performance?

A: It would be easy to be defensive given the sectoral and economic weakness. However, at Adhunik Metaliks, we have charted out an aggressive asset-light approach to enhance revenues and reduce costs; we expect to reinforce our profitability and return on employed capital. We possess a complement of the right assets – captive and merchant iron ore mines, five merchant manganese ore mines, 34 MW captive power plant, merchant pellet plant and downstream alloy capacity – that will help us report lower variable costs. A couple of profitable developments are expected to transpire over the foreseeable future: one, with Odisha permitting the open access sourcing of power, we expect to

rationalise our power cost by ₹1.40 per unit that could eventually translate into an increase of 100 bps in our EBITDA margin. Besides, our independent 540 MW power plant has already been commissioned and we expect that this plant will report an approximate pre-tax profit of ₹200 crore in 2014-15 and ₹400 crore in 2015-16. Besides, we expect to increase our manganese ore throughput 35% over the peak levels reported in 2011-12, which should also strengthen our bottomline.

Q: How do these realities translate into enhanced value for the shareholder?

A: There are some things that our

shareholders will need to appreciate - that we have commissioned capacities, facilities and projects even during the most challenging times. During a sectoral slowdown when capexes are generally staggered, there is usually a decline in incremental capacities. When markets revive, the demand is usually greater than a country's capacity to supply, strengthening realisations. I want to communicate to our shareholders that we are attractively positioned to capitalise: our expansions went on stream during the slowdown when few companies increased capacities, so when the revival does happen we will be attractively placed to capitalise.

I can categorically state that even as the external environment remains weak, the Company's financials appeared to have bottomed during the first half of 2013-14 with prospects of perceptive improvement becoming visible from the second half onwards. As our profits increase, we expect that there would be a corresponding improvement in our credit rating and a consequent decline in our borrowing costs, strengthening the virtuous cycle and enhancing value in the hands of all those who own shares in our company.

The rationale behind Adhunik's proposed reverse-merger

- Streamlining the Adhunik Group holding structure and increasing cross-synergies
- Consolidation of steel manufacturing and mining businesses in a single entity
- Eliminating tax inefficiencies; following the merger, service tax credit can be utilised against excise duty payable on steel, resulting in substantial savings.
- Unabsorbed depreciation of AML and ZSL will give tax effectiveness to the merged entity.
- OMML is currently paying tax at the maximum rate whereas the effective tax rate of AML is around 20%; following the merger, the effective

tax rate of the merged entity would be around 25%.

- The various mining leases of OMML are subject to renewals by the Odisha Government; as per emerging regulatory norms the Group has been advised to possess captive end use of minerals produced by OMML in the same entity to ensure smooth license renewals.
- Minimising compliance costs through a consolidation of entities;
- Appropriate capital structure at the national level with enhanced return on capital employed;
- Larger scope for modernisation, expansion and independent value-addition
- Effective cash management; enhancing earnings before interest, tax, depreciation and amortisation

(EBITDA) and shareholder value;

- Creation of a focused entity leading to a better appreciation by the market.
- Sharing of infrastructure, utilities and services facilities leading to enhanced economies-of-scale and synergies.
- Eliminating issues related to transfer pricing and the duplication of administrative efforts in terms of separate personnel, record-keeping relating to accounts, income tax, sales tax, invoicing between the entities and corporate records among others
- Facilitating the debt consolidation of AML and ZSL in OMML, which will improve administration of debt for companies and lenders.

CONSOLIDATION AMALGAMATION LEADING TO A SOLID FOUNDATION

At Adhunik Metaliks, we recognise that in a challenging business environment, there is an imperative need to aggregate one's competencies.

In line with this conviction, we are merging Zion Steel Limited (120,000 TPA rolling mill facility capable of converting steel billets into rolled products for the automobile, construction and bright bar industries), an associate company with AML. Post merger of ZSL with AML, the Company proposed reverse-merger of AML with subsidiary OMML engaged in the business of exploration, development, mining and processing minerals under a consolidated scheme of amalgamation involving merger of ZSL with AML and merger of AML (post merger with ZSL) with OMML.

These initiatives will strengthen the Company's working in the following ways:

- AML procures around 50% of its iron ore requirement and around 80% of its manganese ore requirement from OMML. Following the reverse-merger, OMML will be integrated across the value chain from ores (iron and manganese) and coal to value-added steel products supported by ferro alloys, coke oven batteries and railway sidings.
- The merged entity is expected to rationalise inventories and

strengthen the supply chain.

- A third of OMML's cash flow is paid out as tax while the effective tax rate of AML is around 20%. Following the reverse-merger, the effective tax rate of the merged entity will be around 25%, saving an estimated ₹70 crore in tax.
- The reverse-merger would eliminate taxes and governance issues arising out of transfer pricing
- The reverse-merger would enhance network and cash flows of the combined business, helping reduce the cost of capital.



CONSOLIDATION SUSTAINING INVESTMENTS TO NEUTRALISE EXTERNAL IMPACTS

During an economic slowdown, the general practice for most corporates is to moderate asset investments.

At Adhunik Metaliks, we continued to invest in our business with the objective of possessing adequate capacity when the economy turned around.

- The Company invested in a 1.2 MTPA pelletisation to convert iron ore fines into pellets for onward use in steel production. This facility commenced operations from January 2012 and generated revenues worth ₹642.58 crore in 2012-13 (at 71% capacity utilisation). The Company is enhancing pelletisation capacity to 1.6 MTPA, benefiting from economies-of-scale leading to attractive profitability even during a weak economic environment.
- Even as most mine owners were selecting to stagger investments in mines, Adhunik Metaliks became the first company to commission its captive iron ore mines in Odisha in nearly a decade.
- The Company's 540 MW merchant power plants (through a majority-owned subsidiary) became operational during the year under review. The 25-year power purchase agreement will enhance the Company's topline and bottomline from 2013-14 onwards.

CONSOLIDATION SELECTING NICHE AND ALTERNATIVE SEGMENTS TO MAINTAIN OFFTAKE

During the slowdown, when most manufacturers are struggling to sustain offtake, Adhunik selected niche areas to maintain revenues.

- Adhunik Metaliks chose to export to escape the competitive pressures of the Indian market by leveraging its proximity to the Paradip and Haldia ports. As a result, alloy steel exports increased 51% to ₹419.41 crore in 2012-13.
- Adhunik Metaliks (among a handful of companies) selected to focus on supplying products to the country's power transmission segment, a niche segment that continued to perform creditably even in a gloomy economic environment.

CONSOLIDATION DIVESTING THE 'NON-CORE' BUSINESSES

In a resource-crunched economy, Adhunik consolidated its business by divesting 'non-core' industrial assets.

- The Company sold its cement plant, forgings unit and transmission line business, generating a one-time ₹400 crore in cash and an incremental ₹100 crore in annual cash inflow.
- This inflow will be infused into the promoter Group companies and, which in turn could help right-size their Balance Sheets, invest in the core business and strengthen overall competence.
- Due to the divestments, the Group will benefit from two perspectives: the recurring losses will now no longer figure on the Company's books and the sizeable cash inflow will translate into an enhanced annual cash inflow, helping the Company generate more profits.



BUSINESS MODEL

Integration

AML has invested judiciously in integrating its operations. Around 40% of the Company's raw material requirement is met through OMML. This strong integration - visible among only a handful of companies in India's steel sector - helps strengthen profitability and resistance to industry cycles.

Proximity

Steel manufacture is a raw material-intensive industry with logistics accounting for a large part of its operating costs. The Company's manufacturing unit is located in the mineral rich state of Odisha where 90% of the Company's raw material requirement is procured from within 200 km from its manufacturing unit. Besides, the Company's manufacturing unit is also proximate to the Haldia and the Paradip ports, resulting

enhancing export convenience and competitiveness.

Scale

The Company has invested judiciously in scale with an alloy-cum-special steel manufacturing capacity of 0.45 MTPA. The Company's resource assets (manganese, iron and coal) provide security for a number of years based on the existing throughput. The Company's pelletisation plant (post-expansion) will be one of the largest such units in the country.

Technology

Adhunik has progressively invested in top-of-the-line equipment and technologies like pulverised coke fines injection in a 262 cubic metre mini blast furnace and is all set to be installed this year in AML, Rourkela plant as a step towards increase in productivity cost.

Exports

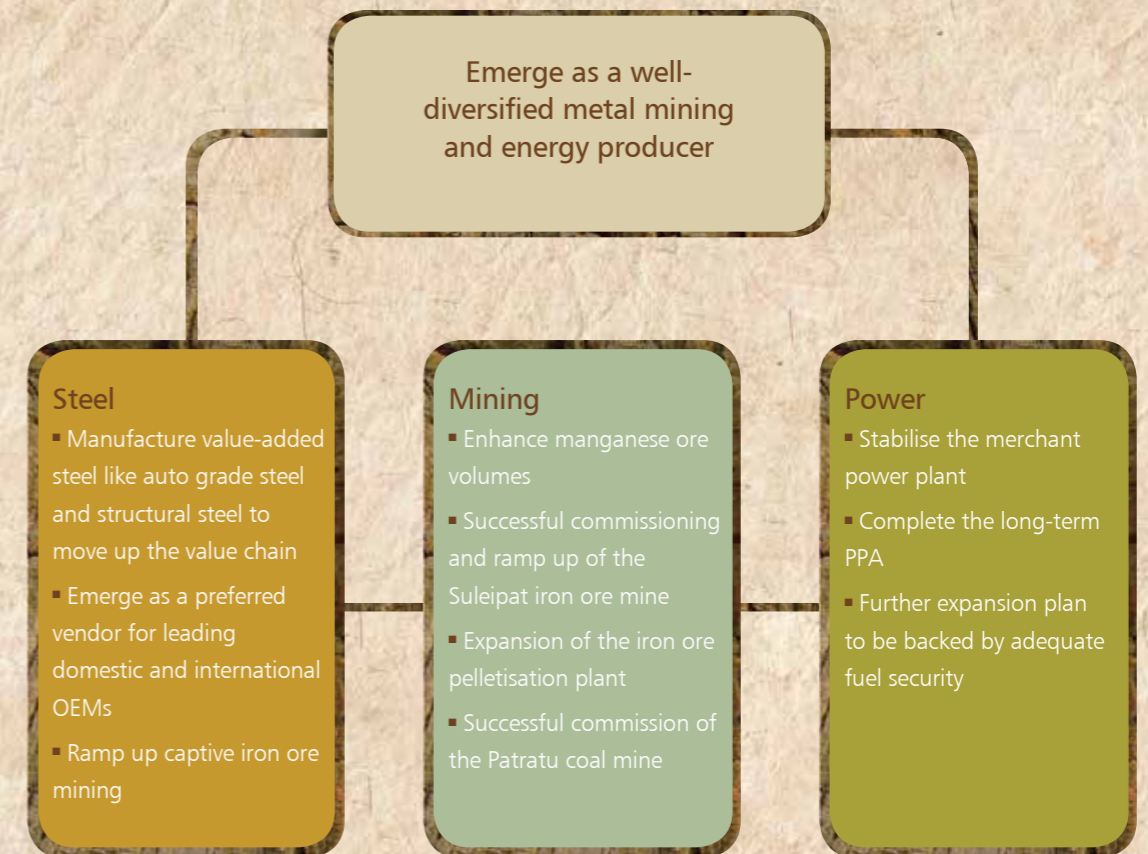
The Company's end products are sold in eight countries, defraying an excessive dependence on the Indian market.

Approvals

Over the years, the Company has invested in process certifications and product approvals by OEM customers (automobile, forging and engineering, telecom, power, oil and gas and agricultural equipment among others), a significant advantage in generating sustained offtake and also showcasing the Company's quality standard.

The Company's end products are sold in eight countries, defraying an excessive dependence on the Indian market.

STRATEGIC GROWTH PLAN



STRENGTHS

Strategic location

The Company procures its raw materials from within a radius of 200 kms of its manufacturing unit, resulting in easier raw material sourcing.

Integrated business model

The Company's presence across captive mines (iron ore), DRI plant, blast furnace, sinter plant, coke oven plant, captive power generation and steel manufacture makes it a fully-integrated alloy steel manufacturing company.

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).

Strong clientele

Some of the Company's largest customers comprise Tata Motors, Mahindra & Mahindra, Amtek Auto, Ashok Leyland, BEML, L&T and the Indian Railways, among others. Nearly 80% of the Company's customers have been with the Company for more than five years.

Intellectual capital

A strong project management team ensures timely project execution. In addition, the team comprises engineers, MBAs, CAs and graduates.

Value-added products

The Company caters to the fast-growing automobile, oil and gas and railways sectors and is the largest manufacturer of special and alloy steel in its most competitive domestic market in Eastern India. With its presence in steel, mining and power sectors the Company is already a business conglomerate.

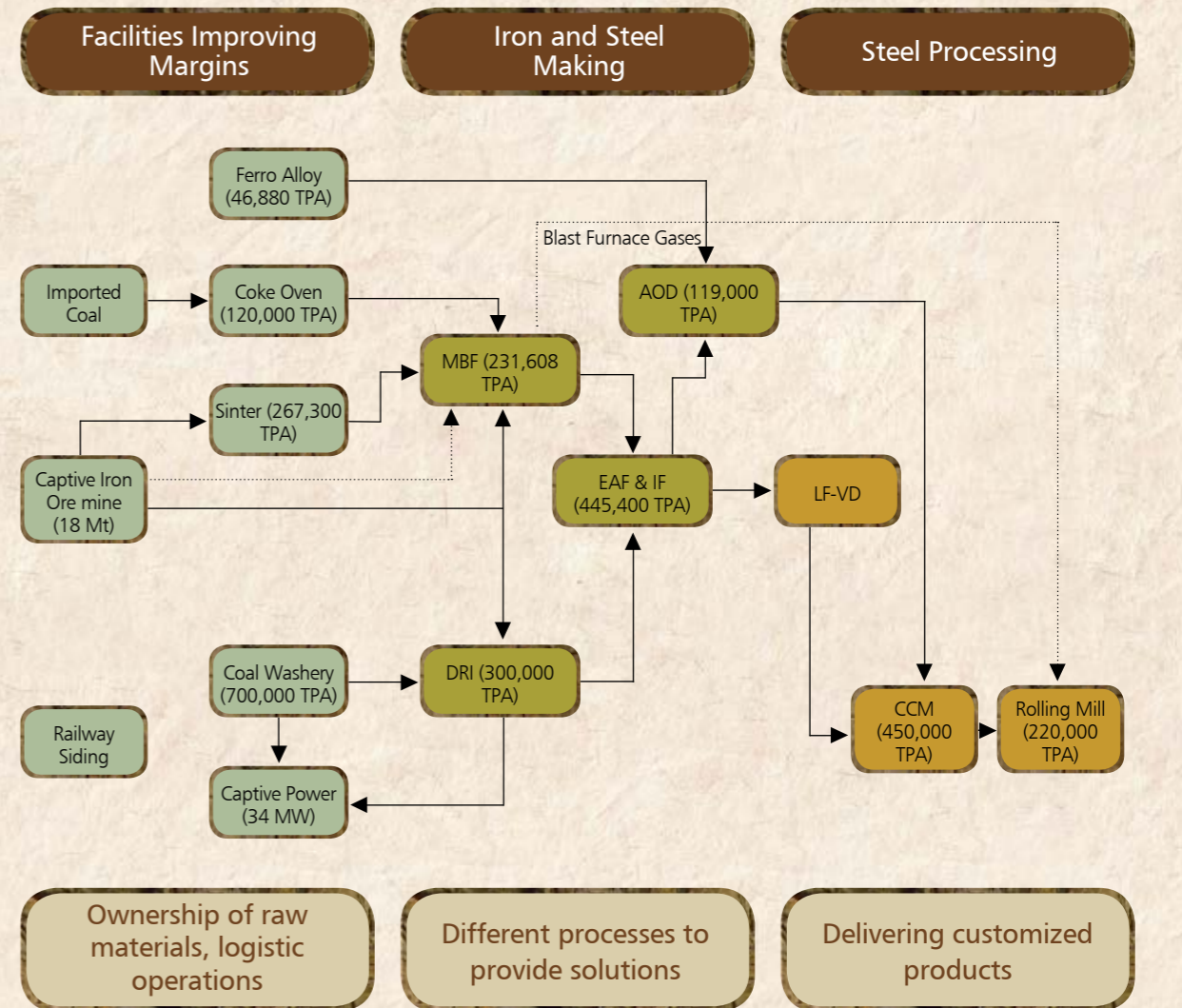
Power

The Company inaugurated its first unit of 2x270 MW coal-fired thermal power plant in October 2012 at Padampur village of Saraikela-Kharsawan district of Jharkhand. The second 270 MW was commissioned in the last quarter of 2013. APNRL has also signed a Memorandum of Understanding (MoU) with the Government of Jharkhand for a 1,080 MW project.

Quality

The Company has done 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 to enhance product quality. The Company is also accredited with ISO 14001:2004, BS OHSAS 18001:2007, AML ISO 9001:2008, OMML ISO 9001:2008, ISO/TS 16949, RDSO I, RDSO II, CBB, IBR, BIS .

INTEGRATED FOR BETTER MARGINS





**MANAGEMENT
DISCUSSION
AND ANALYSIS**

Global economy

The world economy weakened considerably during 2012 and is expected to remain subdued for the coming two years. The global economy growth hovered around 3.1 % in 2012, lower than 2011 (3.9%), on account of the eurozone debt crisis, inflation and market volatility. The United States, the largest economy, posted better numbers (2.2% in 2012 against 1.8% in 2011). The eurozone reported a negative growth of 0.6% and China's growth slowed from 9.3% to 7.8%. The global economy is expected to mend gradually, projected to grow at

3.1 % in 2013 and at 3.8 % in 2014. [Source: IMF, World Economic Outlook, July 2013]

Indian economy

The growth of the Indian economy hovered around 5% in 2012-13, the lowest in a decade, on account of poor performances in its manufacturing, agriculture and service sectors. The moderation in growth was primarily attributable to weaknesses in industry (mining and quarrying, manufacturing, electricity, gas and water supply, and construction) at 3.1% while the manufacturing sector grew only by 1.9%.

The growth of the service sectors was at a low 8.6% in 2012-13 against 11.7% in 2011-12. The fiscal deficit for 2012-13 is estimated at 5.2% of GDP corresponding to ₹5,20,924 crore in 2012-13 (revised estimates) and expected to be ₹5,42,499 crore in 2013-14 (Budget estimates). The country's current account deficit was estimated at \$ 87.8 billion (4.8% of GDP) in 2012-13 and projected at \$ 70 billion (3.7% of GDP) in 2013-14. Trade deficit touched an unprecedented \$190.9 billion in 2012-13 as against \$183.3 billion in 2011-12.

Steel industry

In 2012, the world steel industry produced 1,547 million tonnes of steel, up from 1,536 million in 2011. China continued to be the largest steel producer globally, accounting for more than 46% of the world's total steel output, followed by Japan, the US, India and Russia.

In 2012, world average steel use per capita was 216.9 kg, which is a slight increase over 2011. Lower industrial production and reduced investment in large-scale infrastructure projects

resulted in a marked decline in the growth of steel demand from the developed and emerging markets. Apparent global steel usage in 2012 is expected to have grown by only 1.24% (compared to 6.2% growth in 2011), and steel demand is expected to grow by only 3.2% in 2013.

It is unlikely that steel demand will significantly improve in 2013, largely because of the continuing economic crisis in developed countries and the structural shifts undergoing in the Chinese economy. Moderate recovery

World output (%)

	2010	2011	2012	2013 (P)	2014 (P)
World output	5.2	3.9	3.1	3.1	3.8
Advanced economies	3.2	1.7	1.2	1.2	2.1
Emerging economies	7.3	6.2	4.9	5	5.4

(Source: IMF, World Economic Outlook, July 2013)

Top 10 steel producing countries

Country	2012	2011
China	716.5	683.9
Japan	107.2	107.6
United States	88.7	86.4
India	77.6	71.3
Russia	70.4	68.9
South Korea	69.1	68.5
Germany	42.7	44.3
Turkey	35.9	34.1
Brazil	34.5	35.2
Ukraine	33.0	35.3

[Source: Worldsteel.org]

Per capita steel consumption (in kg)

World average	United States	United Kingdom	India	China
216.9	306.2	143.8	56.9	477.4

is only expected in 2014–15, although steel demand is likely to improve faster in emerging markets. As per an Ernst & Young estimation, global steel demand growth is pegged to reach 3.5% per annum by 2015.

Indian steel industry

In fiscal 2012-13, India’s steel sector recorded a growth of around 5.86% aggregating to a total production of around 78.12 million tonnes. India was the world’s fourth largest crude steel producer after China, Japan, and the US.

The Indian steel market is expected to grow at 7% in 2013-14 compared to

5.86% in 2012-13, backed by policy initiatives taken by the government in the recent past, riding economic growth and infrastructural investments [Source: Business Line]. India’s steel production is expected to increase from 75 million tonnes to 200 million tonnes by 2020. The biggest opportunity before the Indian steel sector lies in the enormous scope emanating with increasing nationwide consumption.

▪ **Resources:** India is a treasure trove of rich mineral resources (iron ore, coal and other resources). It has the fourth largest iron ore reserves (10.3 billion tonnes) after Russia, Brazil, and Australia. It has the third largest pool of

technical manpower, next to the United States and the erstwhile USSR.

▪ **Unexplored market:** India’s rural sector is fairly under-consumed from a steel perspective. The cost-effective use of steel is possible in housing, fencing, structures and other possible applications, substituting conventional materials and protecting forest conservation.

▪ **Other sectors:** A considerable potential exists for enhancing steel consumption in the automobile, packaging, engineering, irrigation, and water supply sectors through improved quality (use of less material by reducing weight and thickness).

Iron ore

Global: Iron ore is the main source of primary iron required for the global iron and steel industries. The global iron ore industry is forecast to reach US \$379 billion, growing at a strong CAGR of 9.9% over the next five years. The industry is characterised by competitive rivalry with a low entrance threat to new players and high exit barriers [Source: Research and markets].

Global demand for iron ore is largely dependent on the state of the global steel industry and, more specifically, on that of the steel manufacturing sector in China. Global steel consumption is forecast to grow in excess of 4% over the next three years. Iron ore prices reached a high of \$151/t (62%-Fe, CFR China) in April 2012, but fell to a low of \$89/t in early September, before stabilising at around \$130/t towards the end of the year. The market recovered at the end of 2012, with steel mills returning to the market,

which was reflected in a marked increase in index iron ore prices.

India: About 60-70% of the iron ore produced is consumed domestically and remaining (mostly fines) is exported. Following increasing crude steel production capacities, demand for raw materials like iron ore and coking coal is increasing faster. The iron ore production in FY 2012 was 169.66 MT and the estimated iron ore consumption by iron and steel industry in FY 2012 was 116.3 MT.

India’s iron ore exports jumped 157% to 121 million tonnes in 2012-13, compared with 47 million tonnes in the previous year. Latest provisional data showed iron ore exports during the April to December 2012 period at 14.2 million tonnes. According to the Federation of Indian Mineral Industries, outbound shipments of iron ore declined from 61.74 million tonnes in 2011-12 to 18.37 million tonnes in 2012-13.

Manganese ore

The world manganese production fell by 3.57% from 55.43 million tonnes in calendar year 2011 to 53.45 million tonnes in calendar year 2012, while Indian production fell by 12.60% from 2.54 million tonnes in 2011 to 2.22 million tonnes in 2012 (Source: IMnl). India is a net importer of manganese ore. The Indian production of manganese ore is about 2.22 MTPA, with imports at about 2.327 MTPA. The domestic ferro alloys manufacturers’ requirement of manganese ore increased substantially. Due to a lower availability of high grade manganese ore in India, there has been an increase in the import of manganese ore. Imports grew at about 18.66% from 1.961 MTPA in 2011 to 2.327 MTPA in 2012 [Source: DGFT].

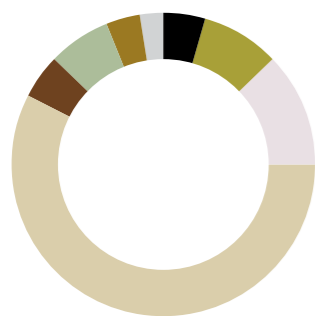
Alloy steel

India’s alloy steel sector has an installed capacity of approx. 11 million tonnes out of about 80 million tonnes for the

entire steel industry in the country. At approx. 5 million tonnes production against 11 million tonnes capacity, the utilisation in the sector is below 50% as against 85% capacity utilisation for the entire steel industry. An increase in the import duty of alloy steel long products from 5% to 10% will reduce imports and demand for domestic alloy steel increases will lead to an increase in surplus domestic production and capacity utilisation. On the other hand, alloy steel production is expected to become more competitive in the country with the reduction in custom duty on all three categories of nickel from 2.5% to nil. On the all, the alloy steel sector is likely to witness an improvement in margins following improved production capacity utilisation and reduced costs [Source: Rediff].

2012 Iron ore demand

Global 1,092 Mt

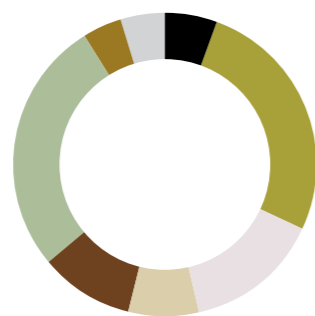


- North America 49 Mt
- Europe 92 Mt
- Japan and rest of Asia 132 Mt
- China 628 Mt
- India 54 Mt
- CIS 71 Mt
- Incorporating South America 39 Mt
- Rest of world 27 Mt

Source: CRU, AME company reports and Anglo American estimates on global Iron ore, Fe unit basis

2012 Iron ore production

Global 1,092 Mt



- North America 61 Mt
- South America 288 Mt
- China 159 Mt
- India 82 Mt
- CIS 110 Mt
- Australia 295 Mt
- Incorporating Europe 48 Mt
- Rest of world 49 Mt

Source: CRU, AME company reports and Anglo American estimates on global Iron ore, Fe unit basis

Raw material demand (MT) by steel industry during 12th FYP: 2012-17

Estimated Demand	Iron Ore	Coking Coal	Others	Total
FY 12	115.03	43.25	11.13	169.41
FY 13	135.70	52.29	13.92	201.91
FY 14	149.43	57.91	15.33	222.67
FY 15	166.66	67.49	17.28	251.43
FY 16	185.24	77.23	19.48	281.95
FY 17	206.18	90.16	21.76	318.10

Others: PCI Coal, Manganese Ore, Chromite, Ferro Chrome, Ferro-Manganese, Silico-Manganese, Ferro-Silicon and Refractories

(Source: Working group report 2012-17- MoS, Projections by working group on steel industry)

RAW MATERIAL MANAGEMENT

Overview

The Company has its manufacturing unit at Sundergarh (Odisha) and procures 90% of its raw material requirement (like iron ore, coal, coke, limestone, power and manganese ore, among others) from within 200 km. Raw material management is essential for operational success of the Company as it takes around four tonnes of raw materials for manufacturing one tonne of end product.

Iron ore: The Company's captive iron ore mine in Keonjhar (Odisha) possesses reserves of 18 million tonnes and is expected to service demand for 30 years. The mine started despatching ore from June 2012 and presently supplies 10,000 tonnes 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 ₹2,000-2,500 per tonne of iron ore.

Around 40% of the requirement is procured from the merchant mines of OMML, (120 km away).

Coal: The Company procures its non-coking coal requirements through a linkage with Mahanadi Coalfields Limited and the e-auction route. The requirement of 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.

Highlights

- Continous dispatches from the captive Kulum iron ore mine met 15% of the total iron ore requirement.

Outlook

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. The Company's proposed merger with its 100% subsidiary OMML will further strengthen its backward integration. Entire requirement of iron ore and manganese ore will be met from its captive mines and mines of OMML.



OPERATIONS MANAGEMENT

Overview

The Company has made prudent investments in captive ore mines and power plants, captive railway sidings and rakes, among others, to position itself as one of the most cost-effective steel manufacturing company in the country. The Company is a secondary steel manufacturer with the following installed capacities:

- 450,000 TPA of steel
- 3,00,000 TPA of sponge iron
- 2,31,608 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.

Highlights, 2012-13

- During the year under review, the charging of cast blooms in semi-hot condition into the walking beam furnace for re-heating before rolling, for few medium carbon steel grades was under trial in the rolling mills. The bloom temperature before charging was approximately 550 degree celsius, which can lead to savings in fuel and energy costs once operations stabilise.

- To reduce manufacturing costs, the Company made a reduction in the number of roll passes in smaller diameter rounds and change in roll pass sequence from box pass to diamond-square; these initiatives increased mill output by 66% and 70% respectively.

- The cycle time in EAF reduced by 10 minutes following the optimisation of the electrode regulation system.

- The pulverised coke fines injection (PCI) in the 262 cubic metre mini-blast furnace is a globally comparable technology in terms of productivity and cost.

Outlook

The Company is modernising and upgrading its MBF, DRI, SMS which will increase utilisation, its efficiency and will also help in cost reduction

The cycle time in EAF reduced by 10 minutes following the optimisation of the electrode regulation system.

QUALITY MANAGEMENT

Overview

As the Company is a preferred supplier to quality-demanding automobile OEMs, the Company maintains its product quality by benchmarking output with the highest quality standards. The Company maintains long-term relationships through the consistent supply of quality products.

The Company's strong quality team ensured product delivery as per globally benchmarked quality standards with initiatives ranging from raw material management to manufacturing process to finished goods production. The Company 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 is certified with ISO 9001:2000 and has received other coveted endorsements like TS 16949, BIS (IS: 2830/IS: 2831) and RDSO.

Highlights, 2012-13

- The checking of inherent segregation levels in alloy steel rolled products were introduced in few micro and heat treatable alloy grades.
- The measurement of coal and fuel oil calorific value were conducted by the BOMB calorimeter.
- The Company focused on continual process and product quality

improvements as well as product development.

- The efficient training of skilled and semi-skilled personnel resulted in a moderation of process and product costs reflected in minimised equipment idling.
- The product rejections rate declined from 2.5% in 2008-09 to 1.20% in 2012-13.
- Repeat orders from existing customers increased.

Outlook

The Company will continue to surpass high quality standards and meet the stringent quality norms set by global OEMs.

SUPPLY CHAIN MANAGEMENT

Overview

In a logistics-intensive industry like steel, competitiveness is enhanced from a proximity to raw material sources, resulting in lower costs and timely delivery.

Inbound logistics

The Company's facilities are located in mineral-rich Odisha with the following logistical advantages:

- The units are well connected with major highways.
- Iron ore, manganese ore, limestone, chromite, quartz, dolomite and coal sources are located within 200 km of the Company's manufacturing facility in Rourkela.

- The Company has its own railway siding facility.

- OMML's iron ore mines and manganese ore mines are also proximate to railway sidings at a distance of 5 km and 25 km away, respectively.

- A 10 km long 132-KV line connects the production facility to the State Electricity Grid.

- Water requirements are addressed through a 9 km pipeline leading to the Koel river.

Outbound logistics

The Company has a dedicated team focusing on the management of outbound logistics. The Company

generally uses surface transport for supplying finished products to customers. Due to increased diesel prices, the Company took the following corrective measures:

- The Company studied truck movements in various parts of the country, selecting the optimal cost-effective route
- Maintained the average transit time
- Worked with multiple vendors

Outlook

Going ahead, the focus of the department is to moderate the increase in transportation costs arising from an increase fuel and oil prices.

MARKETING

Overview

Adhunik manufactures alloy steel, engineering quality steel, forging quality steel and special steel, which find application in auto components and ancillaries customised to respective customer needs. The Company supplies alloy steel to major OEMs in India and abroad. Its clientele comprises Tata Motors, Ashok Leyland and Maruti Suzuki among others.

For merchant mining, the Company is supplying iron ore and manganese ore to steel manufacturing giants like Jindal Steel, Steel Authority of India and Bhushan Steel, among others.

Highlights, 2012-13

In the face of an uncertain industry

environment, the Company altered its product mix, adding products like spring steel flats and construction steel. The Company focused on the retention of alloy steel customers through better client servicing.

The Company strengthened its marketing through an enriched product mix (from 300 x 320 mm blooms to the lowest possible sizes), superior product delivery and guaranteed quality of finished products.

Outlook

- As the Company's products are best in quality and are able to match competitors pricing. The Company expects to focus on the manufacture of alloy steel, enjoying value-addition

and sophisticated offtake and relative insulation from price-based market pressures.

- The Company intends to widen its distribution network following the branding of TMT bars.
- The Company plans to open a godown in Bangalore for bright bar manufacture and initiating the manufacture of all sizes twice a month with the objective of timely product delivery.
- The Company intends to introduce wire rods and smaller size rolling in its second mill, enriching the product mix.
- The Company expects to enhance plant efficiency, moderating production costs.

POWER

Highlights, 2012-13

- The Company achieved a PLF of 73% in 2012-13 in captive power plant
- Power evacuation arrangement for an independent power plant in Jharkhand was completed in 2013
- Commenced commercial operations of the first unit of 270 MW in January 2013
- Commenced commercial operations of the second unit of 270 MW in May 2013

Captive generation

The Company has two captive power plants (cumulative 34 MW) which provides for 40% of its power needs,

the rest being derived from the State Electricity Grid. The power plant consumes waste generated from the DRI plant, waste char (around 20% carbon) and coal washery rejects. Average per unit generation cost was ₹5.41 compared with a grid cost of ₹3.88 per unit. During the year under review, the plants reported an average PLF of 73%.

Power generation (IPP)

The Company (through subsidiary Adhunik Power and Natural Resources Limited) entered the business of power generation in 2009. The Company plans to establish a 1,080-MW plant across three phases in Jharkhand. The

Company commissioned its first unit of 270 MW plant in January 2013 and the second 270 MW plant in May 2013.

Outlook

The Company plans to stabilise the recently commissioned 540 MW power plant and achieve 90 % PLF.

The Company also plans to establish an additional 540 MW (third phase) for which it signed an MoU with the Jharkhand government. The Company also applied for an MOEF clearance, with the EIA report under preparation. The Company is also exploring the raw material sources for the same.

MINING

Overview

The Company (through subsidiary) possesses iron ore and manganese ore mines with estimated reserves of 40-45 million tonnes and 20 million tonnes 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. The Company enjoys long-term relationships with clients, the prominent ones being Bhushan Steel, Raipur Power & Steel Ltd, Jindal Stainless, Rohit Ferro Tech and Impex Ferro Alloys, among others.

Highlights, 2012-13

- The Company commenced captive iron ore mining operations
- The Company commissioned Sulaipat

mine operations in September 2012.

- The Company initiated expansion of the pelletisation plant from 1.2 MTPA to 1.6 MTPA

Outlook

The Company plans to ramp up production from beneficiation and pelletisation plants. The Company will also focus on the smooth functioning of merchant manganese ore mine

Natural resources profile

Business segment	Mineral	Resources	Location	Status
Steel (Captive)	Iron ore	18 MMT	Keonjhar, Odisha	Operational
Merchant mining	Iron ore	40-45 MMT	Ghatkuri, Jharkhand	Operational
	Manganese ore	15 MMT	Patmunda, Odisha	Operational
Merchant mining (Joint venture company)	5 MMT	Koira, Odisha	Operational	
	Iron ore	40 MMT	Mayurbhanj, Odisha	Operational
Power (Captive)	Coal	450 MMT	Patratu, Jharkhand	Recently allocated
	Coal	69 MMT	Ganeshpur, Jharkhand	Expected COD by FY2015

HUMAN RESOURCE MANAGEMENT

Overview

People are considered to be the foundation of the super structure that is in Adhunik. The Company created a separate department for managing the human resource requirements of the Company. It commissioned a SAP module on human resource for efficient management.

Recruitment: Adhunik continued to recruit candidates from premier

polytechnic institutions in West Bengal, Odisha, Jharkhand and Chattishgarh, among others.

Highlights, 2012-13

The Company strengthened its people management through the following initiatives:

- Initiated employee suggestion scheme
- Commanded a 360 degree feedback system

▪ Structured the performance management system through a balanced score card system

▪ Acquired fresh talents from engineering and diploma colleges and nurturing them through robust one year training programme

▪ Led the initiative IT-enabled to implement HR Process

▪ Implementation of ESOP scheme (for

employees of the Company and its subsidiaries)

Training: The Company has a dedicated training centre at its manufacturing unit. It conducted training programmes at the managerial and shop floor levels. It organised managerial programmes and on the shop floor trainings.

Appraisal: Adhunik leveraged 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. During the financial year 2012-13, Adhunik implemented ESOP

scheme for employees of the Company and its subsidiaries.

Leadership pipeline: For developing leadership pipeline, the key personnel have been sent to top business schools/ forums/external/ internal training programmes. The management takes keen interest in identifying and motivating the top performers.

INFORMATION TECHNOLOGY

Overview

The Company began to invest aggressively in IT three years ago with an intention to IT-enable its core business processes. It covered a number of business processes under an integrated SAP ECC 6 application suite (the latest from SAP), enhancing organisational effectiveness.

Highlights, 2012-13

- Implemented the credit management and budget control system.
- Inducted state-of-the-art MPLS network for efficient application delivery; created a fail-safe server architecture with state-of-the-art storage devices.
- Installed IP cameras to view plant and operations from remote locations.

▪ Aligned with the government's e-governance project implementation to enhance productivity gains.

▪ Enhanced IT security by engaging with hardware and software vendors.

▪ Moved the complete collaboration suite to cloud, bringing in anytime and anywhere concepts using Microsoft Office365 suite.

▪ Implemented complete Human Capital Management (HCM) suite on cloud, covering the complete employee lifecycle management (hiring to retiring).

▪ Extended SAP logistics execution (inbound and outbound through road and rail transportation) across all plants.

▪ Commenced the product costing module implementation in SAP.

Outlook

The Company plans to implement analytics and address the potential of data mining. The Company also plans to initiate the use of social media for managing people, skills and other resources.

The Company began to invest aggressively in IT three years ago with an intention to IT-enable its core business processes.



RISK MANAGEMENT

Risk management is the continuing process to identify, analyse, evaluate and treat loss exposures to monitor risk control and financial resources to mitigate the adverse effects of loss. In today's complex business environment, effective risk management is critical to success. The Company has a risk management team, periodically evaluating the risks associated with the business and taking necessary initiatives to minimise the impact. This also helps the Company in taking business decisions with balanced risks and rewards.

1
Inability to procure right quality of raw materials at right price and at adequate quantity could affect business sustainability

Risk mitigation
The Company procured over 90% of its raw materials from within 200 km of its manufacturing units. The Company procured more than 40% of its iron ore requirements from its 100% subsidiary, Orissa Manganese & Minerals Limited. The Company possessed a captive iron ore mine with a capacity of 18 MMT. As a result, raw material cost as a proportion of revenues was 55% in 2012-13, lower than peer companies.

2
Inability to complete the projects on time could affect the financials

Risk mitigation
The Company's 15-member project management team ensured timely projects execution, faster than the industry standard.

- The Company has showcased execution capabilities of large projects like 540 MW thermal power plant, 1.2 MTPA pellet plant.

3
In an environment where realities change rapidly and where competition is intense, strategic errors could result in a loss in market share.

Risk mitigation
The Company's business integration, volume increase and low-cost manufacture through state-of-the-art technologies resulted in a 63% consolidated topline growth even as 2012-13 proved to be the most sluggish year in a decade. Through its 100% subsidiary Orissa Manganese & Minerals Limited, the Company was able to earn 29% of the consolidated revenue. Besides, the Company's merchant power units (through a subsidiary) became operational; adding to the Company's consolidated topline significantly from FY2012-13 onwards.

4
Any non-compliance with environmental norms could affect business sustainability

Risk mitigation
The Company invested around ₹50 crore in environment protecting equipment or infrastructure in the last few years. The Company installed a dust suction system and electrostatic precipitators in 2010 to minimise dust and other emissions. The Company installed sprinklers to reduce dust emissions at its material handling site. The Company received environment clearances for all its mines.

5
Inability to fund ongoing expenses (overheads) could affect operations.

Risk mitigation
The Company enjoys long-standing relationships with all its bankers for access to working capital loans whenever needed. The Company is undertaking debt consolidation with easier repayment tenure which will improve liquidity in near future.

6
The inability to mobilise debt at competitive rates could hamper business growth

Risk mitigation
The Company achieved financial closure for all its projects. The Company swapped high-cost loans with low-cost alternatives.

CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility (CSR) is an integral part of the business ethos at Adhunik Group of Companies. Our Group companies' activities in the realm of Corporate Social Responsibility (CSR) are driving development projects which address the needs related to health, education, livelihood, institution and capacity building and empowerment of women in 106 villages across different states of India.

All CSR programmes are executed in partnership with Nav Nirman Sanstha- the social arm of Adhunik Group, incorporated under the Societies Registration Act, 1860.

For FY 2013-14, the CSR budget of Adhunik Group is Rs. 110 million.

Some of the initiatives the Group has undertaken as a part of its CSR campaign are:

1) Empowering women

Women's self help groups have been strengthened by enhancing their competencies by providing training to the women in soap making, phenyle making, domestic food products,

candle making, paper envelopes making, stitching, tailoring and embroidery, mushroom cultivation, pattals (plates made of leaves), incense sticks and papad making. Training is also imparted in pisciculture and vermi-compost making, facilitating them to start their own enterprises. A soap and detergent factory under the aegis of Nav Nirman Sanstha is running at Ghatkuri to provide 30 SHG members with a regular source of income.

2) Providing education

MP Memorial Merit Scholarship-Project Eklavya: This not only helps the needy but meritorious students in villages and is executed on public-private-partnership (PPP) basis. 50 meritorious students from Class VI to X from all across the Gamharia Block in partnership with the Nav Nirman Sanstha, Jamshedpur, Gamharia Panchayat Samiti, AAPL, Kandra and Block Education Department. Project Cyber Village launched in PPP mode with the goal of making 3,000 village youths from the five gram panchayats of Gamharia Block, computer literate

over the next three years. The Group is working towards strengthening the anganwadi centres. Sponsorships are also given to academic institutions for infrastructural development such as building school boundaries and renovating school buildings, providing classroom equipment, drinking water facilities and toilets inside the school campus. Free bus service is also provided to school and college-going girls and boys on a daily basis. The Group also organises adult literacy classes.

The group has opened an ITI institute (under SUVT) at Koira. Recently the group has been allotted with O&M contract by the Government of Jharkhand for five ITI's in PPP mode.

3) Facilitating healthcare

Special health check-up camps are conducted for children and women. Apart from the camps, emergency ambulance services are also running in the surrounding villages. This service is led by a team of qualified doctors, pharmacists and paramedics. Patients who require referral are treated at the nearby hospitals and nursing



homes. The entire cost of treatment is sponsored by the Adhunik Group.

4) Promoting sports and culture

In order to encourage sports, sports gears are provided to the local youth, playgrounds are maintained, sponsorships are provided to the sports persons to compete in national and international levels. Football and cricket tournaments are held yearly at Ghatkuri (Jharkhand) while the M.P. Memorial Football tournament (inter-panchayat) is held at Kuarmunda (Orissa). Sporting events for women are also held at Kuarmunda.

5) Developing infrastructure

Project Amrit Dhara introduced with an aim to provide safe filtered drinking water via the PPP mode to cater to the needs of more than 2,000 families in the peripheral villages whereas the Group in collaboration with Brace Foundation came out with a revolutionary technology to devise an economical and safe drinking water programme which religiously follows

WHO and BIS guidelines. It is presently supplying 8,000 litres of drinking water to the villagers. :

Various initiatives have been taken to cope up with the water scarcity problems: malfunctioning tube wells have been repaired, drinking water has been supplied to all the villagers through tankers, deep boring has been carried out across various villages, and at regular intervals, water kiosks have also been erected.

A children's park has also been developed in Kuarmunda. Renovation/ construction of bus sheds have also been undertaken while low-cost toilets have been constructed as per an agreement with the Jharkhand Government.

Other than these, several infrastructure-related initiatives have been implemented in order to provide basic facilities like roads and electrification in surrounding areas. Roads and culverts have been constructed in the remote areas for better and faster communication.

6) Creating livelihood opportunities

The Group is focused on conducting various training programmes in computers, painting, repair and maintenance of electrical and electronic home appliances, welding, nursing and tailoring activities in different adopted villages for providing additional sources of income to the villagers. Special training programmes on modern farming techniques, use of quality seeds and organic farming are also held at the kisan samitis. Training on fisheries, mushroom cultivation and vermi-compost making have helped the women earning their daily bread. Apart from the above training measures, marketing assistance is also provided. Presently a women's co-operative agency is running a soap making factory (under the brand name Smile), a masala making and pattal making unit at Ghatkuri are operational whereas at Jamshedpur, woman's self-help groups are regularly marketing the mushrooms that they grow themselves.

ADHUNIK GROUP FORMS ITS OWN DISASTER RESPONSE TEAM- ADHUNIK DISASTER RESPONSE FORCE (ADFR)



Adhunik Group has formed its own disaster relief team – Adhunik Disaster Response Force (ADFR) which responds to natural disasters happening in the country. The team is working under able guidance of Mr Tushar Bhattacharya, CSR Consultant & Advisor, Adhunik Group. He has got a physical experience of thirty years in Disaster Management and has worked during disasters in West Bengal, Bihar, Odisha and many other Indian states.

Recently Team ADRF in association with Nav Nirman Sanstha(NNS) – social arm of the group carried out massive relief work in the state of Uttarakhand and Odisha.

ADRF in Uttarakhand: A 28-member team from Adhunik Group, in association with Government of Jharkhand - marched forward and volunteered to help the local residents and pilgrims in need. At the same time 3,385 employees of the Group participated by donating one-day salary for the relief work in Uttarakhand.

In the first phase two relief camps at Rishikesh and Dehradun (Jolly Grant Airport) were set-up for the cloud burst

affected pilgrims, where they were provided with food packets, first aid along with other major necessities. A medical team was also present there to take care of their health. The company had also made a separate counter for communication with phone and free roaming facilities for the pilgrims. Besides, they were also provided with Rs 1,000 per head for their pocket expenses and local transportation.

With help of Jharkhand Government, forms for issuance of free railway ticket were also provided.

With the immediate execution of the aforementioned initiatives, one thousand disaster-affected people including pilgrims were provided with relief services at both the relief camps.

It is worth mentioning that a total of 318 families with 1,568 family members with 804 male and 764 female members were provided with relief materials such as blankets, umbrella, carpets, tarpaulin, clothes, rice, pulse, spices, pressure cookers, buckets and mugs. Those 318 families hailed from 54 villages of 34 gram sabhas from three blocks namely

Agastyamuni, Jokhuli and Rudraprayag.

In the third phase, the Company held talks with the District Head for setting up of pre-fabricated houses for villages destroyed by the cloud-burst and land sliding.

ADRF in Odisha: Adhunik Disaster Response Force (ADRF) in association with Nav Nirman Sanstha, and in collaboration with Ganjam District Administration, Odisha conducted relief operation in the cyclone PHAILIN affected area of Gopalpur, Ganjam District, Odisha. This is the second initiative of Adhunik Group in a span of 5 months to support disaster affected people of the country. A fifteen-member team started its Disaster Response Journey on 15th October 2013.

Health camps were set-up wherein 139 villagers including 61 males and 78 females underwent free health check-ups and provided with free medicines. Adhunik Group also distributed 504 nos. of Relief Kits containing 10 Kgs. of Rice, 1 no. of Lantern, 1 no. of Blanket and 1 piece of plastic sheet.

EFFECTIVE ENVIRONMENT MANAGEMENT SYSTEM



Water and wastewater management:

A number of initiatives have been taken in the realms of wastewater recycling and reuse by Adhunik Metaliks Limited for achieving the aim of zero discharge.

In the steel melting and the rolling mill, the blow down from the closed loop soft water circuits is utilised for the makeup of the industrial cooling circuits. The industrial cooling water circuit blow down is used for the direct spray cooling system make-up, it is further used in the coal washery.

Whereas cooling water circuits of the blast furnace shell and cooling, is used for the slag granulation plant as well as the gas cleaning plant make up.

Any excess blow down water generated after the above uses, along with the storm water drainage and the plant drainage is routed to a settling pond, where the suspended solids get settled in a series of chambers and the clear water is used for ore washing, coal washing, dust suppression systems and the development of green belts. The remaining water from the settling pond is routed back to the raw water

reservoir for reuse which is also used in lean period to conserve the river water

The above efforts with regards to water conservation have helped the Company achieve its aim of zero discharge.

Air pollution control measures:

Provision of high efficiency electrostatic precipitators to control the dusty fumes in the DRI plant to maintain the emission levels. DRI hot gas is utilised in the waste heat recovery boilers to generate power.

Provision of high-efficiency bag houses in the ferro-alloy plant and electrostatic precipitators in the sinter plant and captive power to maintaining the emission levels.

Latest technology is used to control the dusty fumes from SMS (EAF/LRF) and Sulphur dioxide emission is controlled by dilution/dispersion process. Sprinklers are regularly used to control and minimise the fugitive emission

An approved external lab/agency help in the day-to-day monitoring of the environmental status of the plant and taking corrective measures in our environment management system.

All kilns, MBF and other furnaces are also lined with high temperature-resistant refractories to control heat loss and protect the personnel from thermal pollution.

Hot BF gases are utilised in the rolling mill, SMS through for waste heat recovery system.

Solid waste management:

The SMS slag is sent to the recovery plant for recycling of metal while the rest gets used for road laying while fly ash from Power plant is used for brick making.

Coal, lime and iron-ore fines and undersized materials from various process areas are recycled through the sinter plant and BF slag is utilised by cement industries

The char generated from the DRI unit is used as a fuel in the power plant.

Green belt development:

Since inception approximately 65,000 species of trees have been planted in and around the plant.. As of 31st March 2013 more than 60,000 square metres of area has been covered under this green belt initiative.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Twelfth Annual Report on the operations of your Company along with the standalone and consolidated financial results for the financial year ended June 30, 2013.

FINANCIAL RESULTS

The financial performance of the Company for the financial year ended June 30, 2013 is summarised below:

Particulars	2012-13		2011-12	
	₹ lakh	\$ mn	₹ lakh	\$ mn
Revenue from Operations (Gross)	1,82,545	306	200,600	356
Less: Excise duty	17,167	29	14,758	26
Revenue from Operations (Net)	1,65,378	277	185,842	330
Profit before interest, depreciation and tax	31,661	53	36,916	66
Less: Interest	22,762	38	30,090	53
Depreciation	9,603	16	11,314	20
Profit before tax	(703)	(1)	(4,489)	(8)
Less: Tax expenses				
Current tax	21	0	235	0
Deferred tax credit	(985)	(2)	(1,497)	(3)
MAT credit entitlement	(112)	0	(3,174)	(6)
Profit after taxation	282	0	(52)	(0)
Add: Balance brought forward from previous year	24,755	41	24,807	44
Profit available for appropriation	25,037	42	24,755	44
Less: Transfer to general reserve	--	--	--	--
Proposed dividend	--	--	--	--
Dividend tax	--	--	--	--
Profit carried to balance sheet	25,037	42	24,755	44

Exchange rates: 1\$ = ₹59.6995 Exchange Rate as on June 30, 2013, 1\$ = ₹56.3090 as on June 30, 2012.

FINANCIAL YEAR

The financial year of the Company is from 1st July, 2012 to 30th June, 2013.

OPERATIONS

The period 2012-13 was one of the most challenging financial year faced by your Company during its existence for economic and sectoral factors that had a bearing on the Company's performance. The steel sector reported one of its slower growth rates in recent years as infrastructure speeding and industrial growth declined.

Even India reported its slower growth in a decade, your Company achieved net sales of ₹1,67,185.53 lakh and profit after tax of ₹282.02 lakh in FY 2013. Sales volume of our rolled steel product declined during the year due to weak demand from auto sector.

The Company's consolidated net sales is ₹3,02,180.13 and profit after tax is ₹8,719.80 lakhs in financial year 2013. The Company's consolidated sales also include contribution from the power business which had commenced during the year.

The performance of our steel business has been modest given the challenges in the steel sector. While our focus on backward integration partially mitigated these impact, we continue to focus on bringing in efficiencies to improve overall corporate performance.

Orissa Manganese & Minerals Limited (OMML), a wholly-owned subsidiary of your Company's value addition business of 1.2 MTPA saw the first full year of operations after commencement last year. OMML achieved production volumes of 0.85 MT during the year contributing net revenue of ₹605.53 crore i.e. around 65% of the total net revenues of the Company. OMML mining business also performed decently despite having faced regulatory issues in Indian mining industry. OMML achieved iron ore sales volume of 0.81 MT and manganese ore volumes of 0.04 MT during the year.

Adhunik Power & Natural Resources Limited (APNRL), a step down subsidiary of your Company, it's 1st Unit of 270 MW was successfully commissioned on January 21, 2013 after it was synchronised on November 13, 2012. The 2nd unit of 270MW was also commissioned on May 19, 2013 after being synchronised on March 29, 2013. Therefore the project of 540MW power generation has since been commissioned and commercial generation begun. APNRL is receiving coal from CCL as part of tapering linkage. The progress for operation of coal block at Ganeshpur, Jharkhand jointly allotted to the Company together with Tata Steel Ltd., is progressing reasonably well. APNRL has tied-up the sale of power for both the Units by executing necessary agreements.

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 ₹10 each.

EMPLOYEE STOCK OPTION SCHEME (ESOP)

During the period under review, your Company has implemented the Employee Stock Option Scheme ("ESOP") which was duly approved by the shareholders/stock exchanges for the benefit of the Eligible Employees. In accordance with the Scheme your Company may create, offer, issue and grant/allot, at any time, stock options being exercisable into Equity Shares with face value INR 10 (Indian Rupees Ten) each of up to 1,23,49,954 (One crore twenty three lakh forty nine thousand nine hundred fifty four). Each stock option is convertible into one fully paid up Equity Share of INR 10 (Indian Rupees Ten) each and on such terms and conditions as enumerated under the ESOP Scheme or as may be determined by the Board/Committee. The Equity Shares to be issued and allotted by your Company under the ESOP shall in all respects rank pari passu with the existing Equity Shares of your Company. Disclosure as required in terms of SEBI Guidelines is being provided in the annexure attached hereto and forming part of this Report.

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 year 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 year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

SUBSIDIARIES

Your Company has following subsidiaries viz.:

- Orissa Manganese & Minerals Limited became a wholly owned subsidiary of the Company with effect from April 5, 2007.
- Adhunik Power & Natural Resources Limited 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.

- With effect from March 31, 2013, Vasundhra Resources Limited 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.
- With effect from February 25, 2013, Orchid Global PTE. Limited, a Company incorporated in Singapore as a 100 % subsidiary of Orissa Manganese & Minerals Limited, the wholly-owned subsidiary of the Company and as such a step-down subsidiary of your Company.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the balance sheet, profit and loss account and other documents of the subsidiary companies namely Orissa Manganese & Minerals Limited, Adhunik Power & Natural Resources Limited and other subsidiaries, 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 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 forms a part of the Annual Report. The consolidated net profit of the Company amounted to ₹8,719.78 lakh as compared with net profit ₹282.00 lakh for the Company on a standalone basis. In conformity with the provisions of Clause 32 of the Listing Agreement the cash flow statement for year ended June 30, 2013 is included in the annual accounts.

SCHEME OF AMALGAMATION

On July 22, 2013, the Company announced the amalgamation of Zion Steel Limited (ZSL) with itself and amalgamation of the Company (after effecting amalgamation of ZSL with the Company) with Orissa Manganese & Minerals Limited

(OMML) through a composite scheme of amalgamation to be sanctioned through a court approval process. The Company has initiated necessary steps to achieve the desired objective of amalgamation. The amalgamation will benefit the members viz.

- It will provide a wide product portfolio and a high level of integration to the Amalgamated Company's operations and better operational management by integrating the respective technical, financial and other expertise and resources
- It will lead to significant cost and operational efficiencies that will help the Amalgamated Company in keeping its business competitive in the long run.
- It will be an integrated unit in true sense as it would be capturing the entire value chain viz. minerals to metal.
- It will facilitate debt consolidation of Amalgamating Companies in the Amalgamated Company which will improve the debt servicing abilities through improved cash flows and simplified administration of debt both for the companies and for the lenders.

Synergies arising out of consolidation of business such as enhancement of net worth of the combined business, improved alignment of debt & cash flows and enhancement in earnings and cash flow visibility will help the amalgamated company to improve its credit rating and reduce its cost of capital.

SITUATION OF THE REGISTERED OFFICE OF YOUR COMPANY

During the period under review, the registered office of your Company has been shifted from the State of West Bengal to the State of Odisha at Chadri Hariharpur, P.O.- Kuarmunda, Sundargarh-770039, Odisha. The Regional Director (ER), Ministry of Corporate Affairs, Kolkata, vide its order dated June 06, 2013 has allowed the Company's petition under Section 17 of the Companies Act, 1956 to alter the situation clause in Clause 2 of the Memorandum of Association of the Company by substituting the words "in the State of West Bengal" by the words "in the State of Odisha".

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 152 of the Articles of Association, Shri Mohanlal Agarwal, Shri Mahesh Kumar Agarwal, Dr. Ramgopal Agarwala and Shri Raghav Sharan Pandey, Directors of your Company, retire from the Board by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for reelection. The Board has recommended their reelection.

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.

During the period under review, Shri Lalit Mohan Chatterjee has resigned as Director of your Company w.e.f. May 30, 2013. The Board wishes to place on record its sincere appreciation of the sterling contribution made by Shri Chatterjee towards the growth and development of your Company through his wealth of knowledge and experience during his tenure as Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts for the financial year ended June 30, 2013, 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, 2013 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

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 July 1, 2012	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, 2013.	4	824

on Corporate Governance is annexed and forms part of the Annual Report. During the period under review, the Ministry of Corporate Affairs (MCA) vide its letter dated June 19, 2013 granted approval for payment of remuneration to Shri Manoj Kumar Agarwal, Managing Director, in case of absence or inadequacy of profit of the Company.

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 financial year ending June 30, 2013. 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) Regulations 1992, 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.

The voting rights on the shares outstanding in the suspense account as on June 30, 2013 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 Education and Protection 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.

However, pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/unclaimed and/or unpaid/unclaimed application money received for allotment of Securities and due for refund for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

During the year under review, the Company has credited a sum of ₹2,51,208/- towards unclaimed share application money to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

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.

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 & AUDITOR'S REPORT

M/s. Das & Prasad, Chartered Accountants, having registration no. FRN 303054E allotted by The Institute of Chartered Accountants of India (ICAI) retires as Auditor of your Company at the ensuing Annual General Meeting (AGM) and have confirmed their eligibility and willingness to accept the office of Auditors, if re-appointed. 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. Members are requested to consider their re-appointment as Auditors of your Company to hold office from conclusion of the ensuing AGM to the conclusion of the next AGM on remuneration to be decided by the Board of Directors based on the recommendation of the Audit Committee of your Company.

The observations of the Auditors are duly dealt in Notes to Accounts attached to the Balance Sheet and are self-explanatory in nature and do not call for any further comments.

COST AUDITORS

In respect of financial year ended 30th June, 2013, your Company has appointed M/s. Saroj K Babu & Co., Cost Accountants of 94/14, Vivekanand Abasan, Nayapatty Road, Kolkata -700055, a Cost Audit Firm, as Cost Auditor of the Company w.e.f. 1st July, 2012 to 30th June, 2013 to carry out audit of cost records of the Company in compliance with General Circular No. 15/2011 dated 11th April, 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 Director would like to express their appreciation for the assistance and cooperation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors, members and other stakeholders during the year under review.

Your Directors wish to place on record their deep appreciation for the committed services by the executives, staffs and workers of the Company.

Registered office
Chadri Hariharpur,
P.O.- Kuarmunda
Sundargarh,
Odisha -770039
Date: 28.08.2013

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) of the Companies Act, 1956.

a) Energy conservation measures taken;

- Usage of Coal Tar in place of Furnace Oil to avoid the cost increase due to Rupee depreciation.
- Substituting the usage of Iron ore by Pellets in the making of DRI, to achieve better yield at lower Coal Consumption.
- Usage of coal gas produces through Producer gas plant in the re-heating furnace of Rolling mill-II to substitute the usage of furnace Oil.

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

- Modification in producer gas plant in Rolling Mill-I.
- 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 Tonne of Casteel.
- Installation of VF drive in Captive Power Plant to reduce the auxiliary power consumption.

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.

Particulars	Standards, if any	Current Year	Previous Year
A. Power and fuel consumption			
1. Electricity			
a) Purchased			
Unit (Lakh – Kwh)		1685	2478
Total amount (₹ In lakh)		9864	13472
Rate/unit (₹ In lakh)		5.85	5.44
b) Own generation			
i. Through diesel generator			
Unit (Lakh – Kwh)		2.14	6.84
Units per ltrs. of high speed diesel		4.06	3.80
Cost/unit (₹ In lakh)		12.50	10.00

Form for Disclosure of Particulars with respect to Conservation of Energy. (contd.)

Particulars	Standards, if any	Current Year	Previous Year
ii. Through steam turbine/generator			
Units (Lakh – Kwh)		1976	2384
Total Amount (₹ In lakh)		10689	9255
Cost/unit (₹ In lakh)		5.41	3.88
2. Coal			
Quantity (tones)		593605	742599
Total cost		2,531,710,150	46,00,208,562
Average rate		4265	6195
3. Furnace oil			
Quantity (k. ltrs.)		325.7	3931.4
Total amount		132.5	1433.2
Average rate		40.68	36.45
4. Light diesel oil			
Quantity (k. ltrs.)		0.00	0.00
Total amount (₹ In lakh)		0.00	0.00
Average rate (₹ per k. ltrs.)		0.00	0.00
5. High speed diesel oil			
Quantity (k. ltrs.)		1198.76	2630.61
Total amount (₹ In lakh)		528.65	998.77
Average rate (₹ per k. ltrs.)		44.10	37.97
6. Coke			
Qty.(tonnes)		112361	213377
Total cost		2,118,445,760	3855,468,639
Avg. rate		18854	18069
B. Consumption (in Units) Per Tonne of Sponge Iron			
Electricity		87.83	80.88
Coal			
Furnace oil		0.00	0.00
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		0.85	0.95
C. Consumption (in units) per tonne of pig iron from MBF			
Electricity		134.35	125.00
Coal			
Furnace oil		0.00	0.09
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		0.03	0.80
D. Consumption (in units) per tonne of billet			
Electricity		446.43	632.79
Coal			
Furnace oil		0.59	1.64
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		2.09	2.63

Form for Disclosure of Particulars with respect to Conservation of Energy. (contd.)

Particulars	Standards, if any	Current Year	Previous Year
E. Consumption (in units) per tonne of rolled steel			
Electricity		108.67	68.94
Coal			
Furnace oil		1.84	20.07
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		2.34	5.56
F. Consumption (in Units) Per Tonne of SilicoMang.& Ferro Chrome Ferro Sillicon			
Electricity		3982.35	4,860.23
Coal			
Furnace oil		0.12	0.84
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		3.14	1.41
G. Consumption (in units)per tonne of pig iron from Ferro Alloys Division			
Electricity		2,400.00	2,400.00
Coal			
Furnace oil		0.00	0.00
Others			
Light diesel oil (ltrs.)			
High speed diesel oil (ltrs.)		0.00	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.	Creep Resistant Steels having chemical composition of 1 % Chromium & 0.5 % Molybdenum, ASTM T11/T12 has been developed in Adhunik Metaliks Ltd. Most important Material Properties e.g. Elevated temperature Tensile Strength, Stress Rupture Test & Creep Strength for 1% Elongation was evaluated at National Metallurgical Laboratory, Jamshedpur for 1000 Hrs duration test cycle. Results were found to be meeting all requirements as per STD BS 3059 , Part-II , 1992.This has given AML Rourkela plant a "Self Certified Status " for selling of metals in either Cast or Rolled form to any Tube Manufacturing Plants for making tubes for the High Temperature Applications in Boiler Industries.
2.	Benefits derived as a result of the above R & D	a) Now AML will be getting orders from various tube manufacturing plants across the country. b) Present "Self Certified Status" of AML was one of the Mandatory Requirements for manufacturing & selling of this Class of steel, being extremely critical for Tubes of High Temperature applications.
3.	Future plan of action	a) Developing Higher grade of Chromium – Molybdenum Creep Resistant Steels e.g. ASTM T-22, P91, T5 etc in AML, Rourkela plant. b) Evaluation of Creep Properties of the above steel grades for 10,000 Hrs test cycle at NML, JSR which are essential for the Export markets.

RESEARCH & DEVELOPMENT (R & D) (contd.)

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 (₹ in lakh)	41,941.22	34,713.69
- Foreign exchange outgo (₹ in lakh)	26,048.17	33,340.01

EMPLOYEE STOCK OPTION SCHEME (ESOP)

Statement as at June 30, 2013, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended:

Sl. No	Particulars	Employee Stock Option Scheme 2012		
a)	Total number of Options granted during the year	3,708,643		
b)	The pricing formula	The options are granted at an exercise price equal to prevailing market price per equity shares on the National Stock Exchange, being the Stock Exchange with highest trading volume prior to the date of the meeting of the Compensation Committee in which options have been granted.		
c)	Options vested (as on 30 June 2013)	NIL		
d)	Options exercised during the year	NIL		
e)	The total number of Equity Shares arising as a result of exercise of option	NIL		
f)	Options lapsed during the year	NIL		
g)	Variation of terms of options	NIL		
h)	Money realised by exercise of options during the year (₹)	NIL		
i)	Total number of options in force	NIL		
j)	Employee wise details of options granted to:-			
	(i) Senior Managerial personnel:	Sl. No	Name of the Employees	No of Shares
		1.	Sanjay Pratap	321,951
		2.	Anil Jain	203,252
	(ii) any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year;	NIL		
	(iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL		
k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Standalone Financial Statement EPS- ₹0.23 Consolidated Financial Statement EPS- ₹7.06		

EMPLOYEE STOCK OPTION SCHEME (ESOP) (contd.)

Sl. No	Particulars	Employee Stock Option Scheme 2012
l)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	The employee compensation cost has been computed based on fair value of the option on the grant date using the Black Scholes formula.
m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price of Options whose: Exercise price equals market price 30.15 Exercise price is greater than market price N.A. Exercise price is less than market price N.A. Weighted average fair value of Options whose: Exercise price equals market price 9.54 Exercise price is greater than market price N.A. Exercise price is less than market price N.A.
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	
	(i) risk-free interest rate,	The interest rate applicable for a maturity equal to the expected life of the option based on the zero- coupon yield curve for Government Securities which as on the grant date was approx. 8.21%.
	(ii) expected life,	The expected life is equal to vesting period plus half of the exercise period of the ESOPs issued which is approx. 3.66 years.
	(iii) expected volatility,	The expected volatility has been equal to the volatility in the stock price of the Company prior to the grant date which is approx. 39.29%.
	(iv) expected dividends, and	The estimated dividends of the Company over the estimated life of the option taking into account the Company's past dividend policy as well as the mean dividend yield of an appropriate comparable peer group which is approx. 3.08%.
	(v) the price of the underlying share in market at the time of option grant	The market price is the latest closing price, prior to the meeting of the Compensation Committee, in which options are granted, on the stock exchange on which the shares of the Company are listed. Since the shares of the Company are listed in more than one stock exchange, the stock exchange where there is highest trading volume on the said date has been considered which is approx. ₹30.15/-.

The Company has received a Certificate from the Auditors of the Company that the Scheme has been implemented in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolution passed by the Members on August 29, 2012.

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


Sl. No.	Name	Designation	Remuneration received (Amount in ₹)	Nature of employment and other terms	Nature of duties	Qualification and experience (yrs)	Date of employment	Age	Last employment and designation	% of Equity Shares
1	Manoj Kumar Agarwal #	Managing Director	NIL	Regular	Managerial	BE(Engg.) 20 years	16.03.2004	43	Nil	1.05%
2	Sanjay Pratap	ED - Mines & Govt. Affairs	9000000	Regular	Managerial	BA, LLB	01.11.2009	47	Bhusan Steel & Strips Limited	Nil
3	Sanjeev Kumar	EVP & Group CIO	6999996	Regular	Managerial	Master in Computer Management, B.Tech. 27 years	24.05.2010	51	Polygenta Technologies Ltd. - CIO & Team Leader	Nil
4	Anil Jain	Executive Director - Group Finance	12500004	Regular	Managerial	B.Com.(Hons.), ICAI, ICSI, ICWAI	09.03.2012	42	Punj Llyod Limited - Exec. VP (Corporate Affairs & Investor Relations)	Nil

Due to inadequate profit, no remuneration was paid.

Registered Office:

Chadri Hariharpur
P.O. Kuarmunda
Sundargarh
Odisha - 770039

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 30.06.2013

Figures in Lakhs except for number of shares

Particulars	2012-13					
	OMML	APNRL	OGRPL	VRL	APTL	NVFL
Authorised Capital	2,500.00	83,000.00	0.01	20.00	-	-
Paid-up Capital	2,000.00	68,888.64	0.01	17.00	-	-
Reserves	40,481.41	6,047.56	141.61	19.30	-	-
Total Assets	185,542.72	375,089.68	18,493.76	372.18	-	-
Total liabilities	143,061.32	300,153.48	18,352.14	335.88	-	-
Investments other than investment in subsidiaries	4.00	-	-	-	-	-
Turnover	92,915.47	33,330.66	16,771.67	-	-	-
Profit/(Loss) before Taxation	11,758.80	-4,462.96	128.47	-	-	-
Provision for Taxation	3,881.03	-	-	-	-	-
Profit/(Loss) after Taxation	7,877.76	-4,462.96	128.47	-	-	-
Proposed Dividend	-	-	-	-	-	-

Notes:

- OMML (Orissa Manganese & Minerals Limited)
- APNRL (Adhunik Power & Natural Resources Limited)
- OGRPL (Orchid Global Resources Pte. Limited)
- VRL (Vasundhra Resources Limited)
- APTL (Adhunik Power Transmission Limited)
- NVFL (Neepaz V Forge (India) Limited)

Statement Pursuant to Section 212 of the Companies Act, 1956

Name of the subsidiary	Financial Year ending of the subsidiary	Number of equity share held	Extent of holding	For financial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in Col. 6).	Profit/(Losses) so far it concerns the members of the holding company and 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 Limited	30.06.2013	20,000,000	100%	7,877.76	-	8,125.85	-
Adhunik Power Transmission Limited (Formerly known as Unistar Galvanisers & Fabricators Limited)*	-	-	-	-	-	(12.17)	-
Neepaz V Forge (India) Limited**	-	-	-	-	-	(321.41)	-
Adhunik Power & Natural Resources Limited (Step down Subsidiary)	31.03.2013	209,744,707	81.97%	(4,462.96)	-	(69.15)	-
Orchid Global Resources Pte. Limited (Step down Subsidiary) #	31.03.2013	1	100%	128.47	-	-	-
Vasundhra Resources Limited (Step down Subsidiary) ##	31.03.2013	100,000	58.82%	-	-	-	-

* Ceases to be Subsidiary w.e.f 01-11-2011

** Ceases to be Subsidiary w.e.f 27-04-2012

W.e.f. 25-02.2013

W.e.f. 31-03.2013

REPORT ON CORPORATE GOVERNANCE

Your Company has been practicing the principles of good Corporate Governance, which comprise all activities that ensure that the Company is operating in a regulated manner in a bid 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 and 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.

The 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 does not simply mean 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 the 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 the stock exchanges and the SEBI are reviewed by the Shareholders'/ Investors' Grievance Committee of the Company.

- The Company undergoes routine internal audits conducted by Independent Auditors and they give quarterly presentations on the scope of work defined by the 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 communication: 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. The Company's website: www.adhunikgroup.com has relevant 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.

Corporate Social Responsibility (CSR): Social welfare and Community development is at the core of Adhunik's CSR philosophy. Adhunik embraces the responsibility of the impact of its operations and actions on all stakeholders including the society and the community at large. It revolves around our firm belief in the principle of maintaining a symbiotic relationship with the local communities, recognising that the business ultimately has a purpose which is to serve human needs. Close and continuous interaction with the people and communities in and around the manufacturing divisions has been the key focus while striving to bring around qualitative changes and supporting the underprivileged.

Employees' Stock Option Scheme (ESOP): One of the widest programmes of its kind in the Indian corporate sector, the Company's Employees' Stock Option Programme was introduced in 2012. The programme has ensured complete alignment of individual interests with the growth imperatives of the Company.

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 an optimum combination of Executive and Non-Executive Directors.

The total strength of the Board during the period under review was twelve (12). However, the Company undertakes that the casual vacancy created by resignation of Shri Lalit Mohan Chatterjee as Independent Member of the Board with effect from May 30, 2013 shall be filled up within the stipulated time period in compliance with the requirements of the Clause 49(1) (c) (iv) of the Listing Agreement with the 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 five times on August 29, 2012, November 10, 2012, December 03, 2012, February 09, 2013 and May 30, 2013 respectively. The maximum time gap between any two consecutive meetings was not more than four months.

The constitution of the Board during the financial year ended June 30, 2013 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:

Sl. No.	Name of Directors	Attendance		Category of Directors	Other directorship	Other Committee Membership	Other Committee Chairmanship
		Board	Last AGM				
1	Shri Ghanshyam Das Agarwal	4	Yes	Non-Executive Chairman	08	04	X
2	Shri Jugal Kishore Agarwal	3	Yes	Non-Executive Director	13	02	X
3	Shri Nirmal Kumar Agarwal	3	Yes	Non-Executive Director	08	03	X
4	Shri Mohan Lal Agarwal	4	Yes	Non-Executive Director	12	03	X
5	Shri Mahesh Kumar Agarwal	3	Yes	Non-Executive Director	09	02	01
6	Shri Surendra Mohan Lakhotia	4	No	Independent Director	03	03	01
7	Shri Nihar Ranjan Hota	5	Yes	Independent Director	X	X	X
8	Shri Lalit Mohan Chatterjee*	4	Yes	Independent Director	X	X	X
9	Dr. Ramgopal Agarwala	3	No	Independent Director	01	01	X
10	Shri Nandanandan Mishra	5	Yes	Independent Director	04	06	01
11	Shri Raghaw Sharan Pandey	4	Yes	Independent Director	01	X	X
12	Shri Manoj Kumar Agarwal	5	Yes	Managing Director	07	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 5 committees across all Companies in which he is a Director and the same is in compliance with Clause 49(1) (c) (ii) of the Listing Agreement.
6. No other fees/compensation except sitting fees is being paid to Non-Executive Directors.
7. * Shri Lalit Mohan Chatterjee has resigned as Director from the Board w.e.f. May 30, 2013.

Shareholding of Directors in the Company as on June 30, 2013

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

* Resigned w.e.f. May 30, 2013.

PROFILE OF DIRECTORS

A brief resume of all the Directors, nature of their expertise in specific functional areas among others are provided below:

Shri Ghanshyam Das Agarwal

Shri Ghanshyam Das Agarwal, aged 59, is the Chairman of Adhunik Metaliks Limited and a Director on the Board of other Companies of Adhunik Group. He is a commerce graduate from Calcutta University and has over 35 years of experience in the steel sector.

He has been instrumental in chartering the growth of the Company from its initial years of steel trading till the inception of the integrated steel plants in Odisha and Jharkhand.

Shri Jugal Kishore Agarwal

Shri Jugal Kishore Agarwal, aged 61 years, is a commerce graduate from Calcutta University and also holds a bachelors degree in law from Calcutta University. He has more than two and half decades of experience in the steel sector and has played a key role in envisioning the various business initiatives of the Adhunik Group of companies.

Shri Nirmal Kumar Agarwal

Shri Nirmal Kumar Agarwal, aged 50 years, is a science graduate from Calcutta University. He has about 30 years of experience in the steel sector. He is a keen observer of the steel and power sectors and keeps himself abreast of all major developments in the country and abroad.

Under his stewardship, the Adhunik Group commenced operations in Mandi Gobindgarh, Punjab—the hub of steel trading in India. He is actively involved with various trade organisations and chambers of commerce.

He has received various awards and merits for his contribution in fields. Under his leadership the Company received 'Star Performer' (Large Enterprise) for Export Excellence 2009-10 in product group-basic iron and steel by EEPICINDIA.

Shri Mohan Lal Agarwal

Shri Mohan Lal Agarwal, aged 47 years, is a commerce graduate from Calcutta University. He has over 16 years of experience in the steel sector. He has contributed to a large extent towards the society as much as he did towards the Group. He visualises and ensure establishment of Nav Nirman Sanstha (a social organisation initiative of Adhunik Group) which has been working towards the upliftment of the underprivileged villages in the vicinity of Adhunik Group's areas of operations.

Shri Mahesh Kumar Agarwal

Shri Mahesh Kumar Agarwal, aged 46 years, is a Commerce

graduate from Calcutta University. He has over 14 years of experience in the steel sector and is accredited for setting up the first sponge iron plant and rolling mill of the Adhunik group of companies at Durgapur in the year 2001.

Shri Manoj Kumar Agarwal

Shri Manoj Kumar Agarwal, aged 44 years, is the Managing Director of the Company as well as of its subsidiary Adhunik Power & Natural Resources Limited. He is a graduate in engineering from REC Kurukshetra. He was instrumental in the setting up of a 0.45 MTPA integrated steel plant at Rourkela within a period of four years. Besides steering the integrated steel plant, Shri Agarwal has also guided the Group's foray into mining and power sectors. With a view towards integration and cost-cutting, he guided the Adhunik Group into the acquisition of Orissa Manganese & Minerals Ltd. (OMML), a merchant mining company. He developed the Group's footprint in power through Adhunik Power and Natural Resources (APNRL). The businesses of mining and power speak volumes about Shri Agarwal's entrepreneurial vision that would catapult the Group to greater heights. He has extensive advisory experience on issues of strategy, driving performance improvement, change management, organisation building and human capital development.

He has been honored with the 'Rotary Young India Leadership award' in the industrialist category. A study by the Business World magazine has placed Shri Manoj Agarwal at No. 4 position (total 100 companies) based on five-year performance and at No.7 in the material sector having a total of 33 companies.

The most coveted 'Prabhat Samman Awards 2012' was conferred to Shri Manoj Agarwal in the category 'Entrepreneur of the year'. He has also been awarded the coveted 'Eminent Engineers Award' in recognition of his eminence and contribution to the profession of Metallurgical & Materials Engineering by the Institution of Engineers (India). The most prestigious 'Jharkhand Ratna award' was also conferred to him.

Under his stewardship the Company was awarded with 'Frame CSR Award' by the Hon'ble Chief Minister of Odisha Shri Naveen Patnaik thrice, subsequently in the years 2010, 2011 and 2012 for his contribution in the areas of women's empowerment, health services and supply of pure drinking water respectively.

Dr. Ramgopal Agarwala

Dr. Ramgopal Agarwala (Ph.D, Manchester University) is an eminent economist of the country. He was associated with World Bank as a Senior Advisor and currently associated with Research and Information System for Developing Countries (RIS) as Senior Advisor. He is author of many research papers,

books on economy and conference presentations. His areas of expertise include macro-modeling, macro-economic management, regional economic cooperation, pension system reform, foreign aid for development and development of policy paradigm among others.

Shri Nandanandan Mishra

Shri Nandanandan Mishra, ex-Chief Commissioner of Income Tax, belongs to the 1966 batch of the Indian Revenue Service and has over 36 years of rich experience in various critical portfolios in public sector administration. During his last tenure, he was the Director General of Income Tax (Administration) and was responsible for streamlining long-term strategic plans in relation to internal inspection, reviewing tax payer service programmes and managing delinquent accounts. He has been part of various committees of the Government and has successfully piloted a restructuring plan for the Income Tax Department in India, which is considered as a key innovation in civil service management in India.

Shri Nihar Ranjan Hota

Shri Nihar Ranjan Hota (70 years) is an Independent Director on the Board of the Company. He is an M.A in development economics from Williams College, USA, and M. Phil in Public Administration from Punjab University. He is a retired IAS officer having 33 years of experience from 1960 to 1993, holding various responsible positions under the State and Central government and retired as Chief Secretary to the Government of Orissa. He was also a Member, Orissa State Finance Commission from 2003 to 2004. Shri Hota had worked in public sectors like Orissa Construction Corporation as chairman, Food Corporation of India as Regional Manager, Aska Sugar Industries Limited as managing director. He was the Chairman-cum-Managing Director in Industrial Development Corporation of Orissa from 1990 to 1993. He has worked in relevant allied sectors of power and mining as Secretary to the Government of Orissa. His corporate experience includes directorship of the Konarak Metcoke Limited.

Shri Surendra Mohan Lakhotia

Shri Surendra Mohan Lakhotia is qualified as a rank holder Chartered Accountant in the year 1966. He worked in diversified Companies in the corporate sector. He worked as Executive with reputed Companies like Aditya Birla Nuvo, Grasim Industries Limited, Idea Cellular Limited, Hindalco Industries Limited. among others. During the tenure of his service he won several awards for professional excellence and represented in several conferences abroad including at Harvard. Presently Shri

Lakhotia is rendering professional services as a Management Consultant.

Shri Raghaw Sharan Pandey

Shri Raghaw Sharan Pandey is a Retired IAS Officer belonging to the 1972 batch and retired on January 31, 2010. During his tenure he held various key positions in diverse areas of the Government of India such as economic, social as well as coordination and administrative sector and some of the posts held by him are:

- Secretary, Ministry of Petroleum & Natural Gas
- Secretary, Ministry of Steel
- Additional Secretary, Ministry of Agriculture
- Joint Secretary, Ministry of Human Resources Development
- Secretary, National Council of Educational Research and Training (NCERT)
- Joint Secretary, Ministry of Welfare

He also held the position of Resident Commissioner, Government of Nagaland based at New Delhi from 1991 to 1994 and Chief Secretary, Government of Nagaland for a period of four years, from 2000 to 2004. Currently Shri Pandey is associated with Government of India, in the rank of Cabinet Secretary, as Representative and Interlocutor for Naga Peace Talks w.e.f. February 2010. In addition to this assignment, he is the director and part-time chairman of HPCL Biofuel Limited, a wholly-owned subsidiary of M/s. Hindustan Petroleum Corporation Limited.

Shri Pandey is recipient of first Prime Minister's Award for Excellence in Public Administration in the year 2007 and United Nations Public Service Award in the year 2008.

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).
- 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. video/teleconferencing facilities are used to facilitate Directors traveling abroad or present at other locations to participate in the meetings.
- ii) The meetings are usually held at the Company's Corporate Office at 2/1 A, Sarat Bose Road, 'Lansdowne Towers', Kolkata- 700020.
- iii) Meetings are governed by a structured agenda. All departments in the Company are encouraged to schedule their work plans well in advance, particularly with regard to

matters requiring discussion/approval in the Board Meetings. All such matters are required to be communicated to the Secretarial Department in advance so that the same could be included in the agenda for the Board meetings. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.

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

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

BOARD MATERIAL DISTRIBUTED IN ADVANCE

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

RECORDING MINUTES OF PROCEEDINGS AT BOARD/ COMMITTEE MEETINGS

The Company Secretary records the minutes of the proceedings of each Board Meeting. Draft minutes are circulated to all the members of the Board for their comments. The minutes of proceedings of a meeting are entered in the 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. Subsequent to resignation of Shri Lalit Mohan Chatterjee w.e.f. May, 30, 2013, the Audit Committee was reconstituted by the Board on May 30, 2013 to induct Shri Raghaw Sharan Pandey and Shri Nandanandan Mishra as members of the Audit Committee. During the Financial year ended 30th June, 2013, the Audit Committee ('the committee') comprised of the following

- Shri Surendra Mohan Lakhota, Chairman
- Shri Nihar Ranjan Hota, Independent Director
- Dr. Ramgopal Agarwala, Independent Director
- Shri Raghaw Sharan Pandey, Independent Director
- Shri Nandanandan Mishra, 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 four times during the period under review on August 29, 2012, November 10, 2012, February 09, 2013 and May 30, 2013. The maximum time gap between any two consecutive meetings was not more than four months.

Attendance record of Audit Committee members

Name of the Director	Number of meetings	Meetings attended
Shri Surendra Mohan Lakhotia	4	3
Shri Nihar Ranjan Hota	4	4
Shri Lalit Mohan Chatterjee*	4	3
Dr. Ramgopal Agarwala	4	3
Shri Nandanandan Mishra**	4	-
Shri Raghaw Sharan Pandey**	4	-
Shri Manoj Kumar Agarwal	4	4

* Resigned w.e.f. May, 30, 2013.

** Appointed w.e.f. May, 30, 2013.

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 Nihar Ranjan Hota, Independent Director
- Shri Nandanandan Mishra, Independent Director

■ Dr. Ramgopal Agarwala, 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. Subsequent to resignation of Shri Lalit Mohan Chatterjee w.e.f. May, 30, 2013, the Compensation Committee was reconstituted by the Board on 30.05.2013 to induct Dr. Ramgopal Agarwala as a member of Compensation Committee. During the period under review, the members of the Committee met twice i.e. on August 29, 2012, and November 14, 2012.

Attendance record of Compensation Committee members

Name of the Director	Number of meetings	Meetings attended
Shri Nihar Ranjan Hota	2	2
Shri Nandanandan Mishra	2	2
Shri Lalit Mohan Chatterjee*	2	2
Dr. Ramgopal Agarwala**	-	-

* Resigned w.e.f. May, 30, 2013.

** Appointed w.e.f. May, 30, 2013.

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

Details of remuneration paid to the Directors during the financial year ended on June 30, 2013

(Figures in ₹)

Name of Director	Basic + Benefit	Board Meeting sitting fees	Committee meeting fees	Total
Shri Ghanshyam Das Agarwal	Nil	80,000	Nil	80,000
Shri Jugal Kishore Agarwal	Nil	60,000	Nil	60,000
Shri Nirmal Kumar Agarwal	Nil	60,000	Nil	60,000
Shri Mohan Lal Agarwal	Nil	80,000	Nil	80,000
Shri Mahesh Kumar Agarwal	Nil	60,000	Nil	60,000
Shri Surendra Mohan Lakhotia	Nil	80,000	50,000	1,30,000
Shri Nihar Ranjan Hota	Nil	1,00,000	60,000	1,60,000
Shri Lalit Mohan Chatterjee	Nil	80,000	50,000	1,30,000
Dr. Ram Gopal Agarwala	Nil	60,000	30,000	90,000
Shri Nandanandan Mishra	Nil	1,00,000	20,000	1,20,000
Shri Raghaw Sharan Pandey	Nil	80,000	Nil	80,000
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

Subsequent to resignation of Shri Lalit Mohan Chatterjee w.e.f. May, 30, 2013, the Shareholders Grievances Committee was reconstituted by the Board on 30.05.2013 to induct Shri Surendra Mohan Lakhotia as member to the Investors Grievance Committee. During the Financial year ended 30th June, 2013, the Shareholders Grievances Committee ('the committee') comprised three Non-executive Directors including one Independent Director. They are:

- Shri Surendra Mohan Lakhotia, 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 two times during the period under review on August 29, 2012 and February 09, 2013.

Attendance record of Shareholders/Investors' Grievances Committee

Name of the Director	Number of meetings	Meetings attended
Shri Ghanshyam Das Agarwal	2	2
Shri Mahesh Kumar Agarwal	2	2
Shri Lalit Mohan Chatterjee*	2	2
Shri Surendra Mohan Lakhotia**	-	-

* Resigned w.e.f. May, 30, 2013.

** Appointed w.e.f. May, 30, 2013.

Details of queries and grievances received and disposed off during 2012-13 (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	4	4
3	Non-receipt of electronic credit	Nil	Nil
4	Duplicate refund order	Nil	Nil
5	SEBI/Stock Exchange complaints	3	3
6	Duplicate dividend warrant*	21	21
	Total	29	29

* Includes duplicate/revalidation/correction of dividend warrant

No complaints were pending as on June 30, 2013.

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 financial year ended 30th June 2013.

28th August, 2013
 Manoj Kumar Agarwal
 Managing Director
 Kolkata

CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992, 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:

- Financial statements, in particular the investments made by the material unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.
- All minutes of Board meetings and Committee meetings of the material unlisted subsidiary companies are placed before the Company's Board regularly.
- 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, Orissa Manganese & Minerals Limited and its subsidiary, Adhunik Power & Natural Resources Limited, which is the step down subsidiary of the Company. 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 Shri 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. 38 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 August 29, 2012. The Ministry of Corporate Affairs (MCA) vide its letter dated June 19, 2013 granted approval for payment of remuneration to Shri Manoj Kumar Agarwal, Managing Director, in case of absence or inadequacy of profit of the Company.

Transfer of Unclaimed amounts to Investor Education and Protection Fund (IEPF)

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/unclaimed and/or unpaid/unclaimed application money received for allotment of Securities and due for refund for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

During the year under review, the Company has credited a sum of ₹2,51,208/- towards unclaimed share application money to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

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.

Shifting of the Registered Office of the Company

The Company has changed its Registered Office from 14, N.S. Road, Kolkata- 700001, State of West Bengal to Chadri Hariharpur, P.O.- Kuarmunda, Sundargarh-770039, State of Odisha upon receipt of the requisite approval of the shareholders of the Company and pursuant to the Order dated June 06, 2013, passed by the Regional Director (ER), Ministry of Corporate Affairs, Kolkata, on an application made by the Company under applicable provisions of the Companies Act, 1956.

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
2011-12	November 09, 2012	11.00 A.M.	Kalakunj 48, Shakespeare Sarani Kolkata – 700 017	Nil
2010-11	September 15, 2011	11.00 A.M.	Kalakunj 48, Shakespeare Sarani Kolkata – 700 017	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 A.M.	Kalakunj 48, Shakespeare Sarani Kolkata – 700 017	Nil

Postal ballot

No Resolution requiring a postal ballot was placed before the last Annual General Meeting of the Company held on November 09, 2012. None of the business proposed to be transacted in the ensuing Annual General Meeting of the Company require passing a resolution through postal ballot.

During the year under review, approval of the Members of the Company was sought for passing of Special Resolution through Postal Ballot, pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011, twice vide Notice dated August, 29, 2012 and Notice dated December 03, 2012, for the following items of business and on both the occasions the Board of Directors appointed FCS Deepak Kumar Khaitan, a Practising Company Secretary as the Scrutiniser to conduct the postal ballot exercise.

Postal Ballot 1: Notice dated August 29, 2012:

Resolution No.	Particulars
1	Special Resolution under Section 17 of the Companies Act, 1956 for altering of existing main object clause no. iii a of the Memorandum of Association of the Company by substituting existing sub-clause 3 with a new sub-clause 3 and by adding a new sub clause 5 after sub -clause 4.
2	Special Resolution under Section 81 (1A) of the Companies Act, 1956 for adoption and Implementation of one of more Employees Stock Option Programme(ESOP) Schemes.
3	Special Resolution under Section 81 (1A) of the Companies Act, 1956 to extend benefit of ESOP Schemes to Subsidiary Company Employees.
4	Special Resolution under Section 198, 269, 309 and 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956 for payment of Managerial remuneration beyond minimum remuneration in case of inadequacy of profits to Mr. Manoj Kumar Agarwal, Managing Director of the Company

Postal Ballot Notice was sent to all the Members of the Company, whose names appeared in the Register of Members/Record of Depositories as on August 31, 2012 and all the Postal Ballot Forms received upto September 30, 2012 had been considered. A total of 188 Postal Ballot Forms (aggregating to 92579234 Equity Shares) were received by the Scrutiniser. The Special Resolutions were passed with requisite majority. The result of the Postal Ballot was declared on October 19, 2012 at the Registered Office of the Company as per the Scrutiniser's Report and was published in Business Standard and Aajkal on October 20, 2012. The results were also hosted on the Company's website, www.adhunikgroup.com, besides being communicated to the concerned Stock Exchanges and other relevant authorities.

The result of the Postal Ballot is given below for the information of the Members of the Company:

Particulars	No. of Postal Ballot forms	No. of equity Shares	% of total valid Ballot
Number of valid postal ballot forms received	188	92579234	100.00%
Votes in favour of the Special Resolution No. 1	182	92578967	99.99%
Votes against the Special Resolution No. 1	6	267	0.01%
Votes in favour of the Special Resolution No. 2	170	81860771	88.42%
Votes against the Special Resolution No. 2	18	10718463	11.58%
Votes in favour of the Special Resolution No. 3	170	81860971	88.42%
Votes against the Special Resolution No. 3	18	10718263	11.58%
Votes in favour of the Special Resolution No. 4	157	91102959	98.40%
Votes against the Special Resolution No. 4	31	1476275	1.60%
Number of invalid postal ballot forms received	8	4200	0.03% of total paid up capital

Postal Ballot 2: Notice dated December 03, 2012:

Special Resolution under Section 17 of the Companies Act, 1956 for amendment to the Clause No. II of the Memorandum of Association of the Company.

Postal Ballot Notice was sent to all the Members of the Company, whose names appeared in the Register of Members/Record of Depositories as on November 30, 2012 and all the Postal Ballot Forms received upto January 10, 2013 had been considered. A total of 285 Postal Ballot Forms (aggregating to 84510836 Equity Shares) were received by the Scrutiniser. The Special Resolution was passed with requisite majority. The result of the Postal Ballot was declared on January 15, 2013 at the Registered Office of the Company as per the Scrutiniser's Report and was published in Business Standard and Aajkal on January 16, 2013. The results were also hosted on the Company's website, www.adhunikgroup.com, besides being communicated to the concerned Stock Exchanges and other relevant authorities.

The result of the Postal Ballot is given below for the information of the Members of the Company:

Resolution No. 1 (Special) :Amendment to the Clause No. II of the Memorandum of Association of the Company u/s 17 of the Companies Act, 1956

Particulars	No. of Postal Ballot forms	No. of equity Shares	% of total valid Ballot
Number of valid postal ballot forms received	285	84510836	100.00%
Votes in favour of the Special Resolution	216	84494153	99.98%
Votes against the Special Resolution	69	16683	0.02%
Number of invalid postal ballot forms received	16	318394	0.26% of total paid up capital

CORPORATE GOVERNANCE CERTIFICATE

The Corporate Governance Certificate from the Statutory Auditors, M/s. Das & Prasad, Chartered Accountants, having registration no. FRN 303054E allotted by The Institute of Chartered Accountants of India (ICAI) that the Company complied with the conditions of Corporate Governance as were applicable as on June 30, 2013 and stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s) is annexed hereto.

GENERAL SHAREHOLDERS' INFORMATION
i. Company Registration Details

The Company was registered in the State of West Bengal, India. Subsequent to the order dated June 06, 2013, of the Regional Director (ER), Ministry of Corporate Affairs, Kolkata towards shifting of the Registered Office of the Company from the State of West Bengal to the State of Odisha and upon filing of e-Form 18 with the concerned Registrar of Companies (ROC), a new Corporate Identity Number (CIN) was allotted to the Company by the Ministry of Corporate Affairs (MCA) being L28110OR2001PLC017271.

ii. Annual General Meeting (AGM) details

Day and date	Friday, 6 th December, 2013
Time	11.00 A.M.
Venue	Rourkela Chamber of Commerce & Industry, Chamber Bhawan, Chamber Road, Rourkela -769004, Odisha
Book closure dates	25 th November, 2013 to 6 th December, 2013 (both days inclusive)
Dividend payment date	Dividend not recommended

iii. Financial Year: 1st July to 31st March
viii. Monthly high and low quotes and volume of shares traded on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE)

Month	Bombay Stock Exchange(BSE)			National Stock Exchange (NSE)		
	High Price (₹)	Low Price (₹)	Volume	High Price (₹)	Low Price (₹)	Volume
July, 2012	37.85	29.50	1,638,803	37.80	29.60	3,433,413
August, 2012	30.95	27.05	513,153	32.00	26.80	1,200,235
September, 2012	31.40	24.10	1,166,219	31.40	24.40	2,735,129
October, 2012	36.00	29.50	2,434,897	36.00	29.50	3,315,361
November, 2012	34.90	29.25	1,192,861	34.75	29.35	3,153,602
December, 2012	49.45	31.90	6,042,705	49.45	31.75	12,373,695
January, 2013	47.80	37.10	2,662,364	47.70	37.00	4,765,547
February, 2013	41.85	33.05	884,875	41.85	33.50	1,604,097
March, 2013	36.95	27.45	1,978,081	36.60	27.35	3,575,787
April, 2013	34.25	28.30	477,662	34.30	28.00	1,348,658
May, 2013	31.45	25.00	757,759	31.40	25.05	2,159,188
June, 2013	26.60	22.50	575,395	26.50	22.50	1,056,117

iv. Financial Calendar (Tentative)

Financial reporting for 2013-14		
1	First quarter results	Within November 14, 2013
2	Second quarter and half-year results	Within February 14, 2014
3	Third quarter results and annual results	Within May 30, 2014

v. Listing of shares on stock exchanges with stock code

Stock Exchange	Stock code
National Stock Exchange of India Limited (NSE) 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
BSE Limited (BSE) Phioz Jeejeebhoy Towers Dalal Steel, Mumbai – 400001 Telephone nos: 022-2272 1233/34 Facsimile no.: 022-2272-1919 Website: www.bseindia.com	532727

vi. Payment of Listing Fees: Annual listing fee for the year 2013-14 has been paid by the Company to both the above Stock Exchanges.

vii. Payment of Depository Fees: Annual Custody/Issuer fee for the year 2013-14 has been paid by the Company to NSDL and CDSL.

ix. Global depository receipts

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

x. 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

Facsimile No. 91-40-23311968

Email: mailmanager@karvy.com

xi. Share transfer system

The Registrars & Share Transfer Agent M/s Karvy Computershare Private Limited register the share transfers 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.

xii. (A). Distribution of shareholding as on June 30, 2013

Shareholding of nominal value	Shareholders		Share amount	
	₹	Number	₹	% to total
Up to 5000		23,779	3,20,23,950	2.59%
5001-10000		2,014	1,65,68,010	1.34%
10001-20000		983	1,51,60,120	1.23%
20001-30000		334	86,73,030	0.70%
30001-40000		144	51,59,750	0.42%
40001-50000		132	62,75,430	0.51%
50001-100000		214	1,59,00,540	1.29%
100001 and above		223	1,13,52,34,530	91.92%
Total		27,823	1,23,49,95,360	100.00%

(B). Categories of shareholders as on June 30, 2013

Sl. No.	Category	Number of holders	Number of shares	% to equity
1	Banks	2	2,55,354	0.21%
2	Clearing members	54	65,683	0.05%
3	Foreign Bodies	1	54,63,180	4.42%
4	Foreign institutional investor	8	66,57,271	5.39%
5	HUF	680	9,89,609	0.80%
6	Indian financial institutions	5	47,27,090	3.83%
7	Bodies corporate	636	59,06,880	4.78%
8	Mutual funds	2	18,34,259	1.51%
9	Non-resident Indians	449	3,91,805	0.32%
10	Overseas corporate bodies	1	1,000	0.00%
11	Persons acting in concert	6	39,63,750	3.21%
12	Company promoters	22	6,98,37,911	56.55%
13	Resident individuals	25,957	2,33,75,744	18.93%
	Total	27,823	12,34,99,536	100.00%

(C). Build up of Equity Share Capital

Date of Allotment	No. of shares Allotted	Issue Price (₹ per Share)	Remarks
20.11.2001	20000	10.00	Subscriber to the Memorandum
30.03.2002	108540	10.00	Further Issue of Shares
20.11.2002	165000	10.00	Further Issue of Shares
31.01.2003	677500	10.00	Further Issue of Shares
06.10.2003	8545152	0.00	Bonus Issue of Shares
12.10.2003	4545000	10.00	Further Issue of Shares
04.02.2004	3788720	10.00	Further Issue of Shares
31.03.2004	840000	10.00	Further Issue of Shares
29.07.2004	5900000	10.00	Further Issue of Shares
20.08.2004	7605000	10.00	Further Issue of Shares
30.09.2004	6660500	10.00	Further Issue of Shares
31.10.2004	3350000	10.00	Further Issue of Shares
15.11.2004	1000000	10.00	Further Issue of Shares
30.11.2004	2250000	10.00	Further Issue of Shares
24.01.2005	3100000	10.00	Further Issue of Shares
07.02.2005	2195000	10.00	Further Issue of Shares
21.02.2005	1100000	30.00	Further Issue of Shares
25.02.2005	1800000	40.00	Further Issue of Shares
16.03.2005	422260	60.00	Further Issue of Shares
02.05.2005	740600	60.00	Further Issue of Shares
21.07.2005	1068700	60.00	Further Issue of Shares
27.08.2005	4000000	0.00	Allotment pursuant to merger of Adhunik Minerals & Alloys Ltd. with the Company
15.10.2005	300000	60.00	Further Issue
31.12.2005	4022248	30.00	Further Issue
31.03.2006	27027027	37.00	Initial Public Offer (IPO)
28.05.2009	8154000	122.64	Conversion of Zero Coupon Convertible Bond
28.05.2009	6120567	118.00	Conversion of Zero Coupon Convertible Warrants
24.11.2009	13960400	98.23	Qualified Institutional Placement (QIP)
21.01.2010	4033322	0.00	Allotment pursuant to merger of Sri MP Ispat & Power Pvt. Ltd. & Vedvyas Ispat Ltd. with the Company
	123499536		

xiii. Dividend history

Financial year	Dividend per share (₹)	Total dividend (₹ in lakhs) (Inclusive of Div. Tax)
2012-13	Not recommended	Not recommended
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

xiv. 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 2013-14 to NSDL and CDSL, the depositories. As on June 30, 2013, 12,34,40,492 shares of the Company constituting 99.95% of the issued and subscribed share capital stood dematerialised.

Details of Demat and Physical shares as on June 30, 2013

Description	Number of holders	Number of shares	% to equity
CDSL	8878	2,45,11,370	19.85%
NSDL	18908	9,89,29,122	80.10%
Physical	37	59,044	0.05%
Total	27,823	12,34,99,536	100.00%

Liquidity

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

Relevant data for the average daily turnover for the financial year ended June 30, 2013 is given below:

	BSE	NSE	Total
Shares (nos.)	20324774	40720829	61045603
Value (in ₹ lakhs)	7339.48	14692.77	22032.25

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

xv. Dedicated e-mail id

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

xvi. Plant location

Vill. – Chadrihariharpur
P.O. Kuarmunda
Dist. Sundergarh,
Odisha-770039
India

xvii. 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
Vill. – Chadrihariharpur
P.O. Kuarmunda
Dist. Sundergarh,
Odisha-770039
Tel no. 0661- 2586001
Fax no. 0661-2586005

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

Transfer of Unclaimed amounts to Investor Education and Protection Fund (IEPF)

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/unclaimed for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

During the year under review, the Company has credited a sum of ₹2,51,208/- towards unpaid share application money to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

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 Karvy Computershare Private Limited at adh.cs@karvy.com <<mailto:adh.cs@karvy.com>>.

For and on behalf of the Board

Registered Office :

Vill. – Chadrihariharpur
P.O. Kuarmunda
Dist. Sundergarh,
Odisha - 770039
India
Date: 28th August, 2013



Ghanshyam Das Agarwal
Chairman

CEO AND CFO CERTIFICATION

We, Manoj Kumar Agarwal, Managing Director and 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, 2013 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

Kolkata

28th August, 2013

Pawan Kumar Rathi

Head of Finance and Accounts

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of
Adhunik Metaliks Limited
Kolkata

We have examined the compliance of conditions of Corporate Governance by Adhunik Metaliks Limited, for the twelve months period ended on 30th June 2013, 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 Das & Prasad

Firm Registration Number : 0303054E

CHARTERED ACCOUNTANTS

A. K. AGRAWAL

Partner

Membership No. 062368

Place: Kolkata

Dated: 28th August, 2013

Independent Auditor's Report

To
The Members of
Adhunik Metaliks Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of ADHUNIK METALIKS LIMITED ("the Company"), which comprise the Balance Sheet as at 30th June, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid

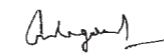
financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2013;
- in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, we report that:
 - 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.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - 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.
 - In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - On the basis of the written representations received from the directors as on 30th June, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 30th June, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Das & Prasad
Chartered Accountants
Firm Registration No. 303054E


A. K. Agarwal
Partner

Place : Kolkata
Dated : 28th August, 2013

Membership No. 062368

Annexure to the Independent Auditor's Report

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

(i) In respect of its fixed assets:

- The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- The Company has a program of verification of fixed assets to cover all the items in a phased manner 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. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- There was no substantial disposal of fixed assets during period.

(ii) In respect of its inventory:

- The management has conducted physical verification of inventory at reasonable intervals during the period.
- As the Company's inventory of raw material and finished goods mostly include 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 information and explanation 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.
- In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from 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 (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) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

- The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- Where each of such transaction is in excess of Rupees five lakhs in respect of any party, the transactions have been made at prices which are prima facie 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 adequate internal audit system commensurate with the size and the nature of its business.

(viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government 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 cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.

(ix) (a) Undisputed statutory dues including provident fund,

employee's state insurance, income tax, sales tax, wealth Tax, service tax, customs duty, excise duty, cess and other material statutory dues have been paid with delays with appropriate authorities. As explained, there is no amount due for deposit with Investor Education & Protection Fund.

(b) According to the information and explanation given

to us, no undisputed amount payable in respect of provident fund, employee's state insurance, investor education and protection fund, income tax, sales tax, wealth tax, service tax, customs 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 become payable except in following cases which have since been paid:

Nature of statute	Nature of dues	Amount (₹ in Lacs)	Period to which the amount relates
Income Tax Act, 1961	Tax Deducted at Source	251.96	April'12 to December'12
Finance Act, 1994	Service Tax payable on commission income and Service Tax on reverse charge mechanism	376.63	September'12 & December '12
Maharashtra Value Added Tax & Central Sales Tax	Value Added Tax & Central Sales Tax on sale of Goods	547.01	April'12 to December'12

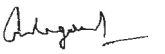
(c) As at 30th June, 2013, the following are the particulars of dues on account of, sales tax, customs duty, excise duty and cess matters that have not been deposited on account of any dispute:

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	58.89	2002-08	The Orissa Sales Tax Tribunal, Cuttack/ The ADDL. Commissioner of S.Tax. Cuttack
Central Sales Tax (Orissa) Rules 57	Demand against transfer of stock to branches and consignment agents	123.40	2003-04	The Orissa Sales Tax Tribunal, Cuttack
Central Sales Tax	Demand against discrepancies identified during investigation	20.05	2003-04	The Joint. Commissioner of S.Tax. RKL
Central Sales Tax	Disallowance of Sale against Form-C, Form-H and transfer of stock to branches	63.62	2005-08	The Orissa Sales Tax Tribunal, Cuttack/ The Joint. Commissioner of S.Tax. RKL/ The ADDL. Commissioner of S.Tax. Cuttack
Orissa Value Added Tax	Dispute on account of disallowance of Input Tax Credit	137.27	2005-07	The Orissa Sales Tax Tribunal, Cuttack/ High Court Of Orissa, Cuttack
Orissa Sales Tax	Dispute on gross turnover vis-à-vis taxable turnover	5.98	2003-04	The Orissa Sales Tax Tribunal, Cuttack
Orissa Sales Tax	Demand against discrepancies identified during investigation	12.03	2003-04	The Joint. Commissioner of S.Tax. RKL
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.	3,028.52	2005-11	Before Joint Comm. BBSR/ Before Dy. Comm., Rourkela/ Before Asst. Comm., Rourkela/ CESTAT (KOLKATA)/ Before Comm. BBSR/ Before Comm. (Appeal), Bhubaneswar
	TOTAL	3,449.76		

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current year and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has generally not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (xii) According to Information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
- (xv) According to the information and explanation given to us, the Company has pledged a part of its investments in the earlier years, for the loan taken by its wholly owned subsidiary from bank, 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 by others from financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been generally applied by the Company during the year for the purposes for which they were obtained.

- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long- term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and 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 public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Das & Prasad
Chartered Accountants
Firm Registration No. 303054E



A. K. Agarwal
Partner

Place : Kolkata
Dated : 28th August, 2013


Membership No. 062368

Balance Sheet as at 30th June, 2013

	Notes	As at 30th June, 2013	As at 30th June, 2012
(₹ in lacs)			
Equity and liabilities			
Shareholders' funds			
Share capital	3	12,349.95	12,349.95
Reserves and surplus	4	109,979.81	111,615.75
		122,329.76	123,965.70
Non-current liabilities			
Long-term borrowings	5	59,008.41	54,603.41
Deferred tax liabilities (net)	6	8,583.20	9,568.31
Long-term provisions	7	473.01	389.17
		68,064.62	64,560.89
Current liabilities			
Short-term borrowings	8	62,484.39	53,817.79
Trade payables	9	82,591.40	73,138.59
Other current liabilities	10	50,619.97	44,161.80
Short-term provisions	7	108.02	295.43
		195,803.78	171,413.61
Total		386,198.16	359,940.20
Assets			
Non-current assets			
Fixed assets :			
Tangible assets	11.1	137,378.76	146,379.72
Intangible assets	11.1	41,408.30	43,135.34
Capital work-in-progress	11.2	29,765.62	7,039.45
Non-current investments	12	7,325.52	7,325.81
Long-term loans and advances	13	16,240.40	7,882.52
Other non-current assets	14	4,067.44	3,685.66
		236,186.04	215,448.50
Current assets			
Inventories	16	71,427.17	88,691.16
Trade receivables	15	49,302.78	25,867.00
Cash and bank balances	17	695.25	2,455.12
Short-term loans and advances	13	18,156.08	14,472.16
Other current assets	14	10,430.84	13,006.26
		150,012.12	144,491.70
Total		386,198.16	359,940.20
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 Das & Prasad
Firm Registration No. 303054E
Chartered Accountants



per A. K. Agarwal
Partner
Membership No. 062368


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)

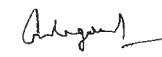
Place: Kolkata
Date: 28th August, 2013

Statement of profit and loss for the year ended 30th June, 2013

	Notes	2012-13 (12 Months)	2011-12 (15 Months)
(₹ in lacs)			
Income			
Revenue from operations (gross)	18	178,578.54	200,599.90
Less: Excise duty		13,200.55	14,757.50
Revenue from operations (net)		165,377.99	185,842.40
Other income	19	6,733.20	4,155.61
Total revenue (I)		172,111.19	189,998.01
Expenses			
Cost of Raw Materials Consumed/sold	20	72,820.89	111,928.36
Purchase of Stock-in-trade	21	11,130.35	8,371.08
(Increase)/ decrease in Finished Goods, Work-in-Progress, Traded Goods and By-Products	22	16,560.99	(16,169.56)
Employee benefits expenses	23	5,163.12	5,950.74
Other expenses [Including Prior period items ₹190.29 lacs (₹2.48 lacs)]	24	34,774.58	48,961.17
Total (II)		140,449.93	159,041.79
Earnings before finance costs, exceptional item, tax, depreciation & amortization (I) – (II)		31,661.26	30,956.22
Depreciation and amortization expenses	25	9,602.53	11,314.47
Finance costs	26	22,761.82	30,090.19
Profit / (Loss) before exceptional item and tax (III)		(703.09)	(10,448.44)
Exceptional items	27	-	5,959.59
Profit / (Loss) before tax (IV)		(703.09)	(4,488.85)
Tax expenses :			
Current tax		21.09	234.70
Deferred tax credit		(985.11)	(1,496.98)
MAT Credit Entitlement		90.80	(3,174.40)
Income Tax relating to Earlier Years		(111.89)	-
Total tax expenses (V)		(985.11)	(4,436.68)
Profit / (Loss) for the period [(IV) – (V)]		282.02	(52.17)
Earnings per equity share [nominal value of share ₹10 per share (₹10 per share) - Basic & Diluted (₹)]	28	0.23	(0.04)
Summary of significant accounting policies	2		

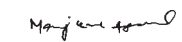
The accompanying notes referred to above form an integral part of the financial statements
As per our report of even date

For Das & Prasad
Firm Registration No. 303054E
Chartered Accountants



per A. K. Agarwal
Partner
Membership No. 062368

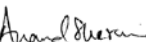
For and on behalf of the Board of Directors of
Adhunik Metaliks Limited



Manoj Kumar Agarwal
(Managing Director)



Ghanshyam Das Agarwal
(Chairman)



Anand Sharma
(Company Secretary)

Place: Kolkata
Date: 28th August, 2013

Cash Flow Statement for the year ended 30th June, 2013

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
A: Cash Flow From Operating Activities :		
Profit / (Loss) before Tax	(703.11)	(4,488.85)
Adjustments for :		
Depreciation and amortisation expense	9,602.53	11,314.47
Loss on Fixed Assets Sold / Discarded (net)	0.50	29.52
Net Unrealised Loss/(Gain) on Exchange Rates/Forward Exchange Contracts	1,221.82	(1,272.84)
Share of Loss in partnership firm	0.29	0.50
Provision/ Reversal of Provision for doubtful debts	247.87	(6.07)
Bad debts/advances written off	318.33	72.10
Employee stock option compensation cost	49.71	-
Liabilities no Longer Required Written Back	(217.90)	(749.94)
Interest Income	(217.73)	(3,034.78)
Gain on Sale of Non Current Investments (Net)	-	(8,408.40)
Interest and Finance Charges	22,761.81	30,090.19
Operating Profit Before Working Capital Changes	33,064.12	23,545.90
Movements in Working Capital :		
Increase / (Decrease) in Trade Payables and Other Liabilities	36,767.85	24,349.82
Increase / (Decrease) in Provisions*	98.17	27.74
(Increase) / Decrease in Trade Receivables	(22,318.37)	3,881.81
(Increase) / Decrease in Loans and Advances and Other Assets*	(9,117.27)	733.57
(Increase) / Decrease in Inventories	17,264.00	(22,912.14)
Cash Generated From Operations	55,758.50	29,626.70
Direct taxes paid (Net of refunds)	(81.33)	(437.15)
Net Cash Generated From Operating Activities (A)	55,677.17	29,189.55
B: Cash Flow From Investing Activities :		
Purchase of fixed assets, including capital work in progress and capital advances	(31,272.63)	(19,797.94)
Proceeds from Sale of Fixed Assets	138.99	86.51
Loans given to Body Corporates	-	(9,546.66)
Loans repaid by Body Corporates	5,788.09	4,975.10
Dividends received from a subsidiary company	-	1,800.00
Purchase of non-current investments	-	(1,000.02)
Sale of non-current Investments	-	13,147.26
Investment in/(Maturity of) Fixed Deposits (Net) [Receipts Pledged with various banks as security]	(381.79)	899.84
Interest Received	(6.64)	2,073.53
Net Cash Used In Investing Activities (B)	(25,733.98)	(7,362.38)

Cash Flow Statement for the year ended 30th June, 2013

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
C: Cash Flow From Financing Activities :		
Dividends paid on equity shares	(8.52)	(1,852.49)
Share Application Money deposited to Investor Protection Fund	(2.52)	-
Proceeds from long-term borrowings	23,500.00	31,000.00
Repayment of long-term borrowings	(39,915.54)	(27,615.84)
Proceeds from short-term borrowings	-	9,984.34
Repayment of short-term borrowings	(5,000.00)	(12,261.21)
Proceeds from working capital loan (Net)	14,668.03	8,804.34
Interest & Finance charges paid	(24,944.51)	(28,706.02)
Net Cash Used In Financing Activities (C)	(31,703.06)	(20,646.88)
Net Increase / (Decrease) In Cash and Cash Equivalents (A+B+C)	(1,759.87)	1,180.29
Cash and Cash Equivalents at the beginning of the year	2,455.12	1,274.83
Cash and Cash Equivalents at the end of the year	695.25	2,455.12

* Includes both current and non-current items

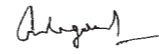
Notes :-

Components of Cash and Cash Equivalents

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Cash on hand	20.42	69.06
Balances with Banks in :		
- Current Accounts	665.00	1,022.26
- Deposits with original maturity of less than three months	-	1,350.00
- Unpaid dividend accounts	9.83	11.28
- Unclaimed Application Money Account	-	2.52
Total Cash and Cash Equivalents (Note No. 17)	695.25	2,455.12
Summary of Significant Accounting Policies	2	

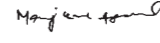
As per our report of even date


For Das & Prasad
Firm Registration No. 303054E
Chartered Accountants


per A. K. Agarwal
Partner
Membership No. 062368

Place: Kolkata
Date: 28th August, 2013

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 year ended 30th June, 2013

NOTE 1. 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 2. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Preparation

The financial statements have been prepared 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 case 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. All assets and liabilities have been classified as current or non current as per the Companies normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956.

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) Tangible Fixed Assets are stated at cost (or revalued amount, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises of purchase price inclusive of duties (net of CENVAT / VAT), taxes, incidental expenses, erection/commissioning expenses/trial run expenses and borrowing cost, etc. up to the date the asset are ready for intended use. In case of revaluation of tangible fixed assets, the cost as assessed by the approved valuers is considered in the accounts and the differential amount is credited 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.

Notes to Financial Statements as at and for the year ended 30th June, 2013

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 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 and Custom Duty

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, 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.

Notes to Financial Statements as at and for the year ended 30th June, 2013

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) Stock Compensation Expenses

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share - based Payments, issued by the Institute of Chartered Accountants of India. The Company accounts for stock compensation expenses based on the fair value of the options granted, determined on the date of grant. Compensation cost is amortised over the vesting period of the option on straight line basis. The accounting value of the options outstanding net of the Deferred Compensation Expenses is reflected as Employee Stock Options Outstanding.

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 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 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.

Notes to Financial Statements as at and for the year ended 30th June, 2013

P) 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.

Q) 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.

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

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 respective 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.

T) 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.

U) 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.

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 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.

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 Statement of Profit and Loss. The Company measures EBITDA on the basis of profit/ (loss) for the year excluding depreciation & amortisation expenses, finance cost and tax expenses.

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 3. SHARE CAPITAL

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
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
Total	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
Total	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, 2013, the amount of per share dividend recognized as distribution to equity shareholders is ₹ Nil per share (₹ Nil per share).

(b) 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	As at 30th June, 2013 Numbers	As at 30th June, 2012 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

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

Name of the Shareholder	As at 30th June, 2013		As at 30th June, 2012	
	No. of shares	% holding	No. of shares	% 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	29,001,592	23.48%	26,333,352	21.32%
Shyam Vatika Advisors LLP	7,436,741	6.02%	-	0.00%

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.

(d) Employee Stock Options Scheme

For details related to shares reserved for issue under Employee Stock Option (ESOP) plan of the Company (Refer Note No. 33).

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 4. RESERVES AND SURPLUS

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Capital Reserve (as per the last financial statements) (A)	588.78	588.78
Securities Premium Account		
Balance as per the last financial statements	28,255.86	24,608.13
Less: Adjustment of Deferred Tax Liability / (Assets)	-	(3,647.73)
Closing Balance (B)	28,255.86	28,255.86
General Reserve (as per the last financial statements) (C)	1,732.78	1,732.78
Employee Stock Options Outstanding (Refer Note No. 33)		
Employee Stock Options Outstanding	353.86	-
Less: Deferred Employee Compensation Cost Outstanding	(304.15)	-
Closing Balance (D)	49.71	-
Revaluation Reserve		
Balance as per the last financial statements	56,283.66	-
Add : Revaluation done during the period	-	56,283.66
Less : Amount transferred to the Statement of Profit and Loss as reduction from depreciation	(1,967.67)	-
Closing Balance (E)	54,315.99	56,283.66
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	24,754.67	24,806.84
Profit / (Loss) for the period	282.02	(52.17)
Net surplus in the statement of profit and loss (F)	25,036.69	24,754.67
Total reserves and surplus (A to F)	1,09,979.81	1,11,615.75

NOTE 5. LONG-TERM BORROWINGS (SECURED)

	Non Current Portion		Current Maturities	
	As at 30th June, 2013	As at 30th June, 2012	As at 30th June, 2013	As at 30th June, 2012
Term Loans				
Rupee loans from banks (A)	58,510.78	54,164.00	14,044.72	34,852.00
Defered Payment Liabilities				
Vehicle/Equipment/Housing Loans (B)	497.63	439.41	281.84	295.10
Total (A+B)	59,008.41	54,603.41	14,326.56	35,147.10
Amount disclosed under the head "other current liabilities" (Refer Note No. 10)	-	-	(14,326.56)	(35,147.10)
Total	59,008.41	54,603.41	-	-

Notes to Financial Statements as at and for the year ended 30th June, 2013

(a) Nature of security -

- The rupee term loans from banks amounting to ₹45,961.75 lacs (₹66,141.00 lacs) are secured by first charge over all the fixed assets of the Company, at Chadrihariharpur, Kuarmunda, Distt. Sundargarh, Orissa, both present and future, 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.
- The rupee term loans from banks amounting to ₹15,000.00 lacs (₹ Nil lacs) are secured by first charge over all the fixed assets of the Company, at Chadrihariharpur Kuarmunda, Distt. Sundargarh, Orissa and over all the fixed assets of the wholly owned subsidiary Company, Orissa Manganese & Minerals Limited, and Zion Steel Limited, the enterprises over which Key Management Personnel have significant influence, both present and future, ranking pari passu with the charges created / to be created in favor of other existing and proposed Institutions / Banks and second pari-passu charge on all the current assets of the Company, Orissa Manganese & Minerals Limited and Zion Steel Limited under obligor co-obligor structure.
- The rupee term loans from banks amounting to ₹11,593.75 lacs (₹13,750.00 lacs) are secured by second charge on entire movable and immovable fixed assets of the Company.
- The rupee term loans from banks amounting to ₹ Nil lacs (₹9,125.00 lacs) are secured by a subservient charge on the fixed and current assets of the Company.
- The rupee Term Loans of ₹72,555.50 Lacs (₹89,016.00 Lacs) from banks are further secured by the personal guarantee of one or more promoter directors of the Company.
- Finance against equipments/vehicles/housing are secured by hypothecation of the respective equipments/vehicles/housing.

(b) Terms of repayment of rupee loans from banks and rate of interest charged -

Rupee term loans of ₹72,555.50 Lacs (₹89,016.00 Lacs) from banks carry interest ranging between respective bank's base rate (ranging from 9.70% to 10.20%) plus 2.55% to 4.25% per annum. The repayment terms of the said loans are as under:

Rupee Term Loan				
Payment Terms	As at 30th June, 2013		As at 30th June, 2012	
	300 structured quarterly installments starting from June 2008 to December 2022		382 structured quarterly installments starting from June 2008 to March 2020	
Installments due	No. of InstallmentS	Amount (₹ in lacs)	No. of InstallmentS	Amount (₹ in lacs)
Within one year (Refer Note No. 10)	79	14,044.72	134	34,852.00
After one but not more than three years	92	26,185.00	131	28,537.66
Three to five year	61	14,453.98	53	13,149.00
More than five year	68	17,871.80	64	12,477.34
Total	300	72,555.50	382	89,016.00

(c) Vehicle/Equipment/Housing loans carry interest ranging between 8.46% to 12.00% per annum and are secured by the respective fixed assets purchased there against. Following is the repayment schedule of such loans:

Deferred Payment Liabilities				
Payment Terms	As at 30th June, 2013		As at 30th June, 2012	
	No. of InstallmentS	Amount (₹ in lacs)	No. of InstallmentS	Amount (₹ in lacs)
Within one year	144	281.84	204	295.10
After one but not more than three years	99	196.86	150	439.41
Three to five year	24	10.23	-	-
More than five year	196	290.54	-	-
Total	463	779.47	354	734.51

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 6. DEFERRED TAX LIABILITIES (NET)

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Balance as per last financial statements	9,568.31	14,713.02
Less: Deferred Tax Asset recognised on unabsorbed depreciation of earlier periods	-	(3,647.73)
Less: Deferred Tax (Asset) / Liability recognised for the period	(985.11)	(1,496.98)
Total	8,583.20	9,568.31

NOTE 6.1 COMPONENTS OF NET DEFERRED TAX LIABILITIES AS ON THE BALANCE SHEET DATE ARE AS FOLLOWS:

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Deferred tax liabilities on		
Timing difference on depreciable assets	17,359.24	16,346.51
(A)	17,359.24	16,346.51
Deferred tax assets on		
Unabsorbed Depreciation	8,496.99	6,589.27
Other timing differences	279.05	188.93
(B)	8,776.04	6,778.20
Net deferred tax liabilities	(A-B)	8,583.20

NOTE 7. PROVISIONS

	(₹ in lacs)			
	Non Current		Current	
	As at 30th June, 2013	As at 30th June, 2012	As at 30th June, 2013	As at 30th June, 2012
Provision for employee benefits*:				
Gratuity (Refer Note No. 32)	318.56	267.90	57.51	45.06
Leave benefits	154.45	121.27	18.52	16.64
(A)	473.01	389.17	76.03	61.70
Other provisions -				
Taxation [net of advance income taxes/Tax deducted at source ₹111.99 lacs (₹9.49 lacs)]	-	-	31.99	225.21
Provision for tax on proposed equity dividend	-	-	-	8.52
(B)	-	-	31.99	233.73
Total	(A+B)	473.01	108.02	295.43

* 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.

NOTE 8. SHORT-TERM BORROWINGS (SECURED)

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Cash credits from banks	61,141.15	47,410.06
Export Packing credit loan (in foreign currency)	1,343.24	1,407.73
Short Term Loan from Bank	-	5,000.00
Total	62,484.39	53,817.79

Notes to Financial Statements as at and for the year ended 30th June, 2013

- (a) Cash credit from banks of ₹61,145.15 lacs (₹47,410.06 lacs) which is repayable on demand and export packing credit facilities from banks of ₹1,343.24 (₹1,407.73 lacs) which is repayable within one year, are secured by first charge by way of hypothecation of entire stock of raw materials, finished goods, process stock, trade receivables and other current assets (both present and future) ranking pari passu amongst working capital lenders. The same are further secured by 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 9.70% to 10.20%) plus 3.75% to 4.25% per annum. Export packing credit facilities from banks carry interest of LIBOR plus 4.00% per annum.
- (b) Short term rupee loan from bank (secured) of ₹ Nil (₹5,000.00 lacs) is secured by a first charge on all the fixed assets of the Company ranking pari passu with other lenders. The loan has already been paid during the year.
- (c) Cash credit from banks of ₹61,141.15 lacs (₹47,410.06 lacs) as well as Short term loans from Banks of ₹ Nil lacs (₹5,000.00 lacs) are further secured by the personal guarantee of one or more promoter directors of the Company.

NOTE 9. TRADE PAYABLES

(₹ in lacs)

	Current Portion	
	As at 30th June, 2013	As at 30th June, 2012
Acceptances	25,187.65	30,085.87
Trade Payables (Refer Note No. 37 for MSME)	57,403.75	43,052.72
Total	82,591.40	73,138.59

NOTE 10. OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 30th June, 2013	As at 30th June, 2012
Current Maturities of Long-term borrowings (Refer Note No. 5)	14,326.56	35,147.10
Interest accrued and due on borrowings	1,033.95	2,182.70
Advance from customers/vendor	29,465.77	701.40
Book Overdraft	115.78	23.44
Investor Education and Protection Fund:		
Unpaid Dividend (Not due)	9.54	10.99
Application money received for allotment of securities and due for refund	-	2.52
Payable towards fixed assets	1,245.62	319.62
Employee related liabilities	1,240.59	683.30
Statutory Liabilities	3,182.16	5,090.73
Total	50,619.97	44,161.80

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 11.1 FIXED ASSETS

(₹ in lacs)

	Tangible Assets							Intangible Assets						
	Freehold Land including Site Development Expenses	Leasehold Land	Buildings	Plant & 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, 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 (Refer Note No. A)	6,373.28	4,965.61	-	-	-	-	-	-	-	3,150.29	14,489.18	41,794.48	-	41,794.48
Borrowing Cost (Refer Note No. B)	-	-	1,452.89	1,324.34	-	-	-	-	-	-	2,777.23	252.29	-	252.29
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
Additions	-	369.89	218.51	226.57	39.57	17.30	4.83	23.74	-	3.14	903.55	-	78.15	78.15
Disposals/Discard	-	-	133.19	-	34.88	-	2.19	-	-	-	170.26	-	-	-
Other Adjustments:														
Borrowing Cost (Refer Note No. B)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30th June, 2013	7,235.01	6,173.86	14,573.31	139,512.36	1,319.22	434.07	409.76	396.59	2,550.35	9,007.96	181,612.49	43,164.48	179.21	43,343.69
Accumulated Depreciation/Amortisation:														
As at 1st April, 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
Charge for the period	-	71.23	459.94	8,313.11	132.12	55.53	24.86	18.45	255.04	434.73	9,765.01	1,797.09	8.10	1,805.19
Disposals/Discard	-	-	-	-	30.74	-	0.02	-	-	-	30.76	-	-	-
As at 30th June, 2013	-	100.91	1,690.79	38,292.37	882.25	313.16	166.70	115.08	1,405.60	1,266.87	44,233.73	1,828.56	106.83	1,935.39
Net Block														
As at 30th June, 2012	7,235.01	5,774.29	13,257.14	109,306.52	533.66	159.15	265.26	276.22	1,399.79	8,172.68	146,379.72	43,133.01	2.33	43,135.34
As at 30th June, 2013	7,235.01	6,072.95	12,882.52	101,219.99	436.97	120.91	243.06	281.51	1,144.75	7,741.09	137,378.76	41,335.92	72.38	41,408.30

(A) Land, Railway Sidings and Mining rights (at Kulum Orissa), aggregating to ₹8,924.62 lacs (Gross block) as on 30th June, 2012 were revalued by an external independent valuer on Net Replacement Cost/Fair Value basis and net increase of ₹56,283.66 lacs were transferred to Revaluation Reserve. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recoups such additional depreciation out of revaluation reserve.

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

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 11.2 CAPITAL WORK IN PROGRESS

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Land and Site Development Expenses	-	281.84
Civil Construction and Structural Works	3,687.78	5,956.97
Plant and Equipments	16,469.65	10,501.90
	20,157.43	16,740.71
Less: Transfer to Fixed Assets	-	11,439.08
	20,157.43	5,301.63
Add: Pre-operative Expenditure (Pending Allocation) (Refer details below)	9,608.19	1,737.82
Total	29,765.62	7,039.45

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.

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Opening Balance Brought Forward	1,737.84	1,597.53
EXPENDITURE		
Power & Fuel	2,066.17	2,045.60
Consumption of Stores and Consumable	733.40	215.25
Salaries and Bonus etc.	1,288.67	1,363.86
Professional and Consultancy Charges	79.15	50.40
Interest on Term Loans	3,620.49	2,401.59
Other borrowing costs	-	1.54
Miscellaneous Expenses	82.47	85.12
Sub-Total	9,608.19	7,760.89
Less: Transfer to Fixed Assets	-	6,023.07
Total	9,608.19	1,737.82

NOTE 12. NON-CURRENT INVESTMENTS (LONG - TERM)

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
Investment in subsidiaries		
20,000,000 (20,000,000) Equity Shares of ₹10 each fully paid-up in Orissa Manganese & Minerals Limited (Refer Note No. 30 (b))	6,309.60	6,309.60
Investment in step down subsidiary		
4,200,000 (Nil) Equity Shares of ₹10 each fully paid-up in Adhunik Power & Natural Resources Limited (subsidiary of a wholly owned subsidiary company)	1,000.02	-
Share Application Money to Adhunik Power & Natural Resources Limited	-	1,000.02

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 12. NON-CURRENT INVESTMENTS (LONG - TERM) (CONTINUED.)

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
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. 36)	8.25	8.54
Total	7,325.52	7,325.81

NOTE 13. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)

	(₹ in lacs)			
	Non Current		Current	
	As at 30th June, 2013	As at 30th June, 2012	As at 30th June, 2013	As at 30th June, 2012
Capital advances (A)	10,730.62	2,239.84	-	-
Advances recoverable in cash or kind				
Considered good - To Related Parties	-	-	3,838.07	1,819.02
Considered good - To Others	-	-	12,741.90	5,013.47
Doubtful - To Others	55.23	55.23	-	-
	55.23	55.23	16,569.98	6,832.49
Provision for doubtful advances	55.23	55.23	-	-
	-	-	16,579.98	6,832.49
Loans to:				
Body Corporates	-	-	-	5,788.09
Employees	-	-	64.98	80.14
	-	-	64.98	5,868.23
Security Deposits (D)	2,026.88	2,042.38	-	52.48
Others				
Balances with statutory / government authorities	-	-	1,441.41	1,267.26
Prepaid expenses	-	5.50	69.71	451.70
Advance income-tax [net of provision for taxation ₹3,591.42 lacs (₹3,591.42 lacs)]	420.40	420.40	-	-
MAT Credit Entitlement	3,062.50	3,174.40	-	-
	3,482.90	3,600.30	1,511.12	1,718.96
Total (A to E)	16,240.40	7,882.52	18,156.08	14,472.16

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 14. OTHER ASSETS (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)

(₹ in lacs)

	Non Current		Current	
	As at 30th June, 2013	As at 30th June, 2012	As at 30th June, 2013	As at 30th June, 2012
Non-current bank balances (Refer Note No. 17)	4,067.44	3,685.66	-	-
Others				
Interest Receivable on				
Bank Deposits			302.20	90.45
Other Advances			126.81	114.19
Receivable from Banks towards forward contract restatement			-	2,466.05
Receivable towards sale of non current investment (Refer Note No. 38)			9,642.19	9,642.19
Export Benefits Receivable			359.64	693.38
Total	4,067.44	3,685.66	10430.84	13,006.26

NOTE 15. TRADE RECEIVABLES (UNSECURED)

(₹ in lacs)

	Current	
	As at 30th June, 2013	As at 30th June, 2012
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	2,280.34	3,057.44
Doubtful	255.79	7.92
	2,536.13	3,065.36
Less: Provision for doubtful receivables	255.79	7.92
	(A) 2,280.34	3,057.44
Other trade receivables (considered good)	(B) 47,022.44	22,809.56
Total	(A+B) 49,302.78	25,867.00

NOTE 16. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

(₹ in lacs)

	As at 30th June, 2013	As at 30th June, 2012
Raw Materials [includes in transit ₹269.43 lacs (₹315.21 lacs)]	25,419.20	20,716.11
Finished Goods [includes in transit ₹432.33 lacs (₹1,959.89 lacs)]	30,752.72	36,063.50
Work-in-progress	4,058.46	14,031.18
By Products	9,732.52	15,612.37
	69,962.90	86,423.16
Stock-in-trade	8.48	20.48
Stores & Spares [includes in transit ₹96.48 lacs (₹ Nil lacs)]	1,455.79	2,247.52
Total	71,427.17	88,691.16

Notes to Financial Statements as at and for the year ended 30th June, 2013

DETAILS OF STOCK OF FINISHED GOODS AND WORK IN PROGRES

(₹ in lacs)

	As at 30th June, 2013	As at 30th June, 2012
Sponge Iron	4,976.31	9,725.69
Billets	10,902.75	8,594.61
Rolled Products	6,752.10	10,335.76
Pig Iron	3,222.65	3,785.75
Iron Ore	263.56	813.22
Coke	3,790.55	11,615.98
Others	4,903.27	5,223.66
Total	34,811.18	50,094.68

DETAILS OF STOCK-IN-TRADE

(₹ in lacs)

	As at 30th June, 2013	As at 30th June, 2012
Rolled product and scrap	8.48	20.48
Total	8.48	20.48

NOTE 17. CASH AND BANK BALANCES

(₹ in lacs)

	Non Current		Current	
	As at 30th June, 2013	As at 30th June, 2012	As at 30th June, 2013	As at 30th June, 2012
Cash and cash equivalents				
Balances with banks:				
On current accounts			665.00	1,022.26
Deposit with original maturity of less than three months			-	1,350.00
On unpaid dividend account			9.83	11.28
On Unclaimed Application Money Account			-	2.52
Cash on hand			20.42	69.06
			695.25	2,455.12
Other bank balances				
Deposits with original maturity for more than 12 months #	12.31	12.11	-	-
Margin money deposit #	4,055.13	3,673.55	-	-
	4,067.44	3,685.66	-	-
Amount disclosed under non-current assets (Refer Note No. 14)	(4,067.44)	(3,685.66)		
Total	-	-	695.25	2,455.12

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

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 18. REVENUE FROM OPERATIONS

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Revenue from operations		
Sale of products		
Finished goods	1,36,667.87	1,86,987.59
Stock-in-trade	16,645.80	9,583.16
Other operating revenue		
Sale of By-Products	1,226.77	2,093.23
Sale of Raw Materials	23,652.48	946.43
Export Benefits	385.62	989.49
Revenue from operations (gross)	1,78,578.54	2,00,599.90
Less: Excise duty	13,200.55	14,757.50
Revenue from operations (net)	1,65,377.99	1,85,842.40

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Finished goods		
Billet	69,543.15	70,893.42
Rolled Product	53,554.00	84,738.38
Pig Iron	7,655.19	16,394.18
Silicon and Ferro Alloys	4,628.87	1,918.89
Others	1,286.66	13,042.72
Total	1,36,667.87	1,86,987.59
By Product		
Granulated Slag	866.06	582.89
Coke Fines	189.11	510.04
Scrap	-	386.18
Coal Tar	-	247.33
Iron Ore Fines	-	165.88
Others	171.60	200.91
Total	1,226.77	2,093.23
Raw Material		
Coal	2,940.33	946.43
Scrap	14,732.90	-
Coke	5,979.25	-
Total	23,652.48	946.43
Stock-in-trade		
Rolled product and scrap	16,645.80	9,583.16
Total	16,645.80	9,583.16

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 19. OTHER INCOME

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Interest income on		
Bank deposits	217.73	249.29
Loans, advances and deposits	-	2,785.49
Unspent liabilities and provisions no longer required written back	217.90	749.94
Gain on currency future transactions	-	336.98
Gain on foreign exchange fluctuation / forward exchange contracts (Net)	1,807.55	-
Insurance & Other Claims	3,641.56	2.10
Commission Income	822.43	-
Miscellaneous Income	26.03	31.81
Total	6,733.20	4,155.61

NOTE 20. COST OF RAW MATERIALS CONSUMED

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Opening Stock of Raw Materials	20,716.11	12,233.03
Add: Purchases	77,523.98	1,20,411.44
	98,240.09	1,32,644.47
Less: Closing Stock	25,419.20	20,716.11
	72,820.89	1,11,928.36

DETAILS OF RAW MATERIALS CONSUMED

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Iron Ore	14,796.62	17,123.14
Coal	15,895.33	46,633.54
Sponge Iron	4,566.24	19,852.59
Pellet	2,519.73	9,229.09
Others	35,042.97	19,090.00
Total	72,820.89	1,11,928.36

NOTE 21. PURCHASE OF STOCK-IN-TRADE

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Rolled products and scrap	11,130.35	8,371.08
Total	11,130.35	8,371.08

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 22. (INCREASE)/DECREASE OF INVENTORIES IN FINISHED GOODS, WORK-IN-PROGRESS, STOCK-IN-TRADE AND BY-PRODUCTS

	(₹ in lacs)		
	2012-13 (12 Months)	2011-12 (15 Months)	(Increase)/ Decrease
Inventories at the end of the period:			
Finished Goods	30,752.73	36,063.50	5,310.77
Work in Progress	4,058.46	14,031.18	9,972.72
Stock-in-trade	8.48	20.48	12.00
By Products	9,732.52	15,612.37	5,879.85
(A)	44,552.19	65,727.53	21,175.34
Inventories at the beginning 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
Stock-in-trade	20.48	8.66	(11.82)
By Products	15,612.37	12,372.23	(3,240.14)
(B)	65,727.53	50,970.39	(14,757.14)
(B-A)	21,175.34	(14,757.14)	
Transferred to Fixed Assets	(4,025.94)	(3,510.39)	
Excise duty on (Increase)/decrease in finished goods	(588.41)	2,097.97	
Total	16,560.99	(16,169.56)	

NOTE 23. EMPLOYEE BENEFITS EXPENSE

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Salaries, wages and bonus (Refer Note No. 23.1)	4,757.49	5,590.79
Contribution to provident fund	154.38	178.39
Gratuity expense (Refer Note No. 32)	77.37	24.07
Employee stock option compensation cost (Refer Note No. 33)	49.71	-
Workmen and Staff Welfare Expenses	124.17	157.49
Total	5,163.12	5,950.74

NOTE 23.1 Managerial remuneration amounting to ₹120.00 lacs have been expensed off in the Statement of Profit and Loss during the current year, which is in excess of limit specified under the Companies Act, 1956. The above remuneration has been approved by the Remuneration Committee and Shareholders of the Company but approvals of the Ministry of Corporate Affairs (MCA) is awaited.

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 24. OTHER EXPENSES

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Consumption of Stores and Spares	10,150.22	15,111.97
Power and Fuel	7,734.92	11,310.25
Conversion Charges	1,874.37	4,279.27
Operation and Maintenance Charges (Refer details below)	3,849.88	5,704.81
Freight and Forwarding Charges [Net of recovery of ₹1,493.87 lacs (₹749.29 lacs)]	3,095.45	5,175.35
Rent [Including Land Lease Rent ₹0.12 lacs (₹0.29 lacs) to Directors]	482.26	554.73
Rates and Taxes	1,017.15	420.98
Legal and Professional Charges	561.59	1,075.84
Insurance	70.45	103.34
Repair & Maintenance		
Plant & Machinery	1,466.47	1,589.35
Buildings	40.34	74.51
Others	97.09	120.04
Travelling and Conveyance Expenses	157.67	254.74
Director's Travelling & Conveyance Expenses	26.40	23.48
Communication Costs	256.88	239.90
Directors' Sitting Fees	13.00	16.00
Auditors' Remuneration as auditor:		
Audit fee	20.00	37.50
Limited review fee	15.00	32.00
In Other Capacity for Certification, etc	2.27	8.75
Reimbursement of Expenses to auditor	0.35	2.30
Prior Period items (Net) (Refer details below)	190.29	2.48
Provision for doubtful debts and advances	249.68	-
Bad debts/advances written off	318.33	72.10
Less : Adjusted against provision	-	(6.07)
Rebate, discounts and other selling expenses	1,821.29	1,669.90
Motor Vehicle Expenses	322.57	444.95
Loss on Sale/Discard of Fixed Assets	0.50	29.52
Cost of raising, drilling and excavation	312.44	14.79
Share of Loss in Partnership Firm (Refer Note No. 36)	0.29	0.50
Miscellaneous Expenses	627.43	597.89
Total	34,774.58	48,961.17

Notes to Financial Statements as at and for the year ended 30th June, 2013

OPERATION & MAINTENANCE CHARGES CONSIST OF THE FOLLOWING EXPENSES

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Contract Payments	1,035.38	2,269.46
Testing and Inspection Charges	298.47	436.42
Refractory Management Charges	1,148.72	1,215.43
Labour Charges	713.08	907.48
Plant and Equipment Hire Charges	546.15	774.33
Packing and Forwarding Charges	29.36	25.72
Miscellaneous	78.72	75.97
Total	3,849.88	5,704.81

PRIOR PERIOD EXPENSES CONSIST OF THE FOLLOWING EXPENSES

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Expenses		
Salaries, wages and bonus	150.00	-
Commission	2.20	-
Security Charges	1.19	-
Legal and Professional Charges	19.15	-
Plant and Equipment Hire Charges	3.07	-
Lifting and Shifting expenses	8.21	-
Miscellaneous Expenses	6.47	2.48
Total	190.29	2.48

NOTE 25. DEPRECIATION & AMORTIZATION EXPENSE

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Depreciation of tangible assets	9,765.01	11,296.56
Amortization of intangible assets	1,805.19	17.91
Less: Adjusted against revaluation reserve	(1,967.67)	-
Total	9,602.53	11,314.47

NOTE 26. FINANCE COSTS

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Interest:		
On Term Loans	6,426.62	13,114.16
On Cash Credit, Letters of Credit and Others	14,419.89	14,326.87
Other borrowing costs	1,915.31	2,649.16
Total	22,761.82	30,090.19

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 27. EXCEPTIONAL ITEMS

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Gain on Sale of Non Current Investments (Net)	-	8,408.40
Loss on foreign exchange fluctuation / forward exchange contracts (Net)	-	(2,448.81)
Total	-	5,959.59

NOTE 28. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	2012-13 (12 Months)	2011-12 (15 Months)
Net Profit / (Loss) after tax for calculation of basic and diluted EPS (₹ in Lacs)	282.02	(52.17)
Weighted average number of equity shares in calculating basic EPS	123,499,536	123,499,536
Add: Effect of Employees Stock Options	-	-
Weighted average number of equity shares in calculating diluted EPS	123,499,536	123,499,536
Nominal Value of equity shares	₹10	₹10
Basic Earnings Per Share	₹0.23	₹(0.04)
Diluted Earnings Per Share	₹0.23	₹(0.04)

NOTE 29. CONTINGENT LIABILITIES

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Claims & Government demands against the Company not acknowledged as debt:		
Excise/Service tax demand under dispute/ appeal	3,028.52	2,147.93
Sales Tax matters (under dispute/appeal)	421.24	494.30
Customers / Vendors claims	-	122.67
Bills discounted and Bank Guarantees outstanding	10,573.07	10,354.51
Total	14,022.83	13,119.41

NOTE 30. CAPITAL AND OTHER COMMITMENTS

- As at 30th June, 2013, the Company has commitments of ₹10,260.56 lacs (₹2,839.05 lacs) net of advances ₹10,730.62 lacs (₹2,239.84 lacs) relating to estimated amount of contracts to be executed on capital account and not provided for.
- 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.
- 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 30th June, 2013	As at 30th June, 2012
Within one year	312.00	312.00
After one year but not more than five years	1,222.00	1,248.00
More than five years	-	286.00
Total	1,534.00	1,846.00

Notes to Financial Statements as at and for the year ended 30th June, 2013

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:

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
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)	
	2012-13 (12 Months)	2011-12 (15 Months)
Current service cost	197.00	180.08
Interest cost on benefit obligation	27.16	29.65
Net actuarial(gain)/loss	(140.01)	(185.66)
Net benefit expense	84.16	24.07

Balance Sheet

(b) Benefit asset/liability

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Present value of defined benefit obligation	376.07	312.96
Fair value of plan assets	-	-
Less: Unrecognised past service cost	-	-
Net asset/(liability)	(376.07)	(312.96)

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

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Opening defined benefit obligation	312.96	290.39
Current service cost	197.00	180.08
Interest cost	27.16	29.65
Benefits paid	(21.04)	(1.50)
Actuarial (gains)/losses on obligation	(140.01)	(185.66)
Closing defined benefit obligation	376.07	312.96

Notes to Financial Statements as at and for the year ended 30th June, 2013

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

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Discount rate	8.00%	8.00%
Salary increase	5.00%	6.00%
Mortality table	LIC (1994-1996) ultimate table	LIC (1994-1996) ultimate table

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 30th June, 2013	As at 30th June, 2012	31st March 2011	31st March 2010	31st March 2009
Gratuity					
Defined benefit obligation	376.07	312.96	290.39	215.03	120.72
Plan assets	-	-	-	-	-
Surplus/(deficit)	(376.07)	(312.96)	(290.39)	(215.03)	(120.72)
Experience adjustments on plan liabilities (gains)/losses	(140.01)	(185.66)	27.54	37.68	14.65

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

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Defined Contribution plans:		
Amount recognised in the Statement of Profit and Loss		
Contribution to Provident Fund	154.38	178.39

NOTE 33. EMPLOYEE STOCK OPTION PLANS (EQUITY SETTLED)

During the year, the shareholders of the Company, had approved the Adhunik Employee Stock Option Plan (ESOP 2012) in accordance with the Guidelines issued by Securities and Exchange Board of India (SEBI) for Employees Stock Option Plans, covering employees of the Company as well as employees of the subsidiaries. The plan provide for issue upto 12,349,954 number of options convertible into equity shares of ₹10 each duly adjusted for any bonus, splits, etc. The Compensation Committees of the Board administers the Scheme. The option vest subject to continuation of employment.

During the year, the Company had granted 3,708,643 number of options convertible into equity shares of ₹10 each. These options carry a vesting period ranging from one to four years and at an exercise price of ₹30.15 as determined in accordance with applicable SEBI Guidelines as at the date of grant. All the options granted have an exercise period of two years from the date of vesting.

Employee Stock Options outstanding (Net of deferred compensation cost is as follows) :

	(₹ in lacs)	
Particulars		As at 30th June, 2013
Total accounting value of options outstanding	(A)	353.86
Deferred Compensation Cost		353.86
Less: Cost Amortised during the year		(49.71)
Net Deferred Compensation Cost	(B)	304.15
Employee Stock Options outstanding (Net of deferred compensation cost)	(A-B)	49.71

Notes to Financial Statements as at and for the year ended 30th June, 2013

The following table summarises the Company's stock options activity:

Particulars	No of Options	Amount (₹ in lacs)	Weighted average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-
Granted during the year	3,708,643	353.86	30.15
Forfeited during the year	-	-	-
Exercised during the year	-	-	-
Outstanding at the end of the year	3,708,643	353.86	30.15
Exercisable at the end of the year	-	-	-
Weighted average remaining contractual life (in years)	4.03		

The weighted average market price of the Company's shares during the year ended June 30, 2013 was ₹32.47 per shares.

The fair value of the options granted during the year was calculated by applying the Black - Scholes - Merton formula. The following are assumptions and result.

Particulars	2012-13 (12 Months)
Average risk free interest rate	8.21%
Weighted average expected life of options granted (in years)	3.66
Expected dividend yield	3.08%
Volatility (annualised)*	39.29%
Weighted average market price (₹)	30.15
Exercise Price (₹)	30.15
Weighted average fair value of the options (₹)	9.54

* Based on historical market price of the Company's shares.

NOTE 34. 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)	
	2012-13 (12 Months)	2011-12 (15 Months)
Domestic Revenues	1,36,251.70	1,64,896.72
Export Revenues (Including Export Benefits)	42,326.84	35,703.18
Total	1,78,578.54	2,00,599.90

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Domestic Trade Receivables	23,752.60	24,979.51
Export Trade Receivables	25,550.18	887.49
Total	49,302.78	25,867.00

Notes to Financial Statements as at and for the year ended 30th June, 2013

(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.

NOTE 35. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) Forward Contract

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

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

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Trade Receivables	25,550.18	-
Trade Payables	23,388.55	38.22
Foreign Currency Loans	1,343.24	1,407.73
Total	50,281.97	1,445.95

(c) The company has entered into derivative transaction of full currency swap from ₹ to \$ for notional amount of ₹2,000.00 lacs (notional \$ 3,580,379.52) receiving net interest benefit of 5.2550% for a period starting from 7-Sept-2012 and ending at 31-Aug-2017. The purpose of this transaction is to transform the payments under the long term ₹ borrowing into \$ liability and thereby reducing effective interest rate.

NOTE 36. 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.

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Total Capital of the Partnership Firm	16.50	17.08

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

	As at 30th June, 2013	As at 30th June, 2012
Adhunik Metaliks Limited	50%	50%
Adhunik Alloys & Power Limited	50%	50%

The Company's share of the assets, liabilities, income and expenses of the Partnership firm (jointly controlled entity) as per the audited accounts as at and for the year ended 30th June, 2013 are as follows:

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Assets	27.89	28.15
Liabilities	16.19	16.17
Capital Reserves	3.44	3.44
Revenue	-	-
Other Income	0.23	0.29
Depreciation	0.49	0.70
Others Expenses	0.03	0.09
Profit / (Loss) after tax	(0.29)	(0.50)

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 37. 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:

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
a) Principal Amount remaining unpaid at the end of accounting year.	115.53	87.99
Interest due on above	10.83	15.44
	126.36	103.43
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.	58.30	42.86
e) The amount of interest accrued and remaining unpaid at the end of each accounting year.	69.13	58.30
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 38. 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)
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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 Limited
Adhunik Infotech Limited
Adhunik Industries Limited
Adhunik Corporation Limited
Adhunik Steels Limited
Mahananda Suppliers Limited
Zion Steel Limited

Notes to Financial Statements as at and for the year ended 30th June, 2013

(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 (Formerly Unistar Galvaniser & Fabricators Limited)	-				-
Orissa Manganese & Minerals Limited	(1,383.83)				(1,383.83)
Neepaz V Forge (India) Limited	6,354.92				6,354.92
Adhunik Alloys & Power Limited	(13,440.14)				(13,440.14)
Adhunik Industries Limited	-				-
Adhunik Steel Limited	(665.71)				(665.71)
Zion Steel Ltd.			3,175.50		3,175.50
			(3,117.73)		(3,117.73)
			61.11		61.11
			(82.24)		(82.24)
			-		-
			(24.02)		(24.02)
			5,841.36		5,841.36
			(3,582.85)		(3,582.85)
Revenue from Operations					
Adhunik Power & Natural Resources Limited	271.13				271.13
Orissa Manganese & Minerals Limited	(1,399.51)				(1,399.51)
Neepaz V Forge (India) Limited	1,696.61				1,696.61
Adhunik Alloys & Power Limited	(676.98)				(676.98)
	-				-
	(11,673.05)				(11,673.05)
			1,619.36		1,619.36
			(2,341.43)		(2,341.43)
Hire charges					
Orissa Manganese & Minerals Limited	6.00				6.00
Adhunik Steels Limited	(24.04)				(24.04)
			-		-
			(3.43)		(3.43)
Accounts maintenance charges and Rent					
Adhunik InfoTech Limited			187.17		187.17
			(216.90)		(216.90)
Others		0.12			0.12
		(0.29)			(0.29)

Notes to Financial Statements as at and for the year ended 30th June, 2013

(₹ 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
Conversion Charges					
Zion Steel Limited			945.36		945.36
			(984.49)		(984.49)
Electricity charges received					
Orissa Manganese & Minerals Limited	15.00				15.00
	(-)				(-)
Zion Steel Limited			90.00		90.00
			(218.35)		(218.35)
Interest Received					
Neepaz V Forge (India) Limited	-				-
	(424.62)				(424.62)
Orissa Manganese & Minerals Limited	-				-
	(840.14)				(840.14)
Adhunik Alloys & Power Limited			-		-
			(258.64)		(258.64)
Remuneration to Managing Director #					
Manoj Kumar Agarwal		270.00			270.00
		(-)			(-)
2. In relation to Balance Sheet Items					
Purchase of Investments (including share application money)					
Adhunik Power & Natural Resources Limited	1,000.02				1,000.02
	(1,000.02)				(1,000.02)
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	378.94				378.94
	(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		92,936.96			92,936.96
		(1,06,084.73)			(1,06,084.73)

Notes to Financial Statements as at and for the year ended 30th June, 2013

(₹ 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
Mr. Ghanshyam Das Agarwal		1,19,655.71			1,19,655.71
		(1,42,834.73)			(1,42,834.73)
Mr. Jugal Kishore Agarwal		71,059.03			71,059.03
		(68,556.73)			(68,556.73)
Mr. Nirmal Kumar Agarwal		78,509.03			78,509.03
		(82,756.73)			(82,756.73)
Mr. Mohan Lal Agarwal		71,059.03			71,059.03
		(73,556.73)			(73,556.73)
Mr. Mahesh Kumar Agarwal		71,509.03			71,509.03
		(68,631.73)			(68,631.73)
Balance outstanding as at the year end – Debit					
Adhunik Power & Natural Resources Limited	0.34				0.34
	(53.61)				(53.61)
Orissa Manganese & Minerals Limited	-				-
	(1,738.08)				(1,738.08)
Mahananda Suppliers Limited			9,642.19		9,642.19
			(9,642.19)		(9,642.19)
Adhunik Alloys & Power Limited			435.18		435.18
			(2,315.28)		(2,315.28)
Adhunik InfoTech Limited			11.21		11.21
			(24.61)		(24.61)
Zion Steel Limited			3,823.81		3,823.81
			(-)		(-)
United Minerals				2.71	2.71
				(2.72)	(2.72)
Balance outstanding as at the year end – Credit					
Orissa Manganese & Minerals Limited	29,011.31				29,011.31
	(-)				(-)
Zion Steel Limited			-		-
			(2,130.03)		(2,130.03)
Adhunik Steels Limited			56.12		56.12
			(14.20)		(14.20)
Adhunik Corporation Limited			103.60		103.60
			(-)		(-)
Adhunik Industries Limited			8.57		8.57
			(8.59)		(8.59)
Manoj Kumar Agarwal		132.12			132.10
		(-)			(-)

Notes to Financial Statements as at and for the year ended 30th June, 2013

(₹ 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
Others		2.97			2.97
		(2.97)			(2.97)

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 39. The Board of Directors of the Company in its meeting held on 22nd July, 2013 has approved to amalgamate Zion Steel Limited (ZSL) with the Company and to amalgamate the Company (post amalgamation of ZSL) with its wholly owned subsidiary, Orissa Manganese & Minerals Limited (OMM), through a composite scheme of amalgamation between the Company, OMM and ZSL (the Scheme) as per the provision of Section 391 to 394 of the Companies Act, 1956. The appointed date of the amalgamation is 1st July, 2012 and the scheme is subject to necessary approval of shareholders, creditors, statutory authorities and the Hon'ble High Courts of Orissa.

Upon effectiveness of the Scheme, every shareholder of ZSL holding 17 (seventeen) fully paid-up equity shares of ₹10/- each shall be entitled to receive 1 (one) fully paid-up equity shares of ₹10/- each in the Company and every shareholder of the Company (post amalgamation of ZSL) holding 1 (one) fully paid-up equity shares of ₹10/- each shall be entitled to receive 1 (one) fully paid-up equity shares of ₹10/- each in the Orissa Manganese & Minerals Limited.

NOTE 40. The Income Tax Department had conducted a Search and Seizure operation in the Company's premises during the previous year, 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 41. CIF VALUE OF IMPORTS (INCLUDING THROUGH CANALIZING AGENCY) DURING THE PERIOD:

(₹ in lacs)

	2012-13 (12 Months)	2011-12 (15 Months)
Raw materials	25,224.28	30,978.81
Components and Spare Parts	655.41	1,113.41
Capital Goods	72.65	1,119.21
Total	25,952.33	33,211.43

NOTE 42. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS):

(₹ in lacs)

	2012-13 (12 Months)	2011-12 (15 Months)
Professional and Consultancy charges	20.92	84.72
Interest, Finance & Commitment Charges	39.89	10.01
Others	35.03	33.85
Total	95.84	128.58

Notes to Financial Statements as at and for the year ended 30th June, 2013

NOTE 43. Value of Raw Materials and Components, Stores and Spares consumed during the period (including charged to repairs and maintenance and capital)

	% of total consumption 2012-13 (12 Months)	Value (₹ in Lacs) 2012-13 (12 Months)	% of total consumption 2011-12 (15 Months)	Value (₹ in Lacs) 2011-12 (15 Months)
Raw Materials				
Imported	42%	30,301.81	26%	29,155.46
Indigenously obtained	58%	42,519.08	74%	82,772.90
Total	100%	72,820.89	100%	1,11,928.36
Stores and Spares				
Imported	8%	816.39	6%	864.58
Indigenously obtained	92%	9,333.83	94%	15,689.62
Total	100%	10,150.22	100%	16,554.20

NOTE 44. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS):

(₹ in lacs)


	2012-13 (12 Months)	2011-12 (15 Months)
FOB Value of Exports	41,941.22	34,713.69

NOTE 45. The previous year's figure being for fifteen months period ended 30th June, 2012, are not comparable with those of the current year.

Further, Previous year figures including those given in brackets have been rearranged where ever necessary to conform with the current period classification.

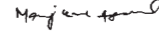
As per our report of even date


For Das & Prasad
Firm Registration No. 303054E
Chartered Accountants


per A. K. Agarwal
Partner
Membership No. 062368

Place: Kolkata
Date: 28th August, 2013

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 FINANCIAL STATEMENT

Independent Auditor's Report

To
The Board of Directors of
Adhunik Metaliks Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of ADHUNIK METALIKS LIMITED (the "Company"), its subsidiaries and joint ventures (the Company, its subsidiaries and joint ventures constitute "the Group"), which comprise the Consolidated Balance Sheet as at 30th June, 2013, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. As stated in the Other Matters paragraph below, our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and joint ventures not audited by us, is based solely on the reports of such other auditors.

Opinion

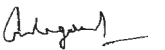
7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the separate audit reports on the financial statements/ financial information of the subsidiaries and joint ventures and the unaudited financial statements/financial information of a subsidiary; referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30th June, 2013;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

8. We did not audit the financial statements of two subsidiaries and two joint ventures, whose financial statements reflect the Group's share of total assets of ₹19,035.56 lacs as at 30th June, 2013, and the Group's share of total revenues of ₹17,061.84 lacs for the year ended on that date, and net cash Inflows amounting to ₹148.20 lacs for the year ended on that date and the Group's share of profit of ₹97.43 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, is based solely on the reports of the other auditors.
9. The consolidated financial statements include the unaudited financial statements of a subsidiary, whose financial statement reflect total asset of ₹375,089.68 lacs as at 30th June, 2013, total revenue of ₹33,374.14 and net cash out flows amounting to ₹1,498.10 and the Group's share of loss of ₹4,462.96 lacs for the year ended on that date, as considered in the consolidated financial statements. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on such unaudited financial statements.

Our opinion is not qualified in respect of these matters.

For Das & Prasad
Chartered Accountants
Firm Registration No. 303054E



A. K. Agarwal
Partner

Place : Kolkata
Dated : 28th August, 2013

Membership No. 062368

Consolidated Balance Sheet as at 30th June, 2013

(₹ in lacs)			
	Notes	As at 30th June, 2013	As at 30th June, 2012
Equity and liabilities			
Shareholders' funds			
Share capital	3	12,349.95	12,349.95
Reserves and surplus	4	143,172.56	136,357.58
		155,522.51	148,707.53
Minority Interest		48,109.55	44,154.90
Non-current liabilities			
Long-term borrowings	5	341,392.43	300,281.43
Deferred tax liabilities (net)	6	16,586.36	15,963.53
Long-term provisions	7	873.82	699.14
		358,852.61	316,944.10
Current liabilities			
Short-term borrowings	8	94,368.89	57,441.60
Trade payables	9	103,640.67	84,376.98
Other current liabilities	10	136,169.06	106,823.38
Short-term provisions	7	3,686.48	2,025.07
		337,865.10	250,667.03
Total		900,349.77	760,473.56
Assets			
Non-current assets			
Fixed assets :			
Tangible assets	11.1	511,117.95	209,036.42
Intangible assets	11.1	47,956.34	50,364.37
Capital work-in-progress	11.2	36,944.60	274,297.36
Goodwill on Consolidation		6,987.55	7,047.83
Non-current investments	12	7.65	7.65
Long-term loans and advances	13	36,869.04	35,378.24
Other non-current assets	14	4,568.04	4,357.79
		644,451.17	580,489.66
Current assets			
Inventories	15	105,221.38	98,801.15
Trade receivables	16	88,484.96	34,153.62
Cash and bank balances	17	4,788.92	12,264.43
Short-term loans and advances	13	42,252.13	21,554.14
Other current assets	14	15,151.21	13,210.56
		255,898.60	179,983.90
Total		900,349.77	760,473.56
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 Das & Prasad
Firm Registration No. 303054E
Chartered Accountants

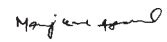


per A. K. Agarwal
Partner

Membership No. 062368

Place: Kolkata
Date: 28th August, 2013

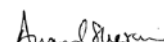
For and on behalf of the Board of Directors of
Adhunik Metaliks Limited



Manoj Kumar Agarwal
(Managing Director)



Ghanshyam Das Agarwal
(Chairman)



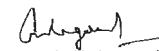
Anand Sharma
(Company Secretary)

Consolidated Statement of profit and loss for the year ended 30th June, 2013

(₹ in lacs)			
	Notes	2012-13 (12 Months)	2011-12 (15 Months)
Continuing Operations			
Income			
Revenue from operations (gross)	18	316,839.23	244,981.48
Less: Excise duty		20,785.48	16,434.50
Revenue from operations (net)		296,053.75	228,546.98
Other income	19	12,867.55	6,538.04
Total revenue (I)		308,921.30	235,085.02
Expenses			
Cost of Raw Materials Consumed	20	123,112.28	105,591.90
Purchase of Stock-in-trade	21	27,771.16	8,371.08
(Increase)/ decrease in inventories of Finished Goods, Work-in-Progress, Stock-in-trade and By-Products	22	11,458.65	(16,865.52)
Employee benefits expenses	23	9,398.52	9,184.12
Other expenses [Including Prior period items ₹203.51 lacs (₹8.45 lacs)]	24	61,166.34	71,858.59
Total (II)		232,906.95	178,140.17
Earnings before finance costs, exceptional item, tax, depreciation & amortization (I) – (II)		76,014.35	56,944.85
Depreciation and amortization expenses	25	18,887.99	15,862.30
Finance costs	26	46,315.40	41,415.26
Profit / (Loss) before exceptional item and tax (III)		10,810.96	(332.71)
Exceptional items (net gain)	27	-	633.98
Profit before tax (IV)		10,810.96	301.27
Tax expenses :			
Current tax		2,413.62	2,677.28
Income Tax relating to Earlier Years		(111.89)	(50.23)
Deferred tax charge		622.83	1,451.21
MAT Credit Entitlement		(28.64)	(4,656.18)
Total tax expenses (V)		2,895.92	(577.92)
Profit for the period from continuing operations VI [(IV) – (V)]		7,915.04	879.19
Discontinued Operations			
Profit before tax from discontinued operations	28	-	1,000.14
Tax expenses of discontinued operations		-	(52.15)
Profit for the period from discontinued operations (VII)		-	1,052.29
Net Profit after tax but before minority interest (VI+VII)		7,915.04	1,931.48
Share of profit / (loss) of Minority Interest		(804.76)	(134.99)
Profit for the period		8,719.80	2,066.47
Earnings per equity share [nominal value ₹10 per share (₹10 per share) - Basic & Diluted (₹)]	29	7.06	1.67
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

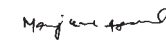
For Das & Prasad
Firm Registration No. 303054E
Chartered Accountants



per A. K. Agarwal
Partner
Membership No. 062368

Place: Kolkata
Date: 28th August, 2013

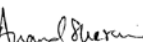
For and on behalf of the Board of Directors of
Adhunik Metaliks Limited



Manoj Kumar Agarwal
(Managing Director)



Ghanshyam Das Agarwal
(Chairman)



Anand Sharma
(Company Secretary)

Consolidated Cash Flow Statement for the year ended 30th June, 2013

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
A : Cash Flow From Operating Activities :		
Net profit before tax from continuing operations	10,810.96	301.27
Net profit before tax from discontinued operation [refer note (i) below]	-	1,000.14
Total	10,810.96	1,301.41
Adjustments for :		
Depreciation and amortisation on continuing operations	18,887.99	15,862.30
Depreciation and amortisation on discontinued operation	-	1,300.02
Employee stock option compensation cost	49.71	-
Loss/(Profit) on Fixed Assets Sold / Discarded (net)	(1.43)	369.66
Net Unrealised Loss/(Gain) on Exchange Rates/Forward Exchange Contracts	1,221.82	(1,296.25)
Provision/ Reversal of Provision for doubtful debts	247.87	(6.07)
Bad debts/advances written off	318.33	77.62
Liabilities no Longer Required Written Back	(230.04)	(1,549.47)
Interest Income	(1,938.62)	(4,711.02)
Dividends received	-	(0.20)
Profit on Sale of Non Current Investments	-	(3,172.45)
Interest and Finance Charges	46,315.40	43,975.91
Operating Profit Before Working Capital Changes	75,681.99	52,151.45
Movements in Working Capital :		
Increase / (Decrease) in Trade Payables and Other Liabilities	17,534.97	34,068.18
Increase / (Decrease) in Provisions*	362.95	128.60
(Increase) / Decrease in Trade Receivables	(22,865.69)	(4,557.28)
(Increase) / Decrease in Loans and Advances and Other Assets*	(31,812.31)	(3,921.22)
(Increase) / Decrease in Inventories	(6,420.23)	(22,927.27)
Cash Generated From Operations	32,481.67	54,942.46
Direct taxes paid (Net of refunds)	(659.46)	(2,923.24)
Net Cash Generated From Operating Activities (A)	31,822.21	52,019.22
B : Cash Flow From Investing Activities :		
Purchase of fixed assets, including capital work in progress and capital advances	(92,057.03)	(163,381.57)
Proceeds from Sale of Fixed Assets	210.86	467.00
Loans given to Body Corporates	-	(9,546.66)
Loans repaid by Body Corporates	5,788.09	4,975.10
Dividends received	-	0.20
Proceeds from sale of subsidiary	-	3,623.21
Investment in/(Maturity of) Fixed Deposits (Net) [Receipts Pledged with various banks as security]	(1,306.30)	359.75
Interest Received	1,688.34	3,740.02
Net Cash Used In Investing Activities (B)	(85,676.03)	(159,762.95)

Consolidated Cash Flow Statement for the year ended 30th June, 2013

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
C : Cash Flow From Financing Activities :		
Dividends paid on equity shares	(8.52)	(2,144.15)
Refund of Share Application Money	(2.52)	(385.05)
Sale of minority interest	(162.04)	-
Proceeds from Compulsorily Convertible Participatory Preference Shares	4,981.75	25,018.25
Proceeds from long-term borrowings	62,006.22	149,217.44
Repayment of long-term borrowings	(15,220.97)	(31,025.19)
Proceeds from short-term borrowings	-	9,984.34
Repayment of short-term borrowings	(5,000.00)	(14,261.21)
Proceeds from working capital loan (Net)	41,894.77	14,669.61
Interest & Finance charges paid	(43,206.82)	(41,564.82)
Net Cash Used In Financing Activities (C)	45,281.85	109,509.22
Net Increase / (Decrease) In Cash and Cash Equivalents (A+B+C)	(8,571.97)	1,765.49
Cash and Cash Equivalents at the beginning of the year	11,030.35	9,264.86
Effect of translation on closing Cash and Cash Equivalent	0.41	-
Cash and Cash Equivalents at the end of the period	2,458.79	11,030.35

* Includes both current and non-current items

Notes :-


1. Components of Cash and Cash Equivalents

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Cash on hand	127.84	123.62
Balances with Banks in :		
- Current Accounts	2,321.11	4,743.83
- Deposits with original maturity of less than three months	-	6,149.10
- Unpaid dividend accounts	9.83	11.28
- Unclaimed Application Money Account	-	2.52
Total Cash and Cash Equivalents (Note No. 17)	2,458.78	11,030.35
Summary of Significant Accounting Policies	2	

2. In view of the sale of subsidiary during the previous year, figures of the current year are not comparable with those of the previous year. Also Refer Note 28.

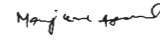
As per our report of even date


For Das & Prasad
Firm Registration No. 303054E
Chartered Accountants


per A. K. Agarwal
Partner
Membership No. 062368

Place: Kolkata
Date: 28th August, 2013

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 Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 1. 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 four 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) generation of power at Jamshedpur.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Preparation

The financial statements of the Group have been prepared 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 case 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. All assets and liabilities have been classified as current or non current as per the Companies normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956.

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 to 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	
		30th June, 2013	30th June, 2012
Orissa Manganese & Minerals Limited	India	100.00%	100.00%
Adhunik Power & Natural Resources Limited	India	81.97%*	79.26%*
Orchid Global Resources Pte. Limited	Singapore	100%**	-
Vasundhra Resources Limited	India	58.82%**	-
Neepaz V Forge India Limited#	India	-	-
Adhunik Power Transmission Limited##	India	-	-

* Includes Equity Shares to the extent of 80.33% (79.26%) held by a subsidiary Company Orissa Manganese & Minerals Limited.

** Orchid Global Resources Pte. Limited and Vasundhra Resources Limited became step down subsidiary of the Company w.e.f. 26th February, 2013 and 31st March, 2013 respectively.

Neepaz V Forge India Limited ceased to be a subsidiary company w.e.f 27th April, 2012

Adhunik Power Transmission Limited 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

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

- (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.

- (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	
		30th June, 2013	30th June, 2012
United Minerals (Partnership firm)	India	50%	50%
Neepaz B.C. Dagra Steels Private Limited (Jointly controlled entity)	India	50%***	50%***

*** Equity shares held by a subsidiary company Orissa Manganese & Minerals Limited

- (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, 2013 and used for the purpose of consolidation.

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 Fixed Assets are stated at cost (or revalued amount, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises of purchase price inclusive of duties (net of CENVAT / VAT), taxes, incidental expenses, erection/commissioning expenses/trial run expenses and borrowing cost, etc. up to the date the asset are ready for intended use.

In case of revaluation of tangible fixed assets, the cost as assessed by the approved valuers is considered in the accounts and the differential amount is credited 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.

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

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

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.

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.

v) Translation of Non Integral Foreign Operation

The financial statements of foreign operation are translated as if the transactions of the foreign operation have been those of the Group itself.

In translating the financial statement of a non-integral foreign operation for incorporating in the financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at exchange rates at the date of the transaction; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net Investments.

On disposal of a non- integral foreign operation, the cumulative amount of the foreign exchange difference which have been deferred and which relate to that operation are recognized as income or expenses in the same period in which the gain or loss on disposal is recognized. Where there is a change in the classification of a foreign operation, the translation procedure applicable to the revised classification are applied from the date of the change in the classification.

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

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

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).

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. 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.

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) Stock Compensation Expenses

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share - based Payments, issued by the Institute of Chartered Accountants of India. The Company accounts for stock compensation expenses based on the fair value of the options granted, determined on the date of grant. Compensation cost is amortised over the vesting period of the option on straight line basis. The accounting value of the options outstanding net of the Deferred Compensation Expenses is reflected as Employee Stock Options Outstanding.

P) 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.

Q) 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 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.

R) 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

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

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.

S) 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.

T) 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 respective 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.

U) 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.

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

W) 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.

X) 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.

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 3. SHARE CAPITAL

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
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
Total	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
Total	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 year ended 30th June, 2013, the amount of per share dividend recognized as distribution to equity shareholders is ₹ Nil per share (₹ Nil per share).

(b) 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	As at 30th June, 2013 Numbers	As at 30th June, 2012 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

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

Name of the Shareholder	As at 30th June, 2013		As at 30th June, 2012	
	No. of shares	% holding	No. of shares	% 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	29,001,592	23.48%	26,333,352	21.32%
Shyam Vatika Advisors LLP	7,436,741	6.02%	-	0.00%

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.

(d) Employee Stock Options Scheme

For details related to shares reserved for issue under Employee Stock Option (ESOP) plan of the Company (Refer Note No. 33).

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 4. RESERVES AND SURPLUS

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Capital Reserve		
Balance as per the last consolidated financial statements	2,392.22	642.53
Add: Amount transferred 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	2,392.22
Securities Premium Account		
Balance as per the last consolidated financial statements	28,324.99	24,998.76
Add: Received during the period	-	69.04
Less: Adjustment of Deferred Tax Liability / (Assets)	-	(3,647.73)
Less: Adjustment of reserves relating to subsidiaries sold during the period	-	390.54
Closing Balance (B)	28,324.99	28,324.99
Employee Stock Options Outstanding (Refe Note 33)		
Employee Stock Options Outstanding	353.86	-
Less: Deferred Employee Compensation Cost Outstanding	(304.15)	-
Closing Balance (C)	49.71	-
General Reserve		
Balance as per the last consolidated financial statements	3,184.10	3,143.68
Add: Adjustment of reserves relating to subsidiaries sold during the period	-	40.42
Closing Balance (D)	3,184.10	3,184.10
Revaluation Reserve		
Balance as per the last consolidated financial statements	56,283.66	-
Add : Revaluation done during the period	-	56,283.66
Add : Adjusted with Depreciation during the period	(1,967.67)	-
Closing Balance (E)	54,315.99	56,283.66
Surplus in the Consolidated Statement of Profit and Loss		
Balance as per the last consolidated financial statements	46,172.61	45,906.14
Profit / (Loss) for the period	8,719.80	2,066.47
Less: Appropriations		
Transferred to Capital reserve	-	(1,800.00)
Total appropriations	-	(1,800.00)
Net surplus in the consolidated statement of profit and loss (F)	54,892.41	46,172.61
Foreign Exchange Translation Reserve		
Balance as per the last consolidated financial statements	-	-
Add : Addition during the year	13.14	-
Closing Balance (G)	13.14	-
Total reserves and surplus (A to G)	143,172.56	136,357.58

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 5. LONG-TERM BORROWINGS

(₹ in lacs)

	Non Current Portion		Current Maturities	
	As at 30th June, 2013	As at 30th June, 2012	As at 30th June, 2013	As at 30th June, 2012
A) Secured				
Term Loans				
Rupee loans from:				
Banks	316,126.07	282,277.96	47,896.10	52,145.67
Financial institutions	23,908.00	11,731.00	4,800.00	-
	(A)	294,008.96	52,696.10	52,145.67
Deferred payment liabilities				
Vehicle, Equipment & Housing Loans (B)	1,358.36	1,272.47	655.98	541.17
B) Unsecured				
Rupee loan from a bank (C)	-	5,000.00	5,000.00	-
Total (A+B+C)	341,392.43	300,281.43	58,352.08	52,686.84
Amount disclosed under the head "other current liabilities" (Note No. 10)	-	-	(58,352.08)	(52,686.84)
	341,392.43	300,281.43	-	-

(a) Nature of security:
i) In case of Adhunik Metaliks Limited:

- The rupee term loans from banks amounting to ₹45,961.75 lacs (₹66,141.00 lacs) are secured by first charge over all the fixed assets of the Company, at Chadrihariharpur, Kuarmunda, Distt. Sundargarh, Orissa, both present and future, 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.
- The rupee term loans from banks amounting to ₹15,000.00 lacs (₹ Nil lacs) are secured by first charge over all the fixed assets of the Company, at Chadrihariharpur, Kuarmunda, Distt. Sundargarh, Orissa and over all the fixed assets of the wholly owned subsidiary Company, Orissa Manganese & Minerals Limited, and Zion Steel Limited, the enterprises over which Key Management Personnel have significant influence, both present and future, ranking pari passu with the charges created / to be created in favor of other existing and proposed Institutions / Banks and second pari-passu charge on all the current assets of the Company, Orissa Manganese & Minerals Limited and Zion Steel Limited under obligor co-obligor structure.
- The rupee term loans from banks amounting to ₹11,593.75 lacs (₹13,750.00 lacs) are secured by second charge on entire movable and immovable fixed assets of the Company.
- The rupee term loans from banks amounting to ₹ Nil lacs (₹9,125.00 lacs) are secured by a subservient charge on the fixed and current assets of the Company. The loan has already been repaid during the year.
- The rupee Term Loans of ₹72,555.50 lacs (₹89,016.00 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 & Minerals Limited:

- Rupee term loans from bank amounting to ₹39,850.00 lacs (₹33,541.66 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 30 lacs Equity shares in the Company held by Adhunik Metaliks Limited, the Holding Company].

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

- Rupee term loans from bank amounting to ₹33,500.29 lacs (₹32,647.97 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.
- Rupee term loans from bank amounting to ₹3,369.00 lacs (₹ Nil lacs) are secured by assignment of receivable pertaining to sale of total 2.75 Million Tons of Iron Ore & 0.375 Million Tons of Manganese Ore over a period of 5 Year with structured escrow mechanism and first pari-passu charge on all the fixed assets of the Mining Division. The above loan is also secured by the personal guarantee of a promoter director of the Company.
- Rupee term loans from State Bank of India amounting to ₹9,000.00 lacs (₹ Nil lacs) are secured by first pari-passu charge on all present and future fixed assets of the Obligor & Co-Obligor except mining rights and assets purchased under the hire purchase and loan for office premises, if any, ranking pari passu with Co-obligor structure i.e. Orissa Manganese & Minerals Ltd as the Obligor along with Adhunik Metaliks Limited and Zion Steel Limited as Co-obligors. The rupee term loan will also be secured by second pari passu charge on all present and future current assets of obligor and co-obligors and personal guarantee of all promoter directors of the Company.

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

The rupee term loan from banks and financial institutions for Phase I and Phase II amounting to ₹234,455.38 lacs (₹190,949.00 lacs) are secured by way of following:

- a first mortgage and charge created/to be created on all the immovable properties including leasehold land, both present and future pertaining to the power division.
- a first charge created/to be created by way of hypothecation of all assets including the movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, operating cash flows, book debts, receivables, commission and any other revenues of whatsoever nature and wherever arising, both present and future.
- assignment of documents, contracts, rights, interest, insurance contracts and all benefits incidental to power division.
- personal guarantee of Mr. Manoj Kumar Agarwal (Managing Director of the company) in favour of IL & FS Financial Services Limited.

iv) Finance against equipments/vehicles/housing loans are secured by hypothecation of the respective equipments/vehicles/house.
(b) Terms of repayment of rupee loans from banks and financial institutions and rate of interest charged:

- Rupee term loans from banks amounting to ₹392,730.17 Lacs (₹346,154.63 Lacs) carry interest ranging between respective lender's base rate (ranges from 9.70% to 10.20%) plus 2.55% to 4.25% per annum. The repayment terms of the said loans are as under:

Rupee Term Loan				
Payment Terms	As at 30th June, 2013		As at 30th June, 2012	
	Number of Installments	Amount (₹ in lacs)	Number of Installments	Amount (₹ in lacs)
Within one year (Refer Note No. 10)	234	52,696.10	150	52,145.67
After one but not more than three years	420	114,289.22	210	85,231.83
Three to five year	497	115,568.40	133	74,619.31
More than five year	551	110,176.45	165	134,157.82
Total	1702	392,730.17	658	346,154.63

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

- 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 i.e. 2nd May, 2014. However, the Company has an option to voluntarily prepay the said loan before final maturity date.
- (c) 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:

Deferred Payment Liabilities				
Payment Terms	As at 30th June, 2013		As at 30th June, 2012	
	Number of Installments	Amount (₹ in lacs)	Number of Installments	Amount (₹ in lacs)
Within one year (Refer Note No. 10)	311	655.98	422	541.17
After one but not more than three years	274	749.28	300	864.22
Three to five year	82	233.19	58	278.49
More than five year	219	375.89	35	129.76
Total	886	2,014.34	815	1,813.64

NOTE 6. DEFERRED TAX LIABILITIES (NET)

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Balance as per last consolidated financial statements	15,963.53	18,408.62
Less: Deferred Tax Asset recognised on unabsorbed depreciation of earlier periods	-	(3,647.73)
Less: Deferred Tax Liability recognised for the period (net)	622.83	1,451.21
Less: Net Deferred Tax Liability relating to subsidiaries sold during the period	-	(248.57)
Total	16,586.36	15,963.53

NOTE 6.1 COMPONENTS OF NET DEFERRED TAX LIABILITIES AS ON THE BALANCE SHEET DATE ARE AS FOLLOWS:

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Deferred tax liabilities		
Arising on timing difference on depreciable assets	25,452.45	22,806.49
(A)	25,452.45	22,806.49
Deferred tax assets		
On Unabsorbed Depreciation	8,496.99	6,589.27
On Other timing differences	369.10	253.69
(B)	8,866.09	6,842.96
Net deferred tax liabilities	(A-B) 16,586.36	15,963.53

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 7. PROVISIONS

	Non Current		Current	
	As at 30th June, 2013	As at 30th June, 2012	As at 30th June, 2013	As at 30th June, 2012
Provision for employee benefits*:				
Gratuity (Refer Note No. 32)	550.82	439.68	95.53	67.54
Leave benefits	296.75	233.21	38.32	31.69
(A)	847.57	672.89	133.85	99.23
Other provisions -				
Mines Restoration Charges (Refer Note No. 7.1)	26.25	26.25	-	-
Taxation (net of advance income taxes/tax deducted at source)	-	-	3,552.63	1,917.32
Provision for tax on proposed equity dividend	-	-	-	8.52
(B)	26.25	26.25	3,552.63	1,925.84
Total (A+B)	873.82	699.14	3,686.48	2,025.07

* 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.

NOTE 7.1 PROVISION FOR MINES RESTORATION CHARGES:

The activities of the Orissa Manganese & Minerals Limited (OMM), a wholly owned subsidiary 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 :

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
At the beginning of the year	26.25	24.50
Arising during the year	-	1.75
Utilized during the year	-	-
At the end of the year	26.25	26.25

NOTE 8. SHORT-TERM BORROWINGS (SECURED)

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Cash credits from banks	93,025.64	51,033.87
Export Packing credit loan (in foreign currency)	1,343.24	1,407.73
Short Term Loan from Bank	-	5,000.00
Total	94,368.89	57,441.60

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

- (A) Additions to Plant and Machinery, Building and Mining Rights includes borrowing costs of ₹60,287.32 lacs (₹4,668.01 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 were revalued by an external independent valuer on Net Replacement Cost/Fair Value basis and net increase of ₹56,283.66 lacs were transferred to Revaluation Reserve. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recoups such additional depreciation out of revaluation reserve.
- (C) In case of Orissa Manganese & Minerals Limited, Plant and Machinery includes items given on operating leases, details whereof are given below:

Particulars	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Gross Block	5,637.84	5,637.84
Depreciation charge	614.47	767.33
Accumulated Depreciation	1,997.95	1,383.48
Net block	3,639.89	4,254.36

- (D) In case of Adhunik Power and Natural Resources Limited, Leasehold Land includes ₹297.18 lacs (₹1,441.45 lacs) being the cost of 76.66 acres (139.196 acres) of government land, lease agreement for which is yet to be executed in the name of the Company and accordingly it would be amortised over the period of lease term.
- (E) Adhunik Power and Natural Resources Limited, a subsidiary company, has declared the Commercial Operation Date (COD) for unit I and II of 270 MW on 21 January, 2013 and 19 May, 2013 respectively. Accordingly, fixed assets amounting to ₹307,319.96 lacs (including proportionate allocation of preoperative and trial run expenditure) have been capitalised during the year.
- (F) During the year, the Company has acquired 58.82% and 100% shareholding in "Vasundhra Resources Limited" and Orchid Global Resources Pte. Limited. Hence, addition for the current year includes fixed assets of these subsidiaries acquired during that year.
- (G) During the previous year, 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 previous year mainly includes fixed assets of the subsidiaries sold during that year.

NOTE 11.2 CAPITAL WORK IN PROGRESS

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Land & Site Development Expenses	-	281.84
Civil Construction and Structural Works	15,486.05	9,987.57
Plant and Equipments	227,877.06	223,071.41
Material with contractors/Fabricators	-	3,044.37
Capital Goods in Stock	8,444.20	5,466.67
	251,807.31	241,851.86
Less: Transfer to Fixed Assets	224,929.72	26,910.46
	26,877.59	214,941.40
Add: Pre-operative and trial run expenditure (pending allocation) (Refer details below)	10,067.01	59,355.96
Total	36,944.60	274,297.36

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.

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Opening Balance Brought Forward	59,355.96	26,111.27
Expenditure		
Raw Materials Consumed	4,096.76	2,052.10
Power and Fuel	2,390.35	4,276.57
Consumption of Stores and Consumable	1,162.71	215.25
Salaries, wages and bonus	3,508.60	4,662.50
Repair and Maintenance		
Plant and Machinery	48.77	-
Others	117.02	100.00
Operation and Maintenance Charges	128.19	126.58
Rent and Hire Charges	33.99	167.50
Rates & Taxes	298.19	259.84
Transmission charges	10.53	-
Insurance	41.32	23.32
Legal and Professional Charges	713.04	1,817.18
Freight and Forwarding Expenses	-	47.91
Depreciation	189.38	350.23
Travelling & Conveyance	253.63	379.18
Interest On:		
Term Loans	26,492.04	28,343.75
Cash Credit, Letters of Credit and Others	998.12	536.15
Miscellaneous Expenses	1,476.27	1,489.12
Sub-Total (A)	101,314.87	70,958.45
Income		
Sales	499.83	1,540.31
Less : Excise Duty	-	143.84
	499.83	1,396.47
Interest on fixed deposits	72.56	88.40
Sub-Total (B)	572.39	1,484.87
Increase / (Decrease) in Stock		
Closing Stock		
Finished goods [transferred to (Increase)/Decrease in inventories - (Note No. 22)]	-	1,406.69
Work in Progress [transferred to (Increase)/Decrease in inventories - (Note No. 22)]	-	-
Opening Stock		
Finished Goods	-	-
Work in Progress	-	-
Sub-Total (C)	-	1,406.69
Total (A-B-C)	100,742.48	68,066.89
Less: Transferred to Tangible Assets	90,675.47	8,710.93
Closing Balance	10,067.01	59,355.96

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 12. NON-CURRENT INVESTMENTS (LONG - TERM)

(₹ in lacs)

	As at 30th June, 2013	As at 30th June, 2012
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
Total	7.65	7.65

NOTE 13. LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)

(₹ in lacs)

	Non Current		Current	
	As at 30th June, 2013	As at 30th June, 2012	As at 30th June, 2013	As at 30th June, 2012
Capital advances (A)	19,489.49	18,929.14	-	-
Advances recoverable in cash or in kind				
Considered good - Related Parties	5,000.00	5,000.00	6,698.03	3,343.70
Considered good - Others	-	-	32,715.33	9,832.19
Doubtful - To Others	60.97	60.97	-	-
	5,060.97	5,060.97	39,413.36	13,175.89
Provision for doubtful advances	60.97	60.97	-	-
	(B)	5,000.00	39,413.36	13,175.89
Loans to:				
Body Corporates	-	-	-	5,788.09
Employees	-	-	184.91	131.39
	(C)	-	184.91	5,919.48
Security Deposits (D)	7,222.27	6,292.82	5.84	155.53
Others				
Balances with statutory / Government Authorities	43.06	50.15	1,860.42	1,794.95
Prepaid expenses	8.86	17.02	784.89	508.29
Advance income-tax (net of provision for taxation)	441.64	432.93	2.71	-
MAT Credit Entitlement	4,663.72	4,656.18	-	-
	(E)	5,157.28	2,648.02	2,303.24
Total (A to E)	36,869.04	35,378.24	42,252.13	21,554.14

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 13.1 Orissa manganese and minerals limited (OMM), 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 Private Limited. 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 (₹2,636.42 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 ₹4,760.64 lacs (₹3,947.51 lacs) has been paid as security deposit to him during the pendency of this service contract.

NOTE 14. OTHER ASSETS (UNSECURED, CONSIDERED GOOD UNLESS STATED OTHERWISE)

(₹ in lacs)

	Non Current		Current	
	As at 30th June, 2013	As at 30th June, 2012	As at 30th June, 2013	As at 30th June, 2012
Non-current bank balances (Refer Note No. 17)	4,568.04	4,357.79	-	-
Others				
Interest Receivable on				
Bank Deposits			339.23	114.50
Other Advances			127.34	114.19
Receivable from Banks towards forward contract restatement			-	2,466.05
Receivable towards sale of non-current investments			9,642.19	9,642.19
Export Benefits Receivable			359.63	693.38
Unbilled Revenue			320.26	-
Others			4,362.56	180.25
Total	4,568.04	4,357.79	15,151.21	13,210.56

NOTE 15. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

(₹ in lacs)

	As at 30th June, 2013	As at 30th June, 2012
Raw Materials [includes stock in transit ₹9,786.37 lacs (₹315.21 lacs)]	42,545.13	21,648.05
Finished Goods [includes stock in transit ₹432.33 lacs (₹1,959.89 lacs)]	37,138.47	38,968.87
Work-in-Progress	11,600.16	20,524.22
By Products	9,732.52	15,062.63
	101,016.28	96,203.77
Stock-in-trade	8.48	20.48
Stores & Spares [includes stock in transit ₹96.48 lacs (₹ Nil lacs)]	4,196.62	2,576.90
Total	105,221.38	98,801.15

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 16. TRADE RECEIVABLES (UNSECURED)

	(₹ in lacs)	
	Current	
	As at 30th June, 2013	As at 30th June, 2012
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good		
Considered good	2,756.09	3,101.64
Doubtful	255.79	7.92
	3,011.88	3,109.56
Provision for doubtful receivables	255.79	7.92
(A)	2,756.09	3,101.64
Secured, considered good		
Other trade receivables (considered good)	85,728.87	31,051.98
(B)	85,728.87	31,051.98
Total (A+B)	88,484.96	34,153.62

NOTE 17. CASH AND BANK BALANCES

	(₹ in lacs)			
	Non Current		Current	
	As at 30th June, 2013	As at 30th June, 2012	As at 30th June, 2013	As at 30th June, 2012
Cash and cash equivalents				
Balances with banks:				
On current accounts			2,321.11	4,743.83
Deposit with original maturity of less than three months			-	6,149.10
On unpaid dividend account			9.83	11.28
On Unclaimed Application Money Account			-	2.52
Cash on hand			127.84	123.62
			2,458.78	11,030.35
Other bank balances				
Deposits with original maturity for more than 12 months #	12.31	74.81	67.04	-
Margin money deposit #	4,555.73	4,282.98	2,263.10	1,234.08
	4,568.04	4,357.79	2,330.14	1,234.08
Amount disclosed under non-current assets (Refer Note No. 14)	(4,568.04)	(4,357.79)	-	-
Total	-	-	4,788.92	12,264.43

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

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 18. REVENUE FROM OPERATIONS

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Revenue from operations		
Sale of products / Services		
Finished goods	224,177.72	230,508.84
Power	29,011.83	-
Stock-in-trade	29,450.61	9,583.16
Sale of Services	8,463.31	35.33
Other operating revenue		
Sale of By-Products	1,037.66	2,093.23
Sale of Raw Materials	23,652.48	946.43
Lease Rent	660.00	825.00
Export Benefits	385.62	989.49
Revenue from operations (gross)	316,839.23	244,981.48
Less: Excise duty	20,785.48	16,434.50
Revenue from operations (net)	296,053.75	228,546.98

NOTE 19. OTHER INCOME

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Interest income on :		
Bank deposits	303.85	368.57
Loan, advances and deposits	1,634.77	4,290.41
Unspent liabilities and provisions no longer required written back	230.04	1,392.26
Gain on foreign exchange fluctuation / forward exchange contracts (Net)	1,807.55	-
Profit on Sale of Fixed Asset	1.43	-
Gain on currency future transactions	9.63	336.98
Insurance and Other Claims	7,960.40	2.10
Commission Income	822.43	-
Rent and Hire Charges	69.82	110.27
Other non-operating income	27.63	37.45
Total	12,867.55	6,538.04

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 20. COST OF RAW MATERIALS CONSUMED

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Opening Stock of Raw Materials	21,648.05	15,212.19
Less: Inventory related to discontinued operations	-	(2,392.11)
Opening Stock of Raw Materials related to continued operation	21,648.05	12,820.08
Add: Purchases	144,009.36	116,471.97
	165,657.41	129,292.05
Less: Closing Stock	42,545.13	21,648.05
Less: Inventory related to discontinued operations	-	-
Closing Stock of Raw Materials related to continued operation	42,545.13	21,648.05
Less : Raw Materials Consumed in Trial Run	-	2,052.10
Cost of raw materials consumed	123,112.28	105,591.90

NOTE 20.1 Cost of raw materials consumed is computed after excluding inventory of the subsidiary companies namely "Neepaz V Forge Limited" and "Adhunik Power Transmission Limited". (Refer Note No. 28).

NOTE 21. PURCHASE OF STOCK-IN-TRADE

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Rolled products and scrap	27,771.16	8,371.08
Total	27,771.16	8,371.08

NOTE 22. (INCREASE)/DECREASE OF INVENTORIES IN FINISHED GOODS, WORK-IN-PROGRESS, STOCK-IN-TRADE AND BY-PRODUCTS

	(₹ in lacs)		
	2012-13 (12 Months)	2011-12 (15 Months)	(Increase)/ Decrease
Inventories at the end of the period:			
Finished Goods	37,138.47	38,968.87	1,830.40
Work in Progress	11,600.16	20,524.22	8,924.06
Stock-in-trade	8.48	20.48	12.00
By Products	9,732.52	15,062.63	5,330.11
	58,479.63	74,576.20	16,096.57
Less: Inventory related to discontinued operations	-	-	-
	58,479.63	74,576.20	16,096.57
Inventories at the beginning 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)

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 22. (INCREASE)/DECREASE OF INVENTORIES IN FINISHED GOODS, WORK-IN-PROGRESS, STOCK-IN-TRADE AND BY-PRODUCTS (CONTD.)

	(₹ in lacs)		
	2012-13 (12 Months)	2011-12 (15 Months)	(Increase)/ Decrease
Less: Inventory related to discontinued operations	-	(4,504.65)	(4,504.65)
	74,576.20	57,623.59	(16,952.61)
	16,096.57	(16,952.61)	
Add : Stock Transferred on commencement of commercial production			
Finished Goods (Refer Note No. 11.2)	-	1,406.69	1,406.69
Work in Progress	-	-	-
	-	1,406.69	1,406.69
Less: Transferred to Fixed Assets	(4,025.94)	(3,510.39)	
Excise duty on (Increase)/decrease of finished goods	(611.98)	2,190.79	
Total	11,458.65	(16,865.52)	

NOTE 22.1 (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" (Refer Note No. 28).

NOTE 22.1 In case of Orissa Manganese & Minerals Limited (OMM), 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. OMM has already applied to the state government for inclusion of iron ore also in the manganese ore mining leases.

NOTE 23. EMPLOYEE BENEFITS EXPENSE

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Salaries, wages and bonus	8,735.09	8,572.49
Contribution to provident and other funds (Refer Note No. 32)	235.24	242.98
Gratuity expense (Refer Note No. 32)	115.35	68.29
Employee stock option comensation cost (Refer Note No. 33)	49.71	-
Workmen & Staff Welfare Expenses	263.13	300.36
Total	9,398.52	9,184.12

NOTE 23.1 Managerial remuneration amounting to ₹120.00 lacs have been expensed off in the Statement of Profit and Loss during the current year, which is in excess of limit specified under the Companies Act, 1956. The above remuneration has been approved by the Remuneration Committee and Shareholders of the Company but approvals of the Ministry of Corporate Affairs (MCA) is awaited.

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 24. OTHER EXPENSES

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Consumption of Stores and Spares	11,421.47	15,423.93
Power and Fuel	11,397.94	17,145.27
Conversion Charges	1,874.37	4,279.27
Operation and Maintenance Charges (Refer details below)	6,020.33	7,116.41
Transmission charges	959.18	-
Freight and Forwarding Charges [Net of recovery of ₹1,493.87 lacs (₹749.29 lacs)]	5,900.13	8,993.24
Rent [Including Land Lease Rent ₹0.12 lacs (₹0.29 lacs) to Directors]	755.65	1,051.52
Cost of Raising	6,489.06	5,489.03
Royalty	2,722.67	1,870.69
Rates and Taxes	1,237.29	485.09
Legal and Professional Charges	1,617.08	1,650.89
Insurance	198.24	119.45
Repair and Maintenance:		
Plant and Machinery	2,004.58	1,739.69
Buildings	52.04	83.18
Others	162.10	198.32
Travelling and Conveyance Expenses	1,071.62	898.56
Directors' Travelling and Conveyance Expenses	26.40	31.49
Communication Costs	284.80	277.27
Directors' Sitting Fees	14.06	20.10
Auditors' Remuneration as auditor:		
Audit fee	47.60	58.53
Limited review fee	40.81	52.68
In Other Capacity for Certification (etc)	12.50	16.88
Reimbursement of Expenses to auditor	5.66	4.86
Provision for doubtful debts and advances	249.68	-
Bad debts/advances written off	318.33	72.10
Less : Adjusted against provision	-	(6.07)
Commission on sales	250.72	5.72
Rebate, discounts and other selling expenses	2,438.56	1,900.15
Motor Vehicle Expenses	537.40	681.80
Loss on Discard of Fixed Assets	-	29.52
Security Charges	386.99	335.53
Mines Restoration Charges	-	1.75
Peripheral Development expenses	404.06	231.54
Prior period items (Net) (Refer details below)	203.51	8.45
Charity and Donations	39.95	38.62
Miscellaneous Expenses	2,021.56	1,553.13
Total	61,166.34	71,858.59

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

OPERATION & MAINTENANCE CHARGES CONSIST OF THE FOLLOWING EXPENSES

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Contract Payments	2,175.78	3,050.14
Testing and Inspection Charges	317.23	439.22
Refractory Management Charges	1,148.72	1,215.43
Labour Charges	713.08	907.48
Plant and Equipment Hire Charges	1,059.93	1,211.28
Water Charges	286.96	112.80
Mines Supervision Charges	32.20	38.86
Packing & Forwarding Charges	32.37	25.72
Miscellaneous	254.06	115.48
Total	6,020.33	7,116.41

PRIOR PERIOD EXPENSES (NET) CONSIST OF THE FOLLOWING EXPENSES

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Income		
Miscellaneous Income	7.92	4.97
Sub Total (A)	7.92	4.97
Expenses		
Salaries, wages and bonus	150.00	-
Commission	2.20	-
Security Charges	1.19	-
Legal and Professional Charges	19.15	-
Plant and Equipment Hire Charges	9.57	-
Lifting and Shifting expenses	8.21	-
Freight and forwarding expenses	-	8.80
Cost of Raising, Excavation and Drilling Expenses	14.51	-
Miscellaneous Expenses	6.60	4.62
Sub Total (B)	211.43	13.42
Total (B-A)	203.51	8.45

NOTE 25. DEPRECIATION & AMORTIZATION EXPENSE

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Depreciation of tangible assets	20,272.22	14,994.38
Amortization of intangible assets	772.82	867.92
Less: Adjusted against revaluation reserve	(1,967.67)	-
Less: Capitalised/transferred to capital work in progress during the year	(189.38)	-
Total	18,887.99	15,862.30

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 26. FINANCE COSTS

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Interest on:		
Term Loans	26,294.33	23,018.46
Cash Credit, Letters of Credit and Others	16,885.69	14,890.76
Income tax	103.90	147.03
Other borrowing costs	3,031.48	3,359.01
Total	46,315.40	41,415.26

NOTE 27. EXCEPTIONAL ITEMS

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Profit on Sale of Investments (Non-Current, Trade)	-	3,172.44
Loss on foreign exchange fluctuation / forward exchange contracts (Net)	-	(2,538.46)
Total	-	633.98

NOTE 28. 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)	
	2012-13 (12 Months)	2011-12 (15 Months)
Revenue from Operations (Net)	-	26,482.25
Other Income	-	365.41
Expenses	-	21,986.84
Profit from operating activities	-	4,860.82
Finance costs	-	2,560.66
Depreciation/amortization	-	1,300.02
Profit before tax	-	1,000.14
Income-tax expense	-	(52.15)
Profit after tax	-	1,052.29

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

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

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Total assets	-	-
Total liabilities	-	-
Minority interest	-	-
Net assets	-	-

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

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Operating activities	-	3,706.33
Investing activities	-	(643.84)
Financing activities	-	(2,859.62)
Net cash inflows/(outflows)	-	202.87

NOTE 29. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	2012-13 (12 Months)	2011-12 (15 Months)
Net Profit after tax for calculation of basic and diluted EPS (₹ in Lacs)	8,719.80	2,066.47
Weighted average number of equity shares in calculating basic EPS	123,499,536	123,499,536
Add: Effect of Employees Stock Options	-	-
Weighted average number of equity shares in calculating diluted EPS	123,499,536	123,499,536
Nominal Value of equity shares	₹10	₹10
Basic and Diluted Earnings Per Share	₹7.06	₹1.67

NOTE 30. CONTINGENT LIABILITIES

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Claims & Government demands against the Company not acknowledged as debt:		
Excise demands under dispute/ appeal	5,308.52	2,147.93
Sales Tax matters (under dispute/appeal)	421.24	494.30
Provident Fund	61.00	27.00
Customers / Vendors claims	-	122.67
Bills discounted and Bank Guarantees outstanding	17,751.99	19,722.88
Custom Duty on Import of equipments and spare parts under EPCG Scheme	771.07	767.48
Total	24,313.82	23,282.26

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

- (i) Orissa Manganese & Minerals Limited (OMM), 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 OMM in respect of its existing manganese ore mines in Odisha. However, based on the order passed by the Government Authority, OMM 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 OMM 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 (OMM), a wholly owned subsidiary, are pending in respect of which the accounting impact, if any, is presently not ascertainable:

- (a) OMM 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 Private Limited (BKCPL) on 14th May, 2003 and 6th March, 2006 respectively. The aforesaid agreements were terminated by the Company on 11th November, 2003 and 22nd June, 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 1st August, 2008 upholding the raising contract dated 14th May, 2003. OMM 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) OMM had entered into a 10 years agreement for sale of manganese ore with Futuristic Steels Private Limited (FSPL) and M/s Monnet Ispat & Energy Limited (MIEL) on 14th May, 2003 and 6th March, 2006 respectively. The aforesaid agreements were terminated by the Company on 11th November, 2003 and 22nd June, 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 OMM 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) OMM 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 14th May, 2003 and 6th March, 2006 respectively. The aforesaid agreements were terminated by the Company on 11th November, 2003 and 22nd June, 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) OMM 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 27th February, 2005. The aforesaid agreements were terminated by OMM on 22nd June, 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 OMM which is pending. MEPL has not filed any application against OMM.

- (iii) Adhunik Power and Natural Resources Limited (APNRL), a subsidiary company, has filed a writ petition in the High Court of Jharkhand against demand of ₹1,383.44 lacs (₹1,383.44 lacs) raised by Subernarekha Dam Division towards water charges during earlier years. The Hon'ble High Court has stayed the said demand during the previous year and instructed not to take any coercive action against APNRL. In view of the said stay granted by the Hon'ble High Court, no adjustment has been recorded in consolidated financial statements for subsequent demand amounting to ₹2,117.42 lacs (₹422.56 lacs).

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

NOTE 31. CAPITAL AND OTHER COMMITMENTS

- a) As at 30th June, 2013, the Company has commitments of ₹34,409.52 lacs (₹39,442.56 lacs) net of advances ₹19,566.14 lacs (₹18,929.14 lacs) relating to estimated amount of contracts to be executed on capital account and not provided for.
- b) As at 30th June, 2013, the Company has given undertaking to the lenders not to dispose off its 51% shareholding in Orissa Manganese & Minerals Limited (OMM), a wholly owned subsidiary, till the loan taken by OMM is paid in full.
- c) Adhunik Power and Natural Resources Limited, a subsidiary company has entered into long-term Fuel Supply Agreement (FSA) with Central 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 30th June, 2013	As at 30th June, 2012
Within one year	312.00	312.00
After one year but not more than five years	1,222.00	1,248.00
More than five years	-	286.00
Total	1,534.00	1,846.00

Operating lease: Group as lessor

Orissa Manganese & Minerals Limited (OMM), a wholly owned subsidiary company has entered into a non cancellable lease agreement consisting of OMM plants and equipments with a vendor. The non cancellable lease has the balance term of 6 years 9 Month 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 30th June, 2013	As at 30th June, 2012
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	1,155.00	1,815.00
Total	4,455.00	5,115.00

NOTE 32. 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.

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

Consolidated Statement of Profit and Loss

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

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Current service cost	351.06	351.24
Interest cost on benefit obligation	45.33	44.98
Net actuarial(gain)/loss	(236.21)	(278.41)
Past service cost	-	-
Net benefit expense	160.17	117.81

Balance Sheet

(b) Benefit asset/liability

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Present value of defined benefit obligation	646.36	507.22
Fair value of plan assets	-	-
Less: Unrecognised past service cost	-	-
Net asset/(liability)	(646.36)	(507.22)

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

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Opening defined benefit obligation	507.22	443.51
Current service cost	351.06	351.24
Interest cost	45.33	44.98
Benefits paid	(21.04)	(3.61)
Actuarial (gains)/losses on obligation	(236.21)	(278.41)
Adjustment related to subsidiaries sold during the period	-	(50.49)
Closing defined benefit obligation	646.35	507.22

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

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Discount rate	8.00%	8.00%
Salary increase	5.00%	8.00%
Mortality table	LIC (1994-1996) ultimate table	LIC (1994-1996) ultimate table

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.

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

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

	(₹ in lacs)				
	As at 30th June, 2013	As at 30th June, 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009
Gratuity					
Defined benefit obligation	646.35	507.22	443.51	291.86	154.50
Plan assets	-	-	-	-	-
Surplus/(deficit)	(646.35)	(507.22)	(443.51)	(291.86)	(154.50)
Experience adjustments on plan liabilities (gains)/losses	(236.21)	(278.41)	64.99	29.23	14.65
Experience adjustments on plan assets	NA	NA	NA	NA	NA

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

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Defined Contribution plans:		
Amount recognised in the Consolidated Statement of Profit and Loss		
Contribution to Provident Fund	235.24	308.05

NOTE 33. EMPLOYEE STOCK OPTION PLANS (EQUITY SETTLED)

During the year, the shareholders of the Company, had approved the Adhunik Employee Stock Option Plan (ESOP 2012) in accordance with the Guidelines issued by Securities and Exchange Board of India (SEBI) for Employees Stock Option Plans, covering employees of the Company as well as employees of the subsidiaries. The plan provide for issue upto 12,349,954 number of options convertible into equity shares of ₹10 each duly adjusted for any bonus, splits, etc. The Compensation Committees of the Board administers the Scheme. The option vest subject to continuation of employment.

During the year, the Company had granted 3,708,643 number of options convertible into equity shares of ₹10 each. These options carry a vesting period ranging from one to four years and at an exercise price of ₹30.15 as determined in accordance with applicable SEBI Guidelines as at the date of grant. All the options granted have an exercise period of two years from the date of vesting.

Employee Stock Options outstanding (Net of deferred compensation cost is as follows):

	(₹ in lacs)	
Particulars		As at 30th June, 2013
Total accounting value of options outstanding	(A)	353.86
Deferred Compensation Cost		353.86
Less: Cost Amortised during the year		(49.71)
Net Deferred Compensation Cost	(B)	304.15
Employee Stock Options outstanding (Net of deferred compensation cost)	(A-B)	49.71

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

The following table summarises the Company's stock options activity:

Particulars	No of Options	Amount (₹ in lacs)	Weighted average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-
Granted during the year	3,708,643	353.86	30.15
Forfeited during the year	-	-	-
Exercised during the year	-	-	-
Outstanding at the end of the year	3,708,643	353.86	30.15
Exercisable at the end of the year	-	-	-
Weighted average remaining contractual life (in years)	4.03		

The weighted average market price of the Company's shares during the year ended June 30, 2013 was ₹32.47 per shares.

The fair value of the options granted during the year was calculated by applying the Black - Scholes - Merton formula. The following are assumptions and result.

Particulars	2012-13 (12 Months)
Average risk free interest rate	8.21%
Weighted average expected life of options granted (in years)	3.66
Expected dividend yield	3.08%
Volatility (annualised)*	39.29%
Weighted average market price (₹)	30.15
Exercise Price (₹)	30.15
Weighted average fair value of the options (₹)	9.54

* Based on historical market price of the Company's shares.

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 Nil (USD 1,590,527) for trade receivables and USD Nil (USD 36,544,423) for trade payables.

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

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Trade Receivables	25,550.18	-
Trade Payables	23,422.40	656.01
Foreign Currency Loans	1,343.24	1,407.73
Advances including balances with banks	-	0.08
Total	50,315.83	2,063.82

(c) The company has entered into derivative transaction of full currency swap from ₹ to \$ for notional amount of ₹2,000.00 lacs (notional \$ 3,580,379.52) receiving net interest benefit of 5.2550% for a period starting from 7-Sept-2012 and ending at 31-Aug-2017. The purpose of this transaction is to transform the payments under the long term ₹ borrowing into \$ liability and thereby reducing effective interest rate.

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

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:

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
a) Principal Amount remaining unpaid at the end of accounting year.	115.53	87.99
Interest due on above	10.83	15.44
	126.36	103.43
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.	58.30	42.86
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	69.13	58.30
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 ENTITIES

The Company's share of the assets, liabilities, income and expenses in the jointly venture entities as per the audited accounts as at the end for the year ended 30th June, 2013 is as follows:

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

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 year ended 30th June 2013 is as follows:

	(₹ in lacs)	
	As at 30th June, 2013	As at 30th June, 2012
Non Current assets		
Tangible Assets	13.48	13.97
Current assets		
Inventories	4.46	4.46
Trade receivables	0.09	0.09
Cash and bank balances	2.71	2.71
Short-term loans and advances	6.64	6.64
Other current assets	0.53	0.29
Current liabilities		
Trade Payables	3.33	1.59
Other Current Liabilities	12.86	13.23

	(₹ in lacs)	
	2012-13 (12 Months)	2011-12 (15 Months)
Income / Expense		
Other Income	0.23	0.29
Depreciation	0.49	0.70
Other Expenses	0.03	0.09
Profit / (Loss) after tax	(0.29)	(0.50)

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)
Key Management Personnel	Neepaz B C Dagara Steels Private Limited 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 Limited Adhunik Infotech Limited Adhunik Industries Limited Adhunik Steels Limited Mahananda Suppliers Limited Zion Steel Limited

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

(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 / Partnership Firm	Total
1. In relation to Statement of Profit and Loss				
Purchase of goods / services				
Adhunik Alloys & Power Limited		3,781.46		3,781.46
		(14,267.52)		(14,267.52)
Adhunik Steels Limited		-		-
		(6,129.02)		(6,129.02)
Adhunik Industries Limited		182.98		182.98
		(658.24)		(658.24)
Zion Steel Limited		5,841.36		5,841.36
		(3,582.85)		(3,582.85)
Revenue from Operations				
Adhunik Alloys & Power Limited		1,891.43		1,891.43
		(24,006.48)		(24,006.48)
Adhunik Corporation Limited		-		-
		(98.08)		(98.08)
Hire charges				
Adhunik Steels Limited		-		-
		(3.43)		(3.43)
Accounting & Maintenance charges and Rent				
Adhunik Alloys & Power Limited		-		-
		(3,288.24)		(3,288.24)
Adhunik Steels Limited		5.62		5.62
		(924.41)		(924.41)
Adhunik InfoTech Limited		220.77		220.77
		(352.96)		(352.96)
Zion Steel Limited		-		-
		(984.49)		(984.49)
Others	0.12			0.12
	(1.13)			(1.13)
Electricity charges received				
Zion Steel Limited		90.00		90.00
		(218.35)		(218.35)
Interest Income				
Adhunik Alloys & Power Limited		-		-
		(394.42)		(394.42)
Adhunik Steels Limited		-		-
		(2,692.52)		(2,692.52)

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

(₹ 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 / Partnership Firm	Total
Remuneration to Managing Director #				
Manoj Kumar Agarwal	270.00			270.00
	(-)			(-)
2. In relation to Balance Sheet Items				
Sale of Investments				
Mahananda Suppliers Limited		-		-
		(9,642.19)		(9,642.19)
Guarantees Obtained				
Mr. Manoj Kumar Agarwal	398,969.96			398,969.96
	(353,567.73)			(353,567.73)
Mr. Ghanshyam Das Agarwal	410,688.71			410,688.71
	(390,317.73)			(390,317.73)
Mr. Jugal Kishore Agarwal	362,092.03			362,092.03
	(316,039.73)			(316,039.73)
Mr. Nirmal Kumar Agarwal	369,542.03			369,542.03
	(330,239.73)			(330,239.73)
Mr. Mohan Lal Agarwal	362,092.03			362,092.03
	(321,039.73)			(321,039.73)
Mr. Mahesh Kumar Agarwal	362,542.03			362,542.03
	(316,114.73)			(316,114.73)
Balance outstanding as at the year end – Debit				
Adhunik Alloys & Power Limited		595.43		595.43
		(10,360.20)		(10,360.20)
Adhunik Steels Limited		-		-
		(8,304.07)		(8,304.07)
Adhunik Industries Limited		-		-
		(121.87)		(121.87)
Adhunik InfoTech Limited		206.25		206.25
		(222.13)		(222.13)
Zion Steel Limited		3,823.81		3,823.81
		(-)		(-)
Mahananda Suppliers Limited		9,642.19		9,642.19
		(9,642.19)		(9,642.19)
United Minerals			2.71	2.71
			(2.71)	(2.71)
Neepaz B.C. Dagara Steels Private Limited			27.46	27.46
			(27.33)	(27.33)

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

(₹ 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 / Partnership Firm	Total
Balance outstanding as at the year end – Credit				
Zion Steel Limited		-		-
		(2,130.03)		(2,130.03)
Adhunik Steels Limited		56.12		56.12
		(14.20)		(14.20)
Adhunik InfoTech Limited		-		-
		(11.43)		(11.43)
Adhunik Industries Limited		8.57		8.57
		(8.59)		(8.59)
Adhunik Corporation Limited		103.60		103.60
		(1.92)		(1.92)
Futuristic Steels Limited		-		-
		(227.63)		(227.63)
Manoj Kumar Agarwal	132.12			132.12
	(-)			(-)
Others		2.97		2.97
		(2.97)		(2.97)

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. SEGMENT INFORMATION

(i) **Business Segment:** The Group 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'.

(₹ in lacs)

Particulars	Continuing Operations				Discontinued Operations (Refer Note 28)	Total Operations
	Iron & steel	Mining	Power	Total		
(A) Revenue						
External	239,390.15	32,451.93	29,011.83	300,853.90	-	300,853.90
	(200,974.75)	(35,248.91)	(-)	(236,223.66)	(26,482.25)	(262,705.91)
Inter Segment sales	4,800.15	-	-	4,800.15	-	4,800.15
	(7,524.65)	(152.03)	(-)	(7,676.68)	(-)	(7,676.68)
Total Revenue from operations (Net of Excise)	234,590.00	32,451.93	29,011.83	296,053.75	-	296,053.75
	(193,450.10)	(35,096.88)	(-)	(228,546.98)	(26,482.25)	(255,029.23)
(B) Results						
Segment results Profit/(Loss)	25,398.63	13,119.60	5,841.47	44,359.72	-	44,359.72
	(17,618.55)	(17,029.86)	67.69	(34,580.72)	(3,508.56)	(38,089.28)
Unallocated Expenses						100.91
						(36.22)

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

Particulars	Continuing Operations				Discontinued Operations (Refer Note 28)	Total Operations
	Iron & steel	Mining	Power	Total		
Other Income						12,867.55
						(6,590.29)
Operating Profit						57,126.36
						(44,643.35)
Finance Costs						46,315.40
						(43,975.92)
Exceptional items (net gain)						-
						(633.98)
Tax expenses						2,895.92
						(630.07)
Minority Interest						804.76
						(134.99)
Net Profit / (Loss) for the period						8,719.80
						(2,066.47)
(C) Total Assets						
Segment assets	437,187.40	70,147.61	373,505.49	880,840.51	-	880,840.51
	(381,649.93)	(57,392.67)	(291,526.14)	(730,568.75)	-	(730,568.75)
Unallocated assets						19,509.31
						(29,904.86)
Total assets						900,349.81
						(760,473.61)
(D) Total Liabilities						
Segment liabilities	117,126.60	19,476.15	39,388.44	175,991.19	-	175,991.19
	(89,525.82)	(12,283.63)	(32,205.64)	(134,015.09)	-	(134,015.09)
Unallocated liabilities						520,726.59
						(433,596.10)
Total liabilities						696,717.78
						(567,611.19)
(E) Other Segment Information						
Capital expenditures						
Tangible	31,706.75	1,221.24	50,410.16	83,338.15	-	83,338.15
	(18,750.17)	(10,474.05)	(138,035.21)	(167,259.43)	(1,288.52)	(168,547.95)
Intangible	88.83	73.27	-	162.10	-	162.10
	(1,160.82)	(1,943.70)	(95.84)	(3,200.37)	-	(3,200.37)
Depreciation and amortisation	15,670.49	1,997.55	5,272.31	22,940.36	-	22,940.36
	(13,301.05)	(2,561.25)	(350.23)	(16,212.53)	(1,300.02)	(17,512.55)
Non cash expenses other than depreciation	366.61	-	-	366.61	-	366.61
	(95.55)	(-)	(-)	(95.55)	(345.66)	(441.21)

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

(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:
(A) Revenue

	2012-13 (12 Months)	2011-12 (15 Months)
Within India	236,955.25	219,326.05
Outside India	59,098.50	35,703.18
Total	296,053.75	255,029.23

(B) Total Assets

	As at 30th June, 2013	As at 30th June, 2012
Within India	856,312.82	759,586.12
Outside India	44,036.99	887.49
Total	900,349.81	760,473.61

(C) Capital Expenditure

	2012-13 (12 Months)	2011-12 (15 Months)
Within India	83,500.24	171,748.32
Outside India	-	-
Total	83,500.24	171,748.32

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

NOTE 39. The Board of Directors of the Company in its meeting held on 22nd July, 2013 has approved to amalgamate Zion Steel Limited (ZSL) with the Company and to amalgamate the Company (post amalgamation of ZSL) with its wholly owned subsidiary, Orissa Manganese & Minerals Limited (OMM), through a composite scheme of amalgamation between ZSL, the Company and OMM (the Scheme) as per the provision of Section 391 to 394 of the Companies Act, 1956. The appointed date of the amalgamation is 1st July, 2012 and the scheme is subject to necessary approval of shareholders, creditors, statutory authorities and the Hon'ble High Courts of Orissa.

Upon effectiveness of the Scheme, every shareholder of ZSL holding 17 (seventeen) fully paid-up equity shares of ₹10/- each shall be entitled to receive 1 (one) fully paid-up equity shares of ₹10/- each in the Company and every shareholder of the Company (post amalgamation of ZSL) holding 1 (one) fully paid-up equity shares of ₹10/- each shall be entitled to receive 1 (one) fully paid-up equity shares of ₹10/- each in the Orissa Manganese & Minerals Limited.

NOTE 40. In case of Orissa Manganese & Minerals Limited (OMM), a wholly owned subsidiary company, the Mining Leases pertaining to the various mines have already expired and the OMM applications for renewal thereof are pending with the concerned authorities. The OMM 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.

NOTE 41. Adhunik Power and Natural Resources Limited, a subsidiary company, has issued 239,300 Series-A Compulsorily Convertible Participatory Preference Shares of ₹1,000 each at par to IDFC Trustee Company Limited and 207,100 and 51,775 Series-B Compulsorily Convertible Participatory Preference Shares of ₹1,000 each at par to Macquarie SBI Infrastructure Investments Pte Limited and SBI Macquarie Infrastructure Trustee Private Limited respectively in terms of their definitive agreements.



Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2013

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 ₹43,300 lacs (₹38,318.25 lacs) [including ₹4,981.75 lacs (₹25,018.25 lacs) received during the year] 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 Income Tax Department had conducted a Search and Seizure operation in the Group's premises during the previous year, 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 43. The previous year's figure being for fifteen months period ended 30th June, 2012, are not comparable with those of the current year.

Further, Previous year figures including those given in brackets have been rearranged where ever necessary to conform with the current period classification.

As per our report of even date

For Das & Prasad
Firm Registration No. 303054E
Chartered Accountants

per A. K. Agarwal
Partner
Membership No. 062368

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: 28th August, 2013


FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges

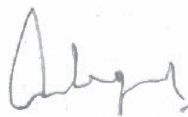
1.	Name of the Company	ADHUNIK METALIKS LIMITED CHADRI HARIHARPUR P.O. KUARMUNDA SUNDARGARH, ODISHA-770039
2.	Annual consolidated financial statements for the financial/accounting year ended	30th June, 2013
3.	Type of audit observation	Un-qualified / Matter of emphasis NIL
4.	Frequency of observation	Whether appeared first time / Repetitive/ Since how long period..... NOT APPLICABLE




CEO/Managing Director
(Manoj Kumar Agarwal)



CFO/Head, Finance & Accounts
(Pawan Kumar Rathi)
28/8/13



Auditor of the Company
(Das & Prasad, Chartered Accountants)



Audit Committee Chairman
(Surendra Mohan Lakhota)