www.adhunikgroup.com

ANNUAL REPORT
2013-2014

ADHUNIK METALIKS LIMITED

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Ghanshyam Das Agarwal	-	Non-executive Chairman
Shri Jugal Kishore Agarwal	-	Non-executive Director
Shri Nirmal Kumar Agarwal	-	Non-executive Director
Shri Mohan Lal Agarwal	-	Non-executive Director
Shri Mahesh Kumar Agarwal	-	Non-executive Director
Shri Nihar Ranjan Hota	-	Independent Director
Dr. Ramgopal Agarwala	-	Independent Director
Shri Nandanandan Mishra	-	Independent Director
Shri Raghaw Sharan Pandey	-	Independent Director
Shri Gopal Dikshit	-	Independent Director
Shri Amrendra Prasad Verma	-	Independent Director
Shri Manoj Kumar Agarwal	-	Managing Director

HEAD OF FINANCE AND ACCOUNTS

Shri Pawan Kumar Rathi

COMPANY SECRETARY

Shri Sanjay Dey

STATUTORY AUDITORS

Das & Prasad
Chartered Accountants

COST AUDITORS

Saroj K Babu & Co.
Cost Accountants

BANKERS

Allahabad Bank
Bank of Baroda
Bank of Maharashtra
Corporation Bank
HDFC Bank
ICICI Bank
IFCI Ltd.
Indian Overseas Bank
Punjab National Bank
Punjab & Sind Bank
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
Syndicate Bank
SREI Infrastructure Finance Ltd.
UCO Bank
Union Bank of India

REGISTERED OFFICE

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Sundergarh
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Phone: (0661)3051300
Fascimile: (0661)3051303

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www.adhunikgroup.com

WEBSITE

www.adhunikgoup.com

REGISTRAR & TRANSFER AGENT

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Facsimile: 91-40-23311968
e-mail: mailmanager@karvy.com

MANAGING DIRECTOR'S REPORT

Dear Shareholders,

We are living through an evolving industrial phase since the economic meltdown, the scars of which has been so deep that Indian industry, as like many other major industrialised nations, is trying to crawl back towards normalcy. In accordance with warning of pundits, the crawl back would be slow and tedious. Your company, being a part of the same economy, has survived during the period under review, however effects would continue and our fight for survival would intensify in the years to come.

Several factors contributed to the muted performance during the year under review. Regulatory actions initiated in the mining sector, especially iron-ore had two significant impact on operations - disruption in raw material supply chain and skyrocketing of prices. Entire operation being dependent on this raw material, capacity utilisation suffered resulting in additional costs and prolonged working capital cycle. Delivery delays caused due logistical impediments further cascaded into mounting inefficiencies. However, I am happy to conclude that we faced a challenging year bravely and commit that we would continue our quest towards operational excellence in the years to come.

The global steel demand increased by 3.6% during the financial year 2013-14, and demand in advanced countries is likely to improve further. There is major slowdown in the developed countries like Europe due to weakening of economy, Domestic steel demand in China experienced a slowdown, thereby creating significant overcapacity, which in turn caused a softening of demand from domestic suppliers due to cheap imports.

After three decades of alliance governments, the people of India gave an unqualified mandate for a stable government led by an effective and determined Prime Minister. The new Government has certainly instilled a fresh perspective in the Indian economy which was battling with several issues like decline in the infrastructure growth, high inflation and weak growth etc. Significant policy makeovers are expected in the coming year, which promises to bring certainty to the markets and the economy. The effect of such sentiments has already reflected itself on the unprecedented growth and stability of major stock market indices. The new government has promised to focus on infrastructural development while de-bottlenecking the administrative and clearance procedures. This is expected to boost the investment climate in the country. We expect to see a turnaround in the demand for steel by mid next year as we are seeing a lot of push from the Government for infrastructural development. Moreover, the new reforms/policies introduced by the Government have set a positive tone in the country and hopefully, will yield positive results. Seeking to make the country, a global manufacturing hub, our Prime Minister launched the ambitious 'Make in India' campaign.

The infrastructure and construction sector, which accounts for 80-82% of total long steel products consumption and around 60-62% of total finished steel consumption, has been given a boost following the announcement of several projects relating to port, inland waterway, road and national and state highway development.

Additionally, the government is also looking to revive dwindling interest in investment from the private sector through the use of public, private partnerships (PPP) and by supporting banks that fund infrastructure projects by relaxing rules regarding capital reserve ratios (CRR) and such like.

While demand for long steel products is expected to increase as a result of these announcements, the idea of developing smaller cities will help to boost steel consumption in smaller, rural towns and cities where the population base is high. These announcements come at a time when major steel players are looking to improve market penetration in non-urban areas by enhancing their distribution chains. An improvement to the current situation in the iron ore sector should improve availability of ore and bring down prices. Thus, overall, the medium-term future for the Indian iron ore and steel sectors looks decidedly more optimistic than the recent past.

After two consecutive years of sub 5% economic growth, the worst appears to be behind us and the economy is likely to pick up pace going forward. Indian economy expected to grow by approximately 7% in the years to come, sectors such as infrastructure and automobiles will receive a renewed thrust, which would further generate demand for power and steel in the country. This is expected to provide a major thrust to the demand of minerals like coal and iron ore. Housing, power and infrastructure are key focus areas for the new government, and this augurs well for the medium to long term outlook for the steel sector.

The merger of Adhunik Metaliks Limited, Orissa Manganese & Minerals Limited and Zion Steel Limited, through a composite scheme, has received approval of the Companies' Shareholders, Creditors, Bankers and Stock Exchanges. The scheme awaits approval of the High Court of Orissa, where hearings are over and the order is awaited.

With a deep sense of gratitude, I inform the loss of our guide, Shri Surendra Mohan Lakhotia, on 20th January, 2014. He, through his deep knowledge of industry, humility to all, courage of thought and deep sense of empathy, contributed to the functioning of the Board as a whole. It is also a personal loss of a dear friend to me, who always encouraged us to bravely face economic upheavals and come out as a winner. I, on behalf of all at Adhunik, deeply condole his demise with a promise to follow his untiring spirit.

I would like to take this opportunity to thank all our employees, my colleagues on the executive team of Adhunik, the Group Management and the Board of Directors for their unwavering support. I thank our shareholders for reposing faith in our business in increasingly adverse times. Let me reassure our shareholders that we will not get bogged down by the tough environment that surrounds us today, that we are geared up to face challenges as they arise and, through our tireless collective efforts, we will continue to propel our Company forward on its path of growth.

Manoj Kumar Agarwal

Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

ADHUNIK METALIKS – AN OVERVIEW

Adhunik operates from a single location of Odisha where the entire manufacturing capacity of the Company is located. Your Company manufactures ferro-alloys, special alloy steel, iron billets, pig iron, rolled products and sponge Iron and has the advantage of backward integration through Orissa Manganese & Minerals Limited (OMML), which operates Iron pellets, iron ore and manganese ore mines. Our competitive advantage is evident from our clientele, which are as follows:

Tata Motors	Mahindra & Mahindra	BEML
John Deere	Rane Holdings	Ashok Leyland
AMTEK Auto	Power Grid	Cummins
NTPC	SKF Limited	Jindal Saw
RKFL	Musachi Auto	Bharat Forge

INDIAN ECONOMY

The Indian economy recovered in the second quarter (Q2) of 2013-14 recording a growth of 4.8 per cent. This follows a growth rate of 4.4 per cent in the first quarter (Q1) of the current financial year— the lowest in 16 quarters. Particularly encouraging is the fact that the recovery in Q2 is noticed on the face of significant fiscal consolidation by the Government and tighter liquidity conditions to moderate aggregate demand. While the Government delivered on the announced fiscal targets in 2012-13, current account deficit (CAD) continued to remain elevated in Q1 of 2013-14, thereby pushing the Indian Rupee into greater depths. Domestic impediments like elevated levels of food and retail inflation, high input costs and pressure on profit margins and infrastructural bottlenecks continued, with the Government addressing them through appropriate calibration of fiscal policy, administrative measures and institutional mechanisms like Cabinet Committee on Investment to fast track projects. Despite some recovery in the growth of agriculture and industry sector, particularly in Q2 of the current financial year, the overall growth of the economy has been a modest 4.6 per cent in the first half of the year. The growth rate of the economy improved from 4.4 per cent in Q1 2013- 14 to 4.8 per cent in Q2. Compared to Q1 2013-14, Q2 has evidenced a robust pick-up in the growth of the agricultural sector and a gradual recovery in the industrial sector.*

*(*Selected coverage of the Mid-Year Economic Analysis 2013-2014 report of the Ministry of Finance)*

GLOBAL ECONOMY

Although there was a slight improvement in the economies of developed markets in 2013, it was offset by slower growth in emerging economies. Overall, the global economic outlook is positive with industrial production forecast to grow by 4 per cent in 2014.

In 2013, the economic environment improved in developed markets, with growth in the EU, the US and Japan. The outlook for the EU improved in the latter half of 2013, with higher levels of employment, rising GDP and improved access to capital. The GDP continued to increase, although only by 0.3 per cent y-o-y, in the last quarter of 2013. The region is expected to see a gradual recovery backed by an accommodating monetary policy, low inflation and improving consumer and business sentiment.

INDIA STEEL INDUSTRY OUTLOOK

Domestic steel demand to remain muted during FY2012–17 on account of a weak macroeconomic environment. The demand for longs is expected to increase by 19 million ton (MT) at a CAGR of 9 percent and for flats by 16 MT at a CAGR of 8 percent between FY2012 and FY2017 (Exhibit 4). This is due to relatively weaker growth prospects of flats end-user industries (such as automotive and consumer durables) than those for longs.

STEEL SECTOR ANALYSIS REPORT

The Indian steel industry continued to showcase trends of higher consumption of finished steel. Currently, the steel consumption in India is second only to China. However, with the steel consumption in China expected to moderate at around 3 per cent, India is likely to emerge as the fastest growing steel consuming nation. Further, India's current per capita finished steel consumption at 52 kg is well below the world average of 203 kg. With rising income levels expected to make steel increasingly affordable, there is vast scope for increasing per capita consumption of steel.

Being a core sector, steel industry tracks the overall economic growth in the long term. Also, steel demand, being derived from other sectors like automobiles, consumer durables and infrastructure, its fortune is dependent on the growth of these user industries. The Indian steel sector enjoys advantages of domestic availability of raw materials and cheap labour. Iron ore is also available in abundant quantities. This provides major cost advantage to the domestic steel industry.

The Indian steel industry is largely iron-based through the blast furnace (BF) or the direct reduced iron (DRI) route. Indian steel industry is highly consolidated. About 60 per cent of the crude steel capacity is resident with integrated steel producers (ISP). But the changing ratio of hot metal to crude steel production indicates the increasing presence of secondary steel producers (non-integrated steel producers) manufacturing steel through scrap route, enhancing their dependence on imported raw material.

KEY POINTS	
Supply	With trade barriers having been lowered over the years, imports play an important role in the domestic markets.
Demand	The demand is derived from sectors that include infrastructure, consumer durables and automobiles.
Barriers to entry	High capital costs, technology, economies of scale, government policy.
Bargaining power of suppliers	Low for fully integrated players who have their own mines for raw materials. High, for non-integrated players who have to depend on outside suppliers for sourcing raw materials.
Bargaining power of customers	High, presence of a large number of suppliers and access to global markets.
Competition	High, presence of a large number of players in the unorganized sector.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

RISK MANAGEMENT

1. **Operational Risk : Lack of Power Supply**

   The Management has perceived this as a significant risk at its manufacturing facility and has accordingly developed its own 34 MW Captive Power Plant (12 MW on WHRB route and 22 MW through CFBC Route). This ensure optimum capacity utilisation.

2. **Industry Risk – Impact arising from downturn**

   The Company is not insulated from external sectoral realities, even as its extensive derisking makes it possible to protect against the full impact of a sectoral slowdown. As a mitigant, the company developed a niche customer base and has managed to establish itself as a **"most preferred vendor"** with major customers. Further the company also has planned to reduce manufacturing costs through significant optimisation measures to remain as the **"least cost producer"**.

3. **Quality Risk – Decline may result in customer attrition**

   The Company has put in place robust systems and processes to control quality of finished products. The processes established focus at minimal human intervention (inline ultrasonic one of the example) from raw material handling till the output is produced. Further as a proactive measure, customer feedback are held at the top most management level. All requisite certifications are done regularly through established agencies for maintaining quality. Modern raw material quality checks are implemented to reduce quality contamination.

4. **Competition Risk – Growing Competition is a risk**

   Competition Risk is mitigated through being proactive to customer requirements, maintaining desired quality, timely delivery and value based credit policy which are driven by the top most level of management. Significant steps are taken in streamlining and optimising manufacturing processes, including in house R & D, to deliver the best value to the customer.

5. **Currency Risk – Caused due to Import & Export**

   Appropriate financial planning, including instruments of hedging and currency swaps are used to reduce and mitigate currency risk. Further exports form a natural hedge against import of raw materials.

6. **Liquidity Risk – Unavailability of funds for operations**

   During the year under review, this posed a significant risk due to market downturn, steep rise in raw material prices, prolonged customer recoveries etc. All of the same strained working capital requirements. The Company has, as a measure to reduce such strains has decided to merge itself with Orissa Manganese & Minerals Limited (OMML) through a reverse merger to eliminate major taxation outflows.

RAW MATERIALS MANAGEMENT

The Company, during the period under review continued to procure its major raw materials, iron ore and manganese ore from mines located within a radius of 200 Km from the manufacturing facility. This strategy has helped in maintaining working capital cycle time as also minimising delays in the supply logistics.

Coal is being procured through linkages and from overseas sources through established procurement standards and contracts. Company's proposed merger with OMML would further reduce cost due to elimination of taxes.

MINING

Post-merger with OMML, mining of iron ore and manganese ore would be an integral part of business of your Company.

ENVIRONMENT

1. **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 captive power plant, DRI, blast furnace, 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 further make up water has been treated inhouse in order to remove the suspended particles and it is reutilised further as coolant in billet making. The above efforts with regards to water conservation have helped the Company achieve its aim of zero discharge.

2. **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 maintain the emission levels. Latest technology is used to control the dusty fumes from SMS (EAF/LRF) including primary and secondary dedusting technology 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 waste heat recovery system.

3. **Solid waste management:** The SMS slag is sent to the slag recovery plant for recycling of metal while the rest gets used for road filling 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.

4. **Green belt development:** Since inception significant species of trees have been planted in and around the plant. As of 31st March 2014 more than 60,000 square metres of area has been covered under this green belt initiative.

5. **Corporate Social Responsibility**

   As a measure of Green Initiative in Corporate Governanceî, the Ministry of Corporate Affairs (MCA) has now allowed the service of documents to all Members through electronic mode. As a measure to support such initiative, the Company would endeavour to send all its communications through electronic mode. The Company requests all its Members to be a part of this initiative and come forward and register their e-mail addresses so that all communications can flow with minimum footprint on the environment.

   As a part of our social engagement around our plant locations, dedicated CSR teams continue to work tirelessly for upliftment of society and enhance the lives of each individual through education, medical camps, vocational training and employment.

Financial Performance Highlights

₹ Lacs

Particulars	2013-2014	2012-2013
Net Revenue	175,847	172,111
EBITDA	30,019	31,661
PAT	31	282
EPS (Basic)	0.02	0.23
EBITDA Margin %	17	18
PAT Margin %	0.02	0.16
Debt - Equity Ratio	2.34	2.16

Net revenue increased marginally from ₹ 172,111 Lacs to ₹ 175,847 Lacs due to trading activities.

EBITDA margins weakened vis-a-vis the previous year due to higher input costs and lower capacity utilisation arising from raw material shortages. PAT margins were also less as compared to previous year.

During the period under review, debt increased due to additional borrowings for expansion /augmentation of manufacturing facilities.

Turnover Analysis

₹ Lacs

Particulars	2013-2014	2012-2013
Domestic Revenues	135,917	136,252
Export Revenues (including benefits)	15,273	18,943

Revenues from domestic sources remained at same levels vis-a-vis previous year. Export Revenues declines during the period under review from ₹ 18,943 Lacs to ₹ 15,273 Lacs due to weak global demand of Company's products.

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, capacity building and empowerment of women in more than 8 villages across different states of India.

All CSR programmes are executed in partnership with Nav Nirman Sanstha, the social arm for Adhunik Group, incorporated under the Societies Registration Act, 1860. For FY 2013-14, the CSR budget of Adhunik Group is about INR 110 million.

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

EMPOWERING WOMEN

Women's self - help groups were strengthened by enhancing their competencies by providing training to the women in phenyl making, domestic food products, candle making, stitching, tailoring and mushroom cultivation. Training was also imparted in pisciculture facilitating them to start their own enterprises. A total of 57 members of 5 women SHGs were benefited by such activities under the CSR projects of AML.

PROVIDING EDUCATION

Project Cyber Village: The aim of this project was to make village youths of 1-2 Gram Panchayats computer literate. During the FY 2013-2014, a total of 50 village youths including male and female were enrolled under the Project Cyber Village for computer literacy programme.

FACILITATING HEALTH CARE

Special health check-up camps were 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 referrals are treated at the nearby hospitals and nursing homes. About 450 village patients from 6 periphery villages of AML had undergone medical treatment through Rural Medical Camps during FY 2013-2014.

PROMOTING SPORTS AND CULTURE

In order to encourage sports, sportsgears were provided to the local youth, playgrounds were maintained. MP Memorial Football tournament (inter-panchayat) is held at Kuarmunda (Orissa). Sporting events for women are also held at Kuarmunda.

DEVELOPING INFRASTRUCTURE

Project Amritdhara 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 where as AML in collaboration with Brace Foundation came out with a revolutionary technology to devise an economical and safe drinking water programme.

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

A children's park was also developed in Kuarmunda. Renovation/ construction of bus-sheds were undertaken.

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

CREATING LIVELIHOOD OPPORTUNITIES

The Group is focused on conducting various training programmes on computers, painting, repair & 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 helped the women to become self-sufficient. Apart from the above training measures, marketing assistance is also provided.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Thirteenth Annual Report on the operations of your Company along with the standalone and consolidated financial results for the financial year ended June 30, 2014.

FINANCIAL RESULTS

The financial performance of the Company for the financial year ended June 30, 2014 and June 30, 2013 is summarized below:

(₹ in Lacs)

Particulars	Standalone Results		Consolidated Results	
	2013-14	2012-13	2013-14	2012-13
Revenue from Operation & Other Income (Net)	175,846.92	172,111.19	264,737.74	308,921.30
Profit/(Loss) before interest, depreciation and tax	30,019.14	31,661.26	56,469.32	75,941.29
Profit/(Loss) before tax	(1,034.10)	(703.09)	4,236.91	10,810.96
Profit/(Loss) after taxation	30.86	282.02	4,040.51	8,719.80
Appropriations	-	-	-	-
Dividend	-	-	-	-
Transfer to General Reserve	-	-	-	-

OPERATIONS

During the year under review, total revenue registered a marginal increase from ₹ 172,111.19 Lacs in FY 2012 -2013 to ₹ 175,846.92 Lacs. Due to higher raw material costs during the period under review, operating losses increased from ₹ 703.09 Lacs to ₹ 1,034.10 Lacs. EarningPer Share (EPS – Basic & Diluted) stood at ₹ 0.02 as compared to ₹ 0.23.

The Company's consolidated net sales decreased from ₹308,921.30 Lacs in FY 2012 -2013 to ₹ 264,737.74 Lacs and operating profit decreased from ₹ 10,810.96 Lacs during the previous year to ₹ 4,236.91 Lacs during the current year.

On an overall basis all segments, in which the Company operates, faced tremendous pressure due to shortage of feed raw materials as also from steep increase in prices of raw materials. Significant segments of operations had to be scaled down during the period under review which affected economic scale of operations resulting in moderate growth and mounting losses. Your Company further faced significant challenges in its operating sector due to falling prices of finished products, spurred by significant imports from countries like China, Korea etc.

FINANCIAL YEAR

The financial year of the Company is from 1st July, 2013 to 30th June, 2014.

DIVIDEND

The Board does not recommend any dividend for the Financial Year 2013-2014.

CAPITAL

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

EMPLOYEE STOCK OPTION SCHEME (ESOP)

The Company has in place Adhunik Employee Stock Option Plan ('ESOP 2012') for employees of the Company as well as employees of the subsidiaries which continue with the Company's philosophy of encouraging the employees to be partners in the growth of the organization. ESOP Scheme is administered by the Remuneration Committee of the Board of Directors of the Company.

During the year under review, 764,332 Stock Options have vested with the employees of the Company and its subsidiaries and 620,694 Stock Options have been forfeited till 30th June 2014. As on 30th June 2014, none of the Options have been exercised.

The disclosures required to be made under Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, together with a certificate obtained from the Statutory Auditors, confirming compliance thereto, are provided in Annexure A 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

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

SUBSIDIARIES & OPERATIONS

Your Company's wholly owned subsidiary, Orissa Manganese & Minerals Limited (OMML) operates Ghatkuri Iron Ore Mines in the State of Jharkhand and Patmunda and Orahuri Manganese Ore Mines in the state of Odisha. Also OMML has pellet plant at Kandra, Jharkhand. OMML's revenue for the year under review is ₹96,007.10 lacs and recorded an increase of ₹1,319.81 lacs vis-a-vis the previous year.

In view of general exemption from the applicability of Section 212 of the Companies Act, 1956 granted by the Ministry of Corporate Affairs vide its General Circular no.2/2011 dated 8th February 2011, the Annual Report of the subsidiary companies have not been annexed. The annual accounts of the subsidiary companies are available for inspection by any shareholder at the registered office of both the holding and the subsidiary companies on any working day during business hours. The annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies on receipt of a written request from such shareholders. The consolidated Balance Sheet also comprises the following information for each subsidiary:-(a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend.

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. In conformity with the provisions of Clause 32 of the Listing Agreement the cash flow statement for year ended June 30, 2014 is included in the annual accounts.

SCHEME OF AMALGAMATION

As reported last year, your Directors approved amalgamation of the Company with its wholly owned subsidiary i.e Orissa Manganese & Minerals Limited. The Company has filed the confirmation Petition before the Hon'ble High Court, Cuttack (Odisha) and the same is pending for approval at present.

The amalgamation, if approved will be advantageous and beneficial to all stakeholders of your Company.

DIRECTORS

Shri Ghanshyam Das Agarwal (DIN- 00507800) who retires by rotation and being eligible offers himself for re-appointment.

Shri Gopal Dikshit (DIN 0090579) and Shri Amrendra Prasad Verma, (DIN 00236108) were appointed as Additional Directors of the Company with effect from 13th November, 2013 and 11th February, 2014, respectively, and they hold office upto the date of the ensuing Annual General Meeting. The Company has received Notice under Section 160 of the Companies Act, 2013, along with required deposit, from a member proposing their candidature for the office of Directors (Independent) of the Company. The Board recommends for their appointment as Independent Directors of the Company.

In terms of the provisions of Section 149 and 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014, which became effective from 1 April 2014, an Independent Director of a Company can be appointed for a term of 5 years each and shall not be liable to retire by rotation. To comply with the above provisions, it is proposed to appoint Shri Gopal Dikshit (DIN 0090579) and Shri Amrendra Prasad Verma, (DIN 00236108) as Independent Directors of the Company to hold office for consecutive years from the date of this annual general meeting, and they shall not be liable to retire by rotation.

Pursuant to the notification of Section 149 and other applicable provisions of the Companies Act, 2013 read with rules thereon and Clause 49 of the Listing Agreement, the following Independent Directors viz. Shri Nandanandan Mishra (DIN 00031342, Shri Nihar Ranjan Hota (DIN 01173440), Dr. Ramgopal Agarwala (DIN 02054856, Shri Raghaw Sharan Pandey (DIN 02306586) are proposed to be appointed as Independent Directors for five years from the date of ensuing AGM.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149 (6) of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

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, 2014, 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, 2014 and of the loss of the Company for that period;

iii. The Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. A separate section on Corporate Governance is annexed and forms part of the Annual Report. 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 ofthe 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, 2014. A declaration to this effect signed by the Managing Director is annexed and forms part of the Annual Report.

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, 2013	4	824
Number of shareholders who approached the Company for transfer of shares from suspense account during the period under review	Nil	Nil
Number of shareholders to whom shares were transferred from the suspense account during the period under review	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on June 30, 2014.	4	824

The voting rights on the shares outstanding in the suspense account as on June 30, 2014 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 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 Rs. 97,441/- towards unclaimed dividend for the financial year 2005-06 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 23rdJuly, 2012, the Companies are required to file 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. Pursuant to section 139 of the Companies Act, 2013 and rules framed thereunder, it is proposed to appoint M/s. Das & Prasad, Chartered Accountants as Statutory Auditors of the Company form the conclusion of the ensuing AGM till the conclusion of the 14th AGM to be held for F.Y. 2014-15.

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

COST AUDITORS

In respect of financial year ended 30thJune, 2014, your Company has re-appointed M/s. Saroj K Babu& Co., Cost Accountants, as Cost Auditor of the Company for FY2014-15 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 Directors wish to place on record their appreciation for the continuous support and guidance of all Governmental Authorities, Central and States. It further acknowledges and wishes to place on record the deep appreciation for support of Financial Institutions, Banks and various stakeholders, such as, shareholders, customers and suppliers, among others. The Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. The Directors look forward to their continued support in future.

For and on behalf of the Board

Sd/-

Place: Kolkata
Date: 30.08.2014

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)

I. ENERGY CONSERVATION

a) Particulars relating to Energy Conservation

Division	Energy Conservation measures	Impact in energy savings
Sinter	Ignition furnace and sinter machine Flue gas analysis for O2 % detection Screening of all IBRM having higher percentage of +10 mm particles Installation of Oxygen analyser in PMD/SMD of sinter plant	This is saving the coke consumption in sinter. The coke consumption is being saved in tune of 10 Kgs/mt from existing 85 Kgs to 75 Kgs/Mt. This reduces return sinter & increase the sinterability of the burden reducing coke consumption Analyses the optimum moisture in burden which saves the coke consumption during sintering process
Blast Furnace	Converting the oil fired boiler into blast furnace gas fired Enhancing the blower (old) with new higher capacity blower	This utilizes the Blast furnace gas to produce steam for the VD boiler, this has reduced the flaring of the Blast furnace gas to the extent of 10% from existing level Energy consumption of the blower is reduced by new blower
SMS	Ladle/Tundish heating system in SMS I Lime fines injection in SMS I Lumar lance installation for the BOF Installation of the Ladle Refining Furnace & Turret in CCM III	Furnace oil / High speed diesel is being replace by the Blast furnace gas for ladle and Tundish heating respectively This results in early slag making reducing the electrical energy consumption Increasing the oxygen efficiency in BOF & reducing tap to tap time LRF has been installed in SMS II which has reduced the chemical energy consumption in BOF by acting as the intermediate vessel, this also increases the heat sequence in caster there by reducing the overall cost & billet yield
DRI	Coal fines injection system in DRI I	Auto separation of < -4 mm high grade coal which is to be injected through the discharging end of kiln. This effectively uses the coal distribution in kiln reducing wastage
Rolling Mill	Installation of Pilot burner in reheating furnace of RM I & II	Pilot burner uses the Blast furnace gas and Producer gas for preheating zone thereby reducing the furnace oil consumption
CPP	Higher char usage in CPP	Modification in Captive power plant to use maximum % return char from DRI plant (Inhouse generated) and purchased char. This has reduced the coal consumption per GCV in power plant

ANNEXURE TO THE DIRECTORS' REPORT (CONTINUED)

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

Division	Energy Conservation measures	Impact in energy savings
Sinter	Lime Dozing in sinter plant	Lime dozing will reduce the coke consumption by increasing the sinter ability of the burden
Blast Furnace	Installation of Waste Heat Recovery System	Waste heat recovery will utilize the in-situ heat energy generated from Blast furnace exhaust for preheating and increasing the hot blast temperature. This WHRB will increase the temperature of the input blast upto level of 1500C which heats up the top area i.e., chequered brick of the hot blast stove and further increase in the input blast in the blast furnace
	Installation of Booster fan	Booster fan will increase the BF gas pressure which further increases the pressure thereby improving the burden efficiency and reducing the coke consumption
	Installation of Oxygen skid enrichment of Hot blast stove	Installation of Oxygen skid will increase the oxygen enrichment in the hot blast which will reduce the coke consumption in blast furnace. With this the amount of Oxygen input in the hot blast increase and the burning tendency of the Coke at Bosch region of the blast furnace and increase the heat inputs thereby reducing the coke consumption.
	Robotic Gunning of MBF proper	Gunning will increase the thickness of refractory proper of the furnace thereby reducing the heat loss through shell and savings in effective coke rate. The coke rate could be reduced upto the extent of 15-20 Kgs/Mt of the hot metal produce.
SMS	Ladle/Tundish heating system in SMS II	Furnace oil / High speed diesel is being replace by the Blast furnace gas & Producer gas for ladle and Tundish heating respectively. AML is flaring the 15-20% of the heat generated due to Blast furnace operations this high calorific heat 700 Kcal/Kg is being utilized to preheat the cold Ladle and Tundish in the steel melting shop.
	Installation of VVFD for GCP	This will reduce the auxiliary electrical consumption. Currently there will be savings around 30% from existing level of auxiliary electrical consumption
CPP	Installation of VVFD in various units of CPP	To reduce the auxiliary consumption, to put VFD in HT- BFP, Air Compressor and SA fan in the 1st phase it will be done for MCW Pump, CT Fans , PA Fans & LT BFPs . This will bring down the auxiliary consumption of the CPP from current 20% upto 12% resulting in the effective increase in the production of the power.
Rolling Mill	Replacement of Coal tar by Furnace Oil	Modification of burners (preheating, heating and soaking zone) in order to replace the furnace oil with cheaper coal tar as fuel.

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

All this projects installed and proposed to installed will results in cost savings by reducing the energy consumption by means of electrical energy, thermal energy and chemical energy.

Disclosure of Particulars with respect to Conservation of Energy is given in Form A.

II. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Efforts made in Technology Absorption are given in Form B.

ANNEXURE TO THE DIRECTORS' REPORT (CONTINUED)

III. 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	2013-14 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
- Foreign exchange earnings	44,333.30	41,941.22
- Foreign exchange outgo	2,405.65	2,876.03

FROM A

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

Particulars	Standards, if any	2013-14	2012-13
A. Power and fuel consumption			
1. Electricity			
a) Purchased			
Unit (Lakhs – Kwh)		1010.65	1685
Total amount (Rs. In lakh)		6500.21	9864
Rate/unit (Rs. In lakh)		6.43	5.85
b) Own generation			
i. Through diesel generator			
Unit (Lakh – Kwh)		0.25	2.14
Units per ltrs. of high speed diesel		3.29	4.06
Cost/unit (Rs. In lakh)		17.35	12.50
ii. Through steam turbine/generator			
Units (Lakh – Kwh)		1694.76	1976
Total Amount (Rs. In lakh)		5694.73	10689
Cost/unit (Rs. In lakh)		3.36	5.41
2. Coal			
Quantity (tones)		309,405	593605
Total cost		130,15,16,827	2,531,710,150
Average rate		4206	4265
3. Furnace oil			
Quantity (k. ltrs.)		1196.669	325.7
Total amount (Rs. In lakh)		531.43	132.5
Average rate (Rs. per k. ltrs.)		44.41	40.68
4. Light diesel oil			
Quantity (k. ltrs.)		0.00	0.00
Total amount (Rs. In lakh)		0.00	0.00
Average rate (Rs. per k. ltrs.)		0.00	0.00
5. High speed diesel oil			
Quantity (k. ltrs.)		668.405	1198.76
Total amount (Rs. In lakh)		386.79	528.65
Average rate (Rs. per k. ltrs.)		57.90	44.10
6. Coke			
Qty.(tones)		112,193.04	112,361
Total cost		187,58,41,110	2,118,445,760
Avg. rate		16,719.76	18854

ANNEXURE TO THE DIRECTORS' REPORT (CONTINUED)

Particulars	Standards, if any	2013-14	2012-13
B. Consumption (in Units) Per Tonne of Sponge Iron			
Electricity		109.92	87.83
Coal		1.64	
Furnace oil		0.00	0.00
Others			
Light diesel oil (ltrs.)		0.00	
High speed diesel oil (ltrs.)		0.89	0.85
C. Consumption (in units) per tonne of pig iron from MBF			
Electricity		125.55	134.35
Coal		0.00	
Furnace oil		0.00	0.00
Others		0.00	
Light diesel oil (ltrs.)		0.00	
High speed diesel oil (ltrs.)		0.14	0.03
D. Consumption (in units) per tonne of billet			
Electricity		528.46	446.43
Coal		0.00	
Furnace oil		1.99	0.59
Others		0.00	
Light diesel oil (ltrs.)		0.00	
High speed diesel oil (ltrs.)		1.25	2.09
E. Consumption (in units) per tonne of rolled steel			
Electricity		141.08	108.67
Coal		0.00	
Furnace oil		17.35	1.84
Others		0.00	
Light diesel oil (ltrs.)		0.00	
High speed diesel oil (ltrs.)		1.22	2.34
F. Consumption (in Units) Per Tonne of Silico-manganese & Ferro Chrome Ferro Silicon			
Electricity		3110.27	3982.35
Coal		0.260	
Furnace oil		0.00	0.12
Others		0.00	
Light diesel oil (ltrs.)		0.00	
High speed diesel oil (ltrs.)		0.49	3.14
G. Consumption (in units)per ton of pig iron from Ferro Alloys Division			
Electricity		0.00	2400
Coal		0.00	
Furnace oil		0.00	0.00
Others		0.00	
Light diesel oil (ltrs.)		0.00	
High speed diesel oil (ltrs.)		0.00	0.00

ANNEXURE TO THE DIRECTORS' REPORT (CONTINUED)

FROM B

Form of Disclosure of Particulars with respect to technology absorption

RESEARCH & DEVELOPMENT (R & D)

Specific areas in which R & D carried out by the Company.	Modification of the Basic Oxygen Furnace Proper: BOF is being modified in terms of the vessel design and the refractory lining profile. Primary cooling system has been modified in order to take more offtake of the gases thereby reducing the pollution in the shop. AML has able to produce the value added grade like 250 PG/350 PG, Fe500D grade through Basic oxygen furnace-LRF-CCM3. This controlled chemistry product has been always a hot selling product from Arc furnace, with our changes in the operating practices and hard research AML is able to produce the same from more cheaper production process of BOF.
Benefits derived as a result of the above R & D	This ensured the secondary combustion of the high energy gases CO and converted to CO2 of which energy is utilized in-situ. This reduces the external energy input thereby increasing the efficiency of the oxygen inputs.Due to production of the value added grade at cost effective rates from BOF AML is able to achieve better realization
Future plan of action	Next plan to produce the Low alloy steel/High carbon grade steel through BOF route with few modification in the caster. Further research is going on the developing the value added grade for spring steel of 20.66 mm diameter for Indian railways and defence sector. Understanding the requirement of the 10,000,00. MT per year of the requirement very few alloy steel producer is in the race to develop the product. Out of which Adhunik has taken the initial trial and successfully rolled the required grade. Further research is required to streamline the mass and quality production of the grade.
Expenditure on R & D	(see table below)

Particulars	2013-14 (₹ in Lakhs)
Capital	-
Revenue	-
Total	-

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts, in brief, made towards technology absorption, adaptation and innovation	Utilization of Virtual Lance Burner for making the steel from 100% Hot metal, for cost effective production. M/s BSE Germany experts have created a simulated model & provide us a feedback.
	Higher intensity magnetic separator for the not magnetic separation in DRI plant
Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, among others	With 2 Nos VLB's and the carbon injector working continuously, AML has achieved the usage of 100% hot metal as input for steel making with 15-20% coolant as DRI and Scrap. This innovation leads to flexibility to use cheaper hot metal over DRI, this further reduces the cost of production of the finished steel. This also uses oxygen as carrier gas instead of higher cost propane
	Higher intensity magnetic separator (China make) is effective in separating the Char from the DRI. Benefits of this technology
	1. Increase in the yield of the liquid steel in SMS
	2. Reduces the tap to tap time
	3. Increase the productivity of the shop
	4. Reduces the refractory consumption and cost
	5. Increase the campaign life of the electric arc furnace
	6. Decrease in the flux consumption of the SMS shop

ANNEXURE TO THE DIRECTORS’ REPORT (CONTINUED)

In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:	
Technology imported	VLB and High Intensity Magnet
Year of import	FY 2012-13 & 2013-14
Has technology been fully absorbed?	Under implementation
If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.	It has been fully absorbed and results are evident from the production.

Annexure ‘A’ to Directors’ Report

Statement as at June 30, 2014, 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	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 2014)	764,332
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/forfeited during the year	620,694
g.	Variation of terms of options	Not Applicable
h.	Money realised by exercise of options during the year (in ₹)	NIL
i.	Total number of options in force	3,087,949
j.	Employee wise details of options granted	**Sl. No. – Name of the Employees – No. of Shares** 1. – Sanjay Pratap – 321,951 2. – Anil Jain – 203,252
k.	any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year;	None
l.	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	None
m.	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’	₹ 0.02

ANNEXURE TO THE DIRECTORS' REPORT (CONTINUED)

Sl. No.	Particulars	Employee Stock Option Scheme 2012
n.	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.
o.	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.
p.	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:	Fair Value of Options has been calculated by using Black Schole's Method with the following underlying assumptions:
	(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 approximately ₹ 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 Rupees)	Nature of Employment & other terms	Nature of Duties	Qualification	Experience (yrs)	Date of Employment	Age	Last Exployment & Designation	% of Equity Shares held
1	Manoj Kumar Agarwal #	Managing Director	120,00,000	Regular	Management and Overall incharge	BE (Engg.)	20	16.03.2004	44	Nil	1.05
2	Sanjay Pratap	ED - Mines & Govt. Affairs	90,00,000	Regular	Management	BA, LLB	23	01.11.2009	48	Bhusan Steel & Strips Limited	Nil
3	Sanjeev Kumar	EVP & Group CIO	69,99,996	Regular	Management	Master in Computer Management, B.Tech.	27	24.05.2010	52	Polygenta Technologies Limited- CIO & Team Leader	Nil
4	Anil Jain ##	Executive Director - Group Finance	93,75,003	Regular	Incharge of Finance	B.Com.(Hons.), ICAI, ICSI, ICWAI	20	09.03.2012	43	Punj Llyod Limited - Exec. VP (Corporate Affairs & Investor Relations)	Nil
5	Ashok Kumar ##	CEO	22,21,705	Regular	Management	BSc Engineering (Metrology)	40	16.06.2014*	64	Steel Authority of India Limited- Bhilai Steel Plant- CEO	Nil
6	Sanjay Sharma ##	CEO	73,85,064	Regular	Management	BSc Engineering Metrology)	41	02.09.2013	58	Maithan Ispat Limited- Director (Operation)	Nil

Due to inadequate profit, no remuneration was paid. But provision has been made in the books towards the M.D. Remuneration payable.
Employed for a part of the year.
* Rejoined during the year.

For and on behalf of the Board

Sd/-
Ghanshyam Das Agarwal
Chairman

Place: Kolkata
Date: 30.08.2014

DETAILS AS PER MCA DIRECTION UNDER SECTION 212 OF THE CONPANIES ACT, 1956 AS ON 30.06.2014

Figures in Lakhs except for number of shares

Particulars	2013-14			
	OMML	VRL	OGRPL	GCRL
Authorized Capital	2,500.00	20.00	0.01	0.01
Paid-up Capital	2,000.00	17.00	0.01	0.01
Reserves	44,679.47	31.49	139.05	(25.45)
Total Assets	250,126.50	579.58	388.33	0.01
Total liabilities	203,447.03	531.09	249.27	25.45
Investments other than investment in subsidiaries	42,305.69	-	-	-
Turnover	96,007.10	38.80	0.01	-
Profit/(Loss) Before Taxation	5,454.41	12.19	(3.71)	-
Provision for Taxation	1,256.39	-	-	-
Profit/(Loss) after Taxation	4,198.02	12.19	(3.71)	-
Proposed Dividend	-	-	-	-

Notes

- OMML (Orissa Manganese & Minerals Limited)
- VRL (Vasundhra Resources Limited)
- OGRPL (Orchid Global Resources Pte. Limited)
- GCRL (Global Commodity & Resources 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 finacial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in Col. 6).	Profit/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company.	Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in Col. 8).	Profit/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Orissa Manganese & Minerals Limited	30.06.2014	20,000,000	100%	4,198.02	-	16,003.61	-
Orchid Global Resources Pte. Limited (Step down Subsidiary)	31.03.2014	1	100%	(3.71)	-	128.47	-
Vasundhra Resources Limited (Step down Subsidiary)	31.03.2014	100,000	58.82%	12.19	-	-	-
Global Commodity & Resources Limited (Step down Subsidiary) #	31.03.2014	1	100%	(25.45)	-	-	-

W.e.f. 01-07-2013

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:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors ('the Board') is at the core of our Corporate Governance practices and oversees all functions and processes relating to management of resources with a single aim – to maximize stakeholder value. The Board consists of experienced and qualified individuals with long standing experience in industry, which enables focused approach to enhancing stakeholder's long term goals.

The Board of Directors and Management of Adhunik commit themselves to:

i. Enhancement of Shareholders Value through prudent and informed decision making in a transparent environment.

ii. Continuous improvement in systems and processes and review of decision making process through implementation of modern control tools.

iii. Ensure safety, health and environment management by making it an integral part of the Company's business strategy and to actively promote awareness of safety, health and environment issues throughout the Company and to our business partners.

iv. Continuous improvement and review of Environment Management Plan (EMP) for all its facilities in order to reduce environmental footprint.

v. Achieve excellence in all activities by implementing Total Productive Maintenance (TPM) with the involvement of all employees to reduce cost, increase productivity and improve quality continuously with the aim of achieving **"Zero Failure, Zero Defect and Zero Accident"**.

2. BOARD OF DIRECTORS

a. COMPOSITION

The Board consists of an optimal mix of Executive and Non-Executive Director. The Board further endeavors to appoint Women Director within the time limits specified under the amended Companies Act, 2013.

During the review period, the Board consisted of twelve (12) Directors.

During the period under review, the Board met five times on July 22, 2013, August 28, 2013, November 13, 2013, February 11, 2014 and May 14, 2014 respectively.

The constitution of the Board during the financial year ended June 30, 2014 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 Director	Attendance		Category of Directors	Other Directorship	Other Committee Membership	Other Committee Chairmanship
		Board	Last AGM				
1	Shri Ghanshyam Das Agarwal	5	Yes	Non-executive Chairman	8	4	X
2	Shri Jugal Kishore Agarwal	5	No	Non-executive Director	13	2	X
3	Shri Nirmal Kumar Agarwal	4	No	Non-executive Director	9	3	X
4	Shri Mohan Lal Agarwal	5	No	Non-executive Director	11	3	X
5	Shri Mahesh Kumar Agarwal	5	No	Non-executive Director	9	2	1
6	**Shri Surendra Mohan Lakhotia	3	No	Independent Director	X	X	X
7	Shri Nihar Ranjan Hota	4	Yes	Independent Director	X	X	X
8	Dr. Ramgopal Agarwala	5	No	Independent Director	1	1	X
9	Shri Nandanandan Mishra	5	No	Independent Director	4	5	2
10	Shri Raghaw Sharan Pandey	5	No	Independent Director	X	X	X
11	*Shri Gopal Dikshit	3	No	Independent Director	1	1	X
12	***Shri Amrendra Prasad Verma	1	No	Independent Director	4	X	X
13	Shri Manoj Kumar Agarwal	5	No	Managing Director	8	2	X

S. No.	Notes
1.	Directors (serial nos. 1 to 5 and 13) are related to each other.
2.	Committee includes Audit Committee and Stakeholders' Relationship 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 Gopal Dikshit was appointed as an Independent Director w.e.f. November 13, 2013.
8.	** Shri Surendra Mohan Lakhotia ceased to be Director w.e.f January 20, 2014 due to his sudden demise.
9.	*** Shri Amrendra Prasad Verma was appointed as an Independent Director w.e.f February 11, 2014

b. Shareholding of Directors in the Company as on June 30, 2014

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

* Shri Gopal Dikshit was appointed as an Independent Director w.e.f. November 13, 2013.

** Shri Surendra Mohan Lakhotia ceased to be Director w.e.f January 20, 2014 due to his sudden demise.

*** Shri Amrendra Prasad Verma was appointed as an Independent Director w.e.f February 11, 2014

3. COMMITTEES OF THE BOARD

The Board has constituted three committees as follows:

a. 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 cessation of Shri Surendra Mohan Lakhtoita w.e.f. January, 20, 2014 due to sudden demise, the total strength of Audit Committee was reduced to 5 and Shri Nandanandan Mishra was appointed as Chairman of Audit committee w.e.f February 11, 2014. During the Financial year ended 30th June, 2014, the Audit Committee ('the committee') comprised of the following members:

Chairman : Shri Nandanandan Mishra, Independent Director

Members : Shri Nihar Ranjan Hota, Independent Director, Dr. Ramgopal Agarwala, Independent Director, Shri Raghaw Sharan Pandey, Independent Director, Shri Manoj Kumar Agarwal, Managing Director

Secretary : Shri Anand Sharma, Company Secretary **

** Shri Anand Sharma, Company Secretary acted as the Secretary for meetings till 30th June, 2014 and thereafter, professionals from the Secretarial Department acted as Secretary to such meeting.

AUDIT COMMITTEE MEETINGS

The Committee met five times during the period under review on July 22, 2013, August 28, 2013, November 13, 2013, February 11, 2014 and May 14, 2014. 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	Shri Surendra Mohan Lakhotia*	Shri Nihar Ranjan Hota	Dr. Ramgopal Agarwala	Shri Nandanandan Mishra	Shri Raghaw Sharan Pandey	Shri Manoj Kumar Agarwal
Attendance at Meetings	3	4	5	5	5	5

* Ceased to be Director w.e.f. January 20, 2014 due to sudden demise.

The Chairman of the Audit Committee was not present at the last Annual General Meeting

- ✓ The Audit Committee held discussions with the Statutory Auditors on the audit of the quarterly / half-yearly accounts, the yearly audit plan, matters relating to compliance of Accounting Standards and Policies, their observations arising from the Audit of the Company's Accounts and other related matters.
- ✓ The Audit Committee during their 5 (five) meetings reviewed with the Management and the Auditors (both external and internal) all issues which are required to be reviewed by the Audit Committee pursuant to the Listing Agreement with the Stock Exchanges as also the Companies Act, 1956. The Audit Committee has also reviewed the observations of the Internal and Statutory Auditors in relation to all areas of operations of the Company as also the internal control systems. The Audit Committee has also reviewed the actions taken by the Company on various observations and queries of the Auditors.

b. NOMINATION AND REMUNERATION 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. On 14th May, 2014, the Compensation Committee has been renamed to "Nomination and Remuneration Committee" in requirements of Companies Act, 2013 and listing agreement.

The constitution of the Nomination and Remuneration Committee ('the committee') is as follows:

Members : Shri Nihar Ranjan Hota, Independent Director, Shri Nandanandan Mishra, Independent Director, Dr. Ramgopal Agarwala, Independent Director

Secretary : Shri Anand Sharma, Company Secretary **

** Shri Anand Sharma, Company Secretary acted as the Secretary for meetings till 30th June, 2014 and thereafter, professionals from the Secretarial Department acted as Secretary to such meeting.

The Nomination and Remuneration 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 Executive Directors and also reviews the compensation levels vis-à-vis other companies and the industry in general. Subsequent to cessation of Shri Surendra Mohan Lakhotia w.e.f. January 20, 2014, owing to his sudden demise, the total strength of the Nomination and Remuneration Committee was reduced to 3. During the period under review, the members of the Committee met once i.e. on February 11, 2014.

Attendance record of Nomination and Remuneration Committee members

Name of the Director	Shri Surendra Mohan Lakhotia*	Shri Nihar Ranjan Hota	Dr. Ramgopal Agarwala	Shri Nandanandan Mishra
Attendance at Meetings	--	1	1	1

* Cessation w.e.f. January 20, 2014, due to sudden demise.

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

Details of remuneration paid to the Directors during the financial year ended on June 30, 2014

Name of Director	Designation	Remuneration & Perquisites	Board Meeting sitting fees (In ₹)	Committee meeting fees (In ₹)	Total (In ₹)
Shri Ghanshyam Das Agarwal	Non-executive Chairman	Nil	1,00,000	Nil	1,00,000
Shri Jugal Kishore Agarwal	Non-executive Director	Nil	1,00,000	Nil	1,00,000
Shri Nirmal Kumar Agarwal	Non-executive Director	Nil	80,000	Nil	80,000
Shri Mohan Lal Agarwal	Non-executive Director	Nil	1,00,000	Nil	1,00,000
Shri Mahesh Kumar Agarwal	Non-executive Director	Nil	1,00,000	Nil	1,00,000

Name of Director	Designation	Remuneration & Perquisites	Board Meeting sitting fees (In ₹)	Committee meeting fees (In ₹)	Total (In ₹)
Shri Surendra Mohan Lakhotia *	Independent Director	Nil	60,000	30,000	90,000
Shri Nihar Ranjan Hota	Independent Director	Nil	80,000	50,000	1,30,000
Dr. Ramgopal Agarwala	Independent Director	Nil	1,00,000	60,000	1,60,000
Shri Nandanandan Mishra	Independent Director	Nil	1,00,000	60,000	1,60,000
Shri Raghaw Sharan Pandey	Independent Director	Nil	1,00,000	50,000	1,50,000
Shri Gopal Dikshit	Independent Director	Nil	60,000	Nil	60,000
Shri Amrendra Prasad Verma	Independent Director	Nil	20,000	Nil	20,000
**Shri Manoj Kumar Agarwal	Managing Director	Nil	Nil	Nil	Nil

*Cessation w.e.f. January 20, 2014, due to sudden demise.

** Approval for payment of Remuneration to Shri Manoj Kumar Agarwal for F.Y 2013-14 is still pending to be received from Central Government in requirement of Companies Act, 1956 and Companies Act, 2013 (to the extent applicable).

c. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Shareholders/ Investors' Grievances Committee, on 14th May, 2014, has been renamed to "Stakeholder's Relationship Committee" in accordance with the requirements of Companies Act, 2013 and listing agreement.

Subsequent to sudden demise of Shri Surendra Mohan Lakhotia on January 20, 2014, the Stakeholder's Relationship Committee was reconstituted by the Board on 14.05.2014 to induct Dr. Ramgopal Agarwala and Shri Nirmal Kumar Agarwal as member and to accept resignation of Shri Mahesh Kumar Agarwal as a member to the Stakeholder's Relationship Committee. During the Financial year ended 30th June, 2014, the Stakeholder's Relationship Committee ('the committee') comprised of three Non-executive Directors including one Independent Director. They are:

Members : Dr. Ramgopal Agarwala, Independent Director, Shri Ghanshyam Das Agarwal - Director, Shri Nirmal Kumar Agarwal - Director

Secretary : Shri Anand Sharma, Company Secretary **

** Shri Anand Sharma, Company Secretary acted as the Secretary for meetings till 30th June, 2014 and thereafter, professionals from the Secretarial Department acted as Secretary to such meeting.

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 Committee met five timesduring the period under review on August 28, 2013, November 13, 2013, December 11, 2013, February 11, 2014 and May 14, 2014.

Attendance record of Stakeholders' Relationship Committee

Name of the Director	Shri Ghanshyam Das Agarwal	Shri Mahesh Kumar Agarwal	Shri Surendra Mohan Lakhotia*
Attendance at Meetings	5	5	3

* Cessation w.e.f. January, 20, 2014, due to sudden demise

Details of queries and grievances received and disposed of during F.Y. 2013-14 (As per R & TA records)

Sl. No.	Nature of query/complaint	Received	Disposed off
1	Non-receipt of refund	Nil	Nil
2	Non-receipt of dividend	Nil	Nil
3	Non-receipt of electronic credit	Nil	Nil
4	Duplicate refund order	Nil	Nil
5	SEBI/Stock Exchange complaints	1	1
6	Duplicate dividend warrant*	11	11
	Total	12	12

* Includes duplicate/revalidation/correction of dividend warrant

No complaints were pending as on June 30, 2014.

d. MANAGEMENT & FINANCE COMMITTEE

Your Company has a Management & Finance Committee with powers to approve strategies, plans, policies and actions related to corporate finance. The committee comprises of the following Directors as on 30th June, 2014:-

Shri Jugal Kishore Agarwal, Director

Shri Ghanshyam Das Agarwal, Director

Shri Nirmal Kumar Agarwal, Director

Shri Manoj Kumar Agarwal, Managing Director

The Committee met twenty times during the period under review on 13th July, 2013, 10th September,2013, 16th September, 2013, 21st September, 2013, 10th October, 2013, 24th October, 2013, 25th November, 2013, 12th December, 2013, 26th December, 2013, 17th January, 2014, 22nd January, 2014, 13th February, 2014, 19th February, 2014, 12th March, 2014, 21st March, 2014, 2nd April, 2014, 4th April, 2014, 16th May, 2014, 9th June, 2014 and 20th June, 2014.

Attendance record of Management & Finance Committee

Name of the Director	Shri Jugal Kishore Agarwal	Shri Ghanshyam Das Agarwal	Shri Nirmal Kumar Agarwal	Shri Manoj Kumar Agarwal
Attendance at Meetings	20	20	20	20

4. 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.

5. CODE OF CONDUCT

Code of Conduct (the "Code") 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 Codeis available for public viewing 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 2014.

Sd/-

Place : Kolkata
Dated : 30th August, 2014

Manoj Kumar Agarwal
Managing Director

6. 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 36 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 'StarPerformer' (Large Enterprise) for Export Excellence 2009-10 in product group-basic iron and steel by EEPC INDIA.

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 visualizes and ensure establishment of Nav Nirman Sanstha (a socialorganisation 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 is the Managing Director of the Company. 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.

Shri Agarwal's entrepreneurial acumen has given the group a tremendous growth in a very short span of time. His managerial skills and entrepreneurship has been recognised by many noted organisation since the inception of the group. He has been conferred with 'Dynamic Entrepreneur of the year' 2013 (Business Transformation) award. Not only that, his zeal to extend supported to the society particularly the deprived class and to bring them to the main stream of life have also been awarded by different renowned organizations and government of Odisha and Jharkhand as well.

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.

Shri Agarwal has contributed as much to society as to his corporate endeavors. It was part of his community based vision that resulted in the establishment of the 'Nav Nirman Sanstha' (registered under society act) which is focused on women empowerment, healthcare, education, supporting local sports & cultural activities and infrastructural facilities to several peripheral villages around the Adhunik Group's operational areas.

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 programs 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. An M.A in development economics from Williams College, USA, and M. Phil in PublicAdministration from Punjab University, he retired from administrative services after 33 years of service from 1960 to 1993, holding various responsible positions under the State and Central Government and retired as Chief Secretary to the Government of Orissa.

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 sectors. 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.

Shri Gopal Dikshit

Gopal Dikshit, who is a member of Indian Administrative Service and has rich experience in various capacities in the Government and Government organizations, involving planning, institutional strengthening including restructuring of organization, motivation of employees for better output, public relation and resolution of disputes etc. He has held various important portfolios during his career with the Indian Administrative Services.

Shri Amrendra Prasad Verma

Shri Amrendra Prasad Verma has completed his Masters Degree in Liberal Arts and joined Banking sector in the year 1975. During his career with State Bank of India (SBI), he held various Senior Executive positions like Business Head of Corporate Banking Group, General Manager-International Banking Division, Chief Credit & Risk Officer etc. During the year 2005-2009 Shri Verma was deputed to SBI Capital Markets Limited (Investment banking outfit of SBI) as Managing Director & CEO. He also held the position of Dy. Managing Director & Group Executive, Mid Corporate Group of SBI during 2009-10.

7. 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.

8. BOARD SUPPORT

The management and the conduct of the affairs of the Company lying 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 acountable to the Board for their actions and results. The Managing Director is assisted by the Executive Directors/Senior Management in overseeing the functional matters of the Company. The Company Secretary attends all the meetings of the Board and supports the Board in decision making and follow up action on board's decisions.

9. 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.

10. 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 held based on specific requirements. All agenda's, notes, explanatory statements are circulated alongwith required papers, both, physically and through e-media. Urgent matters requiring board's direction are decided upon through circular resolutions/ teleconferencing and video conferencing modes.

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.

iv. 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.

v. 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 Meetings.

vi. The Managing Director and the Company Secretary in consultation with the other concerned persons in Senior management finalize 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.

11. 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 Resolutionis 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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, interalia, by the following means:

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

   All minutes of Board meetings and Committee meetings of the material unlisted subsidiary companies are placed before the Board regularly.

b) 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 one material unlisted Indian subsidiary namely, Orissa Manganese & Minerals Limited. In compliance with Clause 49(III) (i) of the Listing Agreement with Stock Exchanges the Company has nominated Independent Director(s) of the Company on the Board of its material unlisted Indian subsidiary company. Dr. Ramgopal Agarwala, Independent Director of the Company has been appointed as a Director on the Board of Orissa Manganese & Minerals Limited.

17. 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.
- Whistle-blower policy being non- mandatory requirement has not been adopted by the Company. However, the management affirms that no personnel have been denied access to the Audit Committee.
- Management Discussion and Analysis Report forms part of the Annual Report.
- 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 a mendatory 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. The approval for payment of remuneration for F.Y. 2013-14 is still pending before the Central Government.

18. TRANSFER OF UNCLAIMED AMOUNTS TO INVESTOR EDUCATION ANDPROTECTION 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 ₹ 97,441/- towards unclaimed dividend for the financial year 2005-06 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.

19. MEANS OF COMMUNICATION

- **Quarterly results:** The quarterly results are normally published in Economic Times / Business Standard / Financial Express (English) and Premaya (Odiya) 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 an user-friendly and downloadable form.

20. GENERAL SHAREHOLDERS INFORMATION

a. 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
2012-13	December, 6, 2013	11.00 A.M.	Rourkela Chamber of Commerce & Industry, Chamber Bhawan, Chamber Road, Rourkela-769004, Odisha	Nil
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.

b. Postal ballot

No Resolution requiring a postal ballot was placed before the last Annual General Meeting of the Company held on December 6, 2013.

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, vide Notice dated March 10, 2014 for the following item of business and on this occasion the Board of Directors appointed FCS Deepak Kumar Khaitan, a Practising Company Secretary as the Scrutiniser to conduct the postal ballot exercise.

Postal Ballot: Notice dated March10, 2014:

Resolution No.	Particulars
1	Special Resolution pursuant to Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India ("SEBI Circular"), the Observation Letters issued by each of the National Stock Exchange of India Limited and

Resolution No.	Particulars
	the BSE Limited both dated 7th October, 2013 and other relevant provisions of the applicable laws and subject to the approval of the Public Shareholders the Amalgamation as embodied in the Scheme of Amalgamation of Zion Steel Limited and Adhunik Metaliks Limited with Orissa Manganese & Minerals Limited and their respective Shareholders and Creditors ("the Scheme") be and is hereby approved with or without any modification and/or conditions, if any, which may be required and/or imposed by the Equity Shareholders, Secured & Unsecured Creditors in their respective Court Convened meetings (if any), the Hon'ble High Court while sanctioning the Scheme or by any Authority under Law;

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 February 28, 2014 and all the Postal Ballot Forms received upto April 12, 2014 had been considered. A total of 91 Postal Ballot Forms in physical mode (aggregating to 6530284 Equity Shares) and 44 Postal Ballot Forms in electronic mode (aggregating to 25100 Equity Shares) were received by the Scrutiniser. The Special Resolutions were passed with requisite majority. The result of the Postal Ballot was declared on at the Registered Office of the Company as per the Scrutiniser's Report and was published in Business Standard (English Newspaper) and Premaya (Odiya Newspaper) on April 21, 2014. 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 detailed information of the Postal Ballot (including e-voting) is given below for the information of the Members of the Company:

Particulars	No. of Postal Ballot forms	No. of equity Shares of Public Shareholders	% of total paid up equity capital of public shareholders
Total postal ballot forms dispatched to the public shareholders	25560	43586365	100
Total ballots received			
Physical	91	6530284	14.98
Electronic	44	25100	0.06
Number of valid postal ballot forms received			
Physical	91	6530284	14.98
Electronic	43	23100	0.05
Number of invalid postal ballot forms received			
Physical	0	0	0.00
Electronic*	1	2000	0.00
Votes in favour of the Special Resolution			
Physical	84	6530255	14.98
Electronic	39	22685	0.05
Votes against the Special Resolution			
Physical	7	29	0.00
Electronic	4	415	0.00

*since the member has casted vote both via physical and e-voting.

The result of the Postal Ballot (including e-voting) is given below for the information of the Members of the Company:

Postal Ballot: Notice dated March 10, 2014:

Sl. No.	Item. No.	Particulars	Total No. of shares polled	Percentage out of valid votes cast
(a)	1	Votes cast (public shareholding) in favour of the proposed resolution	6552940	99.99
(b)		Votes cast (public shareholding) against the proposed resolution	444	0.01
	Total		**6553384**	**100**

21. 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, 2014 and stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s) is annexed hereto.

22. GENERAL SHAREHOLDERS' INFORMATION

I. Company Registration Details

CIN - L28110OR2001PLC017271.

II. Annual General Meeting (AGM) details

a.	Annual General Meeting	Wednesday, 15th April, 2015 at 11:00 A.M. at Rourkela Chamber of Commerce & Industry, Chamber Bhawan, Chamber Road, Rourkela -769004, Odisha
b.	Book closure dates	21st March, 2015 to 31st March, 2015 (both days inclusive)
c.	Dividend	Not Recommended
d.	Financial Year	July to June, 2015
	Financial Calendar (Tentative)	Tentative Schedule
	1. First Quarter Results (Unaudited)	October/November, 2014
	2. Second Quarter Results (Unaudited)	January/February, 2015
	3. Annual Audited Results	End August, 2015
e.	Listing	National Stock Exchange of India Limited (NSE) BSE Limited (BSE)
f.	Stock Codes	NSE : ADHUNIK BSE : 532727
g.	Listing Fees	Annual listing fee for the year 2014-15 has been paid by the Company to both the above Stock Exchanges.
h.	Depository Fees	Annual Custody/Issuer fee for the year 2014-15 has been paid by the Company to NSDL and CDSL.

III. 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, 2013	24.35	19.60	605612	24.00	19.60	1198100
August, 2013	23.65	18.70	656348	22.75	18.30	1363282
September, 2013	31.00	19.20	1000115	30.90	19.80	2131117
October, 2013	29.60	24.60	184724	29.60	25.15	342870
November, 2013	28.20	25.10	456333	28.10	25.10	489828
December, 2013	35.45	26.05	1248760	35.40	25.55	3177501
January, 2014	35.15	27.75	645428	36.00	27.55	1101931
February, 2014	31.00	27.75	490418	31.00	27.60	932695
March, 2014	47.00	28.75	2036825	46.90	28.80	3743347
April, 2014	48.75	42.65	729361	48.55	41.70	1896268
May, 2014	56.00	41.35	1352735	56.10	41.45	3097777
June, 2014	58.15	49.20	985109	58.70	49.00	2848531

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

IV. Global depository receipts

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

V. 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

VI. Share transfer system

The Registrars & Share Transfer Agent M/s Karvy Computer share 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.

VII. (A). Distribution of shareholding as on June 30, 2014

Shareholding of nominal value	Shareholders		Share amount	
Rs.	Number	% to total	(₹)	% to total
Up to 5000	20139	86.31%	26651250.00	2.16%
5001-10000	1624	6.96%	13383640.00	1.08%
10001-20000	754	3.23%	11583900.00	0.94%
20001-30000	251	1.08%	6513660.00	0.53%
30001-40000	119	0.51%	4241380.00	0.34%
40001-50000	87	0.37%	4159120.00	0.34%
50001-100000	160	0.69%	11880170.00	0.96%
100001 and above	198	0.85%	1156582240.00	93.65%
Total	**23332**	**100.00%**	**1,23,49,95,360.00**	**100.00%**

(B). Categories of shareholders as on June 30, 2014

Sl. No.	Category	Number of holders	Number of shares	% to equity
1	Banks	2	237894	0.19%
2	Clearing members	67	53299	0.04%
3	Foreign Corporate Bodies	1	5463180	4.42%
4	Foreign institutional investor	8	6243439	5.06%
5	HUF	603	870945	0.71%
6	Indian financial institutions	5	4425887	3.58%
7	Bodies corporate	552	13460565	10.90%
8	Mutual funds	1	2000000	1.62%
9	Non-resident Indians	359	256500	0.21%
10	Overseas corporate bodies	1	1000	0.00%
11	Persons acting in concert	6	9263750	7.50%
12	Promoters Bodies Corporate	8	59806587	48.43%
13	Promoters	14	10842834	8.78%
14	Resident individuals	21705	10573656	8.56%
	Total	**23332**	**123499536**	**100.00%**

(C). Build-up of Equity Share Capital

Date of Allotment	No. of shares Allotted	Issue Price (Rs. 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
Total	**123499536**		

VIII. Dividend history

Financial year	Dividend per share (Rs.)	Total dividend (Rs. in lakhs) (Inclusive of Div. Tax)
2013-14	Not recommended	Not recommended
2012-13	Not recommended	Not recommended
2011-12	Not recommended	Not recommended
2010-11	1.50	2153
2009-10	1.25	1801
2008-09	1.00	1234
2007-08	1.20	1281
2006-07	1.00	1067
2005-06	0.50	519

IX. 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, 2014, 123440487shares 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, 2014

Description	Number of holders	Number of shares	% to equity
CDSL	7466	24526801	19.86%
NSDL	15828	98913686	80.09%
Physical	38	59049	0.05%
Total	23,332	123499536	100.00%

X. 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, 2014 is given below:

Particulars	BSE	NSE	Total
Shares (nos.)	10337438	29759988	40097426
Value (in Rs. lakhs)	3717.52	10197.97	13915.49

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

XI. Dedicated e-mail id

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

XII. Plant location

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

XIII. 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

XIV. 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 ₹ 97,441/- towards unclaimed dividend for the financial year 2005-06 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.

XV. 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 Karvy Computershare Private Limited, Register and TransferAgents 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 Adhunik Metaliks Limited

Registered Office :
Vill. - Chadrihariharpur
P.O. Kuarmunda
Dist. Sundergarh,
Odisha - 770039
India

Sd/-
Ghanshyam Das Agarwal
Chairman
Place : Kolkata
Date : 30th August, 2014

CEO AND CFO CERTIFICATION

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

(a) We have reviewed financial statements and the cash flow statement for the financial/accounting year ended 30th June, 2014 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.

Sd/-	**Sd/-**
Manoj Kumar Agarwal	**Pawan Kumar Rathi**
Managing Director	**Head of Finance & Accounts**

Place : Kolkata
Dated : 30th August, 2014

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To The Members of Adhunik Metaliks Limited

We have examined the compliance of conditions of Corporate Governance by Adhunik Metaliks Limited for the twelve months period ended 30th June, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 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

Sd/-
A.K. Agarwal
Partner
Membership No. 062368

Place:- Kolkata
Dated:- 30th August, 2014.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADHUNIK METALIKS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of ADHUNIK METALIKS LIMITED ("the Company"), which comprise the Balance Sheet as at 30th June, 2014, 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

The 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') read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

Auditors' Responsibility

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.

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.

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

Opinion

1. 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:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2014;

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

(c) 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:

(a) 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.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and

(e) On the basis of the written representations received from the directors as on 30th June 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 30th June 2014 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

Sd/-
Anil Kumar Agarwal
Partner
Membership No.-062368

Place: Kolkata
Dated: 30th August, 2014

Annexure to the Independent Auditors' 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:

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

(b) 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.

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

(ii) In respect of its inventory:

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

(b) 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.

(c) 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 and services. 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:

(a) 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.

(b) 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 account 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.

(c) As at 30th June 2014, the following are the particulars of dues on account of sales tax, customs duty, service tax, excise duty and cess that have not been deposited on account of any dispute:

Name of the Statute	Nature of dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax	Disallowance of Sale against Form-C, Form-H and transfer of stock to branches	179.84	2004-05, 2005-06 & 2007-08	Addl. Commissioner of Sales Tax, Orissa Sales Tax Tribunal, Cuttack
	Sales tax has arisen due to pending 'H' Forms and Supporting document for Deemed Export.	19.35	2012-13	Addl. Commissioner of Sales Tax, Sambalpur
	On assessment for 2005-06 shortfall in Sales tax has arisen due to pending C Forms, H Forms and F Forms. For 2003-04 Demand raised on the basis of discrepancies identified during investigation	34.28	2003-04 & 2005 -06	The Jt. Commissioner of Sales Tax, Rourkela
	Disallowance for sale against Form-C	2.30	2009-10	Sr.Jt. Commissioner, Chowringhee Circle, Kolkata

Name of the Statute	Nature of dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise and Service Tax	Dispute towards Cenvat Credit on structural steel used for construction of capital goods, input and disallowance of Service Tax on Commission Income	2,121.14	2003-09	C E S T A T (KOLKATA)
	Dispute towards Cenvat Credit on capital goods & input.	763.42	2006-11	Before Commissioner, Jt. Commissioner, Addl. Commissioner, Commissioner(Appeal) Bhubaneswar
	Dispute# towards Cenvat Credit on input.	16.20	2005-11	Before Dy. Commissioner, Asst. Commissioner, Rourkela
Orissa Entry Tax	Entry Tax on machinery & spares and Capital Goods	59.92	2002-05 & 2007-08	Addl. Commissioner of Sales Tax, The Orissa Sales Tax Tribunal, Cuttack
Orissa Value Added Tax	Disallowance of Input Tax credit.	123.27	2005-07 & 2006-07	Hon'ble High Court of Orissa, Cuttack
	Disallowance of Input Tax credit.	226.63	2005-06 & 2010-11	The Orissa Sales Tax Tribunal, Addl. Commissioner of Sales Tax, Cuttack
	Disallowance of Input Tax credit.	2.97	2012-13	Addl. Commissioner of Sales Tax. Sambalpur
Orissa Sales Tax	Demand against discrepancies identified during investigation	18.68	2003-04 & 2004-05	The Jt. Commissioner of Sales Tax, Dy. Commissioner, Rourkela
West Bengal Value Added Tax	Disallowance of input tax credit, Addition of Turnover	289.89	2007 to 2012	Sr. Jt. Commissioner, Chowringhee Circle, Kolkata

(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) Based on our audit procedures and as per the information and explanations given by the management, the Company has generally not defaulted in repayment of dues to banks and financial institutions, however Rs. 3,044.89 lacs was in arrears as on the balance sheet date as mentioned in Note no 5(c) of the financial statements. Further, as informed, there were no outstanding dues to the 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, for the loan taken by its wholly owned subsidiary from bank, the terms and conditions thereof, in our opinion are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans 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 year.

(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

Sd/-
Anil Kumar Agarwal
Partner
Membership No.-062368

Place: Kolkata
Dated: 30th August, 2014

Balance Sheet as at 30th June, 2014

(₹ in lacs)

	Notes	As at 30th June 2014	As at 30th June 2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	12,349.95	12,349.95
Reserves and surplus	4	108,214.46	109,979.81
		120,564.41	**122,329.76**
Non-current liabilities			
Long-term borrowings	5	77,560.88	59,008.41
Deferred tax liabilities (net)	6	7,406.92	8,583.20
Other long term Liabilities	7	41,778.26	22,725.63
Long-term provisions	8	559.77	473.01
		127,305.83	90,790.25
Current liabilities			
Short-term borrowings	9	67,654.87	62,484.39
Trade payables	10	66,736.72	61,111.11
Other current liabilities	11	19,830.51	49,374.63
Short-term provisions	8	75.29	108.02
		154,297.39	**173,078.15**
TOTAL		**402,167.63**	**386,198.16**
Assets			
Non-current assets			
Fixed assets :			
Tangible assets	12.1	153,204.83	137,378.76
Intangible assets	12.1	39,636.69	41,408.30
Capital work-in-progress	12.2	23,795.58	29,765.62
Non-current investments	13	7,325.31	7,325.52
Long-term loans and advances	14	29,167.00	16,510.14
Other non-current assets	15	3,666.19	4,067.44
		256,795.60	**236,455.78**
Current assets			
Inventories	17	76,612.65	71,427.17
Trade receivables	16	31,303.80	49,302.78
Cash and bank balances	18	1,244.28	695.25
Short-term loans and advances	14	27,018.25	17,886.34
Other current assets	15	9,193.05	10,430.84
		145,372.03	**149,742.38**
TOTAL		**402,167.63**	**386,198.16**
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 number: 303054E
Chartered Accountants

For and on behalf of the Board of Directors

Anil Kumar Agarwal
Partner
Membership No.: 062368

Manoj Kumar Agarwal
(Managing Director)

Ghanshyam Das Agarwal
(Chairman)

Place: Kolkata
Date: 30th August, 2014

Statement of Profit and Loss for the year ended 30th June 2014

(₹ in lacs)

	Notes	2013-14	2012-13
Income			
Revenue from operations (gross)	19	178,133.80	178,578.54
Less: Excise duty		8,987.46	13,200.55
Revenue from operations (net)		169,146.34	165,377.99
Other income	20	6,700.58	6,733.20
Total revenue (I)		**175,846.92**	**172,111.19**
Expenses			
Cost of Raw Materials Consumed/sold	21	83,024.69	72,820.89
Purchase of Stock-in-trade	22	29,699.58	11,130.35
(Increase)/ decrease in Finished Goods, Work-in-Progress, Traded Goods and By-Products	23	2,107.09	16,560.99
Employee benefits expenses	24	5,646.88	5,163.12
Other expenses	25	25,349.54	34,774.58
Total expenses (II)		**145,827.78**	**140,449.93**
Earnings before finance costs, tax, depreciation & amortization [III = (I) - (II)]		**30,019.14**	**31,661.26**
Depreciation and amortization expenses	26	9,870.84	9,602.53
Finance costs	27	21,182.40	22,761.82
Profit / (Loss) before tax (IV)		**(1,034.10)**	**(703.09)**
Tax expenses :			
Current tax		-	21.09
Deferred tax charge	6	(1,176.28)	(985.11)
MAT credit entitlement		-	90.80
Income Tax relating to earlier years		111.32	(111.89)
Total tax expenses (V)		**(1,064.96)**	**(985.11)**
Profit / (Loss) for the year [VI = (IV) - (V)]		**30.86**	**282.02**
Earnings per equity share [nominal value ₹ 10 per share (₹ 10 per share)]	28		
Basic (₹)		0.02	0.23
Diluted (₹)		0.02	0.23
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 number: 303054E
Chartered Accountants

For and on behalf of the Board of Directors

Anil Kumar Agarwal
Partner
Membership No.: 062368

Manoj Kumar Agarwal
(Managing Director)

Ghanshyam Das Agarwal
(Chairman)

Place: Kolkata
Date: 30th August, 2014

Cash Flow Statement for the year ended 30th June 2014

(₹ in lacs)

		2013-14	2012-13
A: Cash Flow From Operating Activities :			
Profit / (Loss) before Tax		**(1,034.10)**	**(703.09)**
Adjustments for :			
Depreciation and amortisation expense		9,870.84	9,602.53
Loss on Fixed Assets Sold / Discarded (net)		(57.64)	0.50
Net Unrealised Loss/(Gain) on Exchange Rates/Forward Exchange Contracts		-	1,221.82
Share of Loss in partnership firm		0.21	0.29
Provision/Reversal of Provision of doubtful debts		186.80	247.87
Bad debts/advances written off		152.98	318.33
Employee stock option compensation cost		171.43	49.71
Liabilities no longer required written back		(671.06)	(217.90)
Interest Income		(368.41)	(217.73)
Interest & Finance Charges		21,182.40	22,761.81
Operating Profit Before Working Capital Changes		**29,433.45**	**33,064.14**
Movements in Working Capital :			
Increase / (Decrease) in Trade Payables and Other Liabilities		18,202.28	36,767.83
Increase / (Decrease) in Provisions*		86.01	98.17
(Increase) / Decrease in Trade Receivables		17,871.95	(22,318.37)
(Increase) / Decrease in Loans and Advances and Other Assets*		(30,929.41)	(9,117.27)
(Increase) / Decrease in Inventories		(5,185.47)	17,264.00
Cash Generated From Operations		**29,478.81**	**55,758.50**
Direct taxes paid (Net of refunds)		**(129.07)**	**(81.33)**
Net Cash Generated From Operating Activities	**(A)**	**29,349.74**	**55,677.17**
B: Cash Flow From Investing Activities :			
Purchase of fixed assets, including capital work in progress and capital advances		(30,992.57)	(31,272.63)
Proceeds from Sale of Fixed Assets		70.29	138.99
Loans repaid by Body Corporates		-	5,788.09
Sale of non-current Investments		967.19	-
Investment in/(maturity of) fixed Deposit (Net) [Receipt pledged with various bank as security]		401.26	(381.79)
Interest Received		644.60	(6.64)
Net Cash Used In Investing Activities	**(B)**	**(28,909.23)**	**(25,733.98)**

Cash Flow Statement for the year ended 30th June 2014

(₹ in lacs)

		2013-14	2012-13
C: Cash Flow From Financing Activities :			
Dividends paid on equity shares		-	(8.52)
Share Application Money deposited to Investor Protection Fund		-	(2.52)
Proceeds from long-term borrowings		51,195.59	23,500.00
Repayment of long-term borrowings		(35,854.05)	(39,915.54)
Repayment of short-term borrowings		-	(5,000.00)
Proceeds from working capital loan (Net)		5,170.47	14,668.03
Interest & Finance charges paid		(20,403.49)	(24,944.51)
Net Cash Used In Financing Activities	**(C)**	**108.52**	**(31,703.06)**
Net Increase / (Decrease) In Cash And Cash Equivalents	**(A+B+C)**	**549.03**	**(1,759.87)**
Cash & Cash Equivalents at the beginning of the year		695.25	2,455.12
Cash & Cash Equivalents at the end of the year		**1,244.28**	**695.25**

* Includes both current and non-current items

Notes :-

Components of Cash and Cash Equivalents

(₹ in lacs)

		As at 30th June 2014	As at 30th June 2013
Cash on hand		66.23	20.42
Balances with Banks in :			
- Current Accounts		1,169.23	665.00
- Unpaid dividend accounts		8.82	9.83
Total Cash & Cash Equivalents (Note No. 18)		**1,244.28**	**695.25**
Summary of Significant Accounting Policies	2		

As per our report of even date

For Das & Prasad
Firm registration number: 303054E
Chartered Accountants

For and on behalf of the Board of Directors

Anil Kumar Agarwal
Partner
Membership No.: 062368

Manoj Kumar Agarwal
(Managing Director)

Ghanshyam Das Agarwal
(Chairman)

Place: Kolkata
Date: 30th August, 2014

Notes to Financial Statements as at and for the year ended 30th June, 2014

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.

2. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements 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 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention, 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.

B) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period and the results from operations during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

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 assets 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.

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.

Notes to Financial Statements as at and for the year ended 30th June, 2014

L) Revenue Recognition

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

Sale of Goods

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

Sale of Services

Revenue is recognised when it is earned and no significant uncertanity exists as to its realisation or collection

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, 2014

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 expense 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 comprises of 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 repective assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the pre tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

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 costs and tax expenses.

Notes to Financial Statements as at and for the year ended 30th June, 2014

3. SHARE CAPITAL

(₹ in lacs)

	As at 30th June 2014 Nos.	₹ in lacs	As at 30th June 2013 Nos.	₹ in lacs
Authorized shares				
Equity Shares of ₹ 10 each				
At the beginning of the year	145,180,000	14,518.00	145,180,000	14,518.00
Add: Addition durig the year	-	-	-	-
Total	**145,180,000**	**14,518.00**	**145,180,000**	**14,518.00**
Preference Shares of ₹ 100 each				
At the beginning of the year	2,000	2.00	2,000	2.00
Add: Addition durig the year	-	-	-	-
Total	**2,000**	**2.00**	**2,000**	**2.00**
Issued, subscribed and fully paid-up shares				
Equity Shares of ₹ 10 each fully paid up	123,499,536	12,349.95	123,499,536	12,349.95
Total	**123,499,536**	**12,349.95**	**123,499,536**	**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, 2014 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 2014 Nos.	As at 30th June 2013 Nos.
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 2014		As at 30th June 2013	
	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	29,813,102	24.14%	29,001,592	23.48%
Shyam Vatika Advisors LLP	-	0.00%	7,436,741	6.02%

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 33).

Notes to Financial Statements as at and for the year ended 30th June, 2014

4. RESERVES AND SURPLUS

(₹ in lacs)

		As at 30th June 2014	As at 30th June 2013
Capital Reserve (as per the last financial statements)	**(A)**	**588.78**	**588.78**
Securities Premium Account (as per the last financial statements)	**(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 33)			
Employee Stock Options Outstanding		294.29	353.86
Less: Deferred Employee Compensation Cost Outstanding		(73.18)	(304.15)
Closing Balance	**(D)**	**221.11**	**49.71**
Revaluation Reserve			
Balance as per the last financial statements		54,315.99	56,283.66
Less : Amount transferred to the Statement of Profit and Loss as reduction from depreciation		(1,967.61)	(1,967.67)
Closing Balance	**(E)**	**52,348.38**	**54,315.99**
Surplus in the Statement of Profit and Loss			
Balance as per the last financial statements		25,036.69	24,754.67
Profit for the year		30.86	282.02
Net surplus in the statement of profit and loss	**(F)**	**25,067.55**	**25,036.69**
Total reserves and surplus	**(A to F)**	**108,214.46**	**109,979.81**

5. LONG-TERM BORROWINGS (SECURED)

(₹ in lacs)

		Non Current Portion		Current Maturities	
		As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
Term Loans from :					
Banks		69,315.26	58,510.78	10,067.41	14,044.72
Financial Institutions		7,902.00	-	829.50	-
	(A)	77,217.26	58,510.78	10,896.91	14,044.72
Deferred Payment Liabilities					
Vehicle/Equipment/Housing Loans	**(B)**	343.62	497.63	218.74	281.84
Total	**(A+B)**	**77,560.88**	**59,008.41**	**11,115.65**	**14,326.56**
Amount disclosed under the head "other current liabilities" (Note No. 11)				(11,115.65)	(14,326.56)
		77,560.88	**59,008.41**	**-**	**-**

Notes to Financial Statements as at and for the year ended 30th June, 2014

(a) Nature of security -

(i) The rupee term loans from banks amounting to ₹ 13,206.87 lacs (₹ 45,961.75 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 banks and financial institutions and second pari-passu charge on all the current assets of the Company.

(ii) The rupee term loans from banks/financial institutions amounting to ₹ 65,142.88 lacs (₹ 15,000.00 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 banks and financial institutions and second pari-passu charge on all the current assets of the Company, Orissa Manganese & Minerals Ltd. and Zion Steel Ltd. under obligor co-obligor structure.

(iii) The rupee term loans from banks amounting to ₹ 9,764.42 lacs (₹ 11,593.75 lacs) are secured by second charge on entire movable and immovable fixed assets of the Company.

(iv) The rupee term loans of ₹ 88,114.17 lacs (₹ 72,555.50 lacs) from banks and financial institutions are further secured by the personal guarantee of one or more promoter directors of the Company.

(v) 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 financial institutions rate of interest charged -

Rupee term loans of ₹ 88,114.17 lacs (₹ 72,555.50 lacs) from banks and financial institutions carry interest ranging between respective bank's base rate (ranging from 10.00% to 10.25% per annum) plus premium (ranging from 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 2014**		**As at 30th June 2013**	
	368 structured quarterly installments starting from June 2014 to March 2023		**300 structured quarterly installments starting from June 2013 to December 2022**	
Installments due	**No. of Installments**	**Amount (₹ in lacs)**	**No. of Installments**	**Amount (₹ in lacs)**
Within one year (Refer Note No. 11)	62	10,896.91	79	14,044.72
After one but not more than three year	94	22,536.98	92	26,185.00
After three but not more than five year	88	24,960.05	61	14,453.98
More than five year	124	29,720.23	68	17,871.80
TOTAL	**368**	**88,114.17**	**300**	**72,555.50**

(c) The installment of rupee term loans amounting to ₹ 1,231.93 lacs (₹ Nil) due for payment as on 30th June 2014 and interest amounting to ₹ 1,812.96 lacs (₹ Nil) which was due for payment in June 2014, have not been paid. However, out of above installement and interest of ₹ 863.88 lacs and ₹ 1,346.48 lacs respectively have been paid after the balance sheet date.

(d) 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 2014**		**As at 30th June 2013**	
Installments due	**No. of Installments**	**Amount (₹ in lacs)**	**No. of Installments**	**Amount (₹ in lacs)**
Within one year (Refer Note No. 11)	160	218.74	144	281.84
After one but not more than three year	154	36.99	99	196.86
After three but not more than five year	48	16.30	24	10.23
More than five year	184	290.34	196	290.54
TOTAL	**546**	**562.36**	**463**	**779.47**

Notes to Financial Statements as at and for the year ended 30th June, 2014

6. DEFERRED TAX LIABILITIES (NET)

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Balance as per last financial statements	8,583.20	9,568.31
Less: Deferred Tax Asset recognised for the year	(1,176.28)	(985.11)
TOTAL	**7,406.92**	**8,583.20**

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

(₹ in lacs)

		As at 30th June 2014	As at 30th June 2013
Deferred tax liabilities on			
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting		18,929.04	17,359.24
	(A)	**18,929.04**	**17,359.24**
Deferred tax assets on			
Unabsorbed Depreciation		11,154.56	8,496.99
Other timing differences		367.56	279.05
	(B)	**11,522.12**	**8,776.04**
Net deferred tax liabilities	**(A-B)**	**7,406.92**	**8,583.20**

7. OTHER LONG TERM LIABILITIES

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Other payable	39,017.72	-
Payable towards fixed assets	2,760.54	22,725.63
TOTAL	**41,778.26**	**22,725.63**

8. PROVISIONS

(₹ in lacs)

	Non Current		Current	
	As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
Provision for employee benefits*:				
Gratuity (Refer Note No. 32)	372.36	318.56	56.21	57.51
Leave benefits	187.41	154.45	19.08	18.52
TOTAL	**559.77**	**473.01**	**75.29**	**76.03**
Other provisions -				
Taxation [net of advance income taxes/Tax deducted at source ₹ Nil (₹ 111.99 lacs)]	-	-	-	31.99
	-	**-**	**-**	**31.99**
TOTAL	**559.77**	**473.01**	**75.29**	**108.02**

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

Notes to Financial Statements as at and for the year ended 30th June, 2014

9. SHORT-TERM BORROWINGS (SECURED)

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Cash credits from banks	65,486.94	61,141.15
Export Packing credit loan (in foreign currency)	2,167.93	1,343.24
TOTAL	**67,654.87**	**62,484.39**

(a) Cash credit from banks of ₹ 65,486.94 lacs (₹ 61,141.15 lacs) which is repayable on demand and export packing credit facilities from banks of ₹ 2,167.93 (₹ 1,343.24 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) of the Company and overall current assets of OMML and ZSL under obligor and co-obligor structure, 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 and overall fixed assets of OMML and ZSL under obligor and co-obligor structure, ranking pari passu amongst working capital lenders. Cash credit from banks carry interest ranging between bank base rate (ranging from 10.00% to 10.25% per annum) plus premium (ranging from 3.75% to 4.25% per annum). Export packing credit facilities from banks carry interest of LIBOR plus 3.25% per annum.

(b) Cash credit from banks of ₹ 65,486.94 lacs (₹ 61,141.15 lacs) are further secured by the personal guarantee of one or more promoter directors of the Company.

10. TRADE PAYABLES

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Acceptances	23,098.78	25,187.65
Trade Payables (Refer Note No. 37)	43,637.94	35,923.46
TOTAL	**66,736.72**	**61,111.11**

11. OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Current Maturities of Long-term borrowings (Refer Note No. 5)	11,115.65	14,326.56
Interest accrued and due on borrowings	1,812.86	1,033.95
Advance from customers/vendor	569.08	29,465.76
Book Overdraft	213.75	115.78
Investor Education and Protection Fund:		
Unpaid Dividend (not due)	8.82	9.83
Employee related liabilities	1,877.79	1,240.59
Statutory Liabilities	4,232.56	3,182.16
TOTAL	**19,830.51**	**49,374.63**

Notes to Financial Statements as at and for the year ended 30th June 2014

12.1 FIXED ASSETS

(₹ in lacs)

	Tangible Assets											Intangible Assets		
	Freehold Land including Site Development Expenses	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Computers	Furniture & Fixtures	Office Equipments	Railway Wagons	Railway Siding	Total	Mining Rights	Computer Software	Total
Gross Block (At Cost):														
As at 1st July, 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	-	-	-
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**
Additions	1,074.63	-	1,020.36	15,919.24	1,808.96	13.50	21.70	19.81	-	-	19,878.20	-	58.74	58.74
Disposals/Discard	-	-	-	22.36	88.32	1.98	-	-	-	-	112.66	-	-	-
Other Adjustments:														
Borrowing Cost (Refer note no. B)	-	-	-	5,970.84	-	-	-	-	-	-	5,970.84	-	-	-
As at 30th June, 2014	**8,309.64**	**6,173.86**	**15,593.67**	**161,380.08**	**3,039.86**	**445.59**	**431.46**	**416.40**	**2,550.35**	**9,007.96**	**207,348.87**	**43,164.48**	**237.95**	**43,402.43**
Accumulated Depreciation/ Amortisation:														
As at 1st July, 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**
Charge for the period	-	74.04	465.31	8,549.17	149.78	36.62	25.09	18.29	255.04	434.76	10,008.10	1,797.08	33.27	1,830.35
Disposals/Discard	-	-	-	11.48	86.31	-	-	-	-	-	97.79	-	-	-
As at 30th June, 2014	**-**	**174.95**	**2,156.10**	**46,830.06**	**945.72**	**349.78**	**191.79**	**133.37**	**1,660.64**	**1,701.63**	**54,144.04**	**3,625.64**	**140.10**	**3,765.74**
Net Block														
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**
As at 30th June, 2014	**8,309.64**	**5,998.91**	**13,437.57**	**114,550.02**	**2,094.14**	**95.81**	**239.67**	**283.03**	**889.71**	**7,306.33**	**153,204.83**	**39,538.84**	**97.85**	**39,636.69**

(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 includes borrowing costs of ₹ 5,970.84 lacs (₹ Nil) transferred from capital work-in-progress / pre-operative expenditure (pending allocation).

Notes to Financial Statements as at and for the year ended 30th June, 2014

12.2. CAPITAL WORK IN PROGRESS

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Civil Construction and Structural Works	3,687.78	3,687.78
Plant and Equipments	25,640.90	16,469.65
	29,328.68	**20,157.43**
Less: Transfer to Fixed Assets	16,965.24	-
	12,363.44	20,157.43
Add: Pre-operative Expenditure (Pending Allocation) (Refer details below)	11,432.14	9,608.19
	23,795.58	**29,765.62**

Details of Pre-operative Expenditure (Pending Allocation)

During the year, 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 2014	As at 30th June 2013
Opening Balance Brought Forward	9,608.19	1,737.84
EXPENDITURE		
Power & Fuel	1,446.35	2,066.17
Consumption of Stores and Consumable	82.72	733.40
Salaries and Bonus etc.	929.71	1,288.67
Staff Welfare	231.13	-
Professional and Consultancy Charges	131.27	79.15
Interest on Term Loans	7,291.89	3,620.49
Other borrowing costs	454.09	-
Miscellaneous Expenses	59.60	82.47
Sub-Total	20,234.95	9,608.19
Less: Transfer to Fixed Assets	8,802.81	-
	11,432.14	**9,608.19**

13. NON-CURRENT INVESTMENTS (LONG - TERM)

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
Investment in subsidiaries/step down 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
Nil (4,200,000) Equity Shares of ₹ 10 each fully paid-up in Adhunik Power & Natural Resources Limited (Ceased to be subsidiary w.e.f. 1st July 2013)	-	1,000.02
Investment in Associate Company		
4,200,000 (Nil) Equity Shares of ₹ 10 each fully paid-up in Adhunik Power & Natural Resources Limited (w.e.f. 1st July 2013)	1,000.02	-

Notes to Financial Statements as at and for the year ended 30th June, 2014

13. NON-CURRENT INVESTMENTS (LONG - TERM) (CONTINUED)

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
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)	8.04	8.25
	7,325.31	**7,325.52**

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

(₹ in lacs)

		Non Current		Current	
		As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
Capital advances	**(A)**	**1,822.55**	**10,730.62**	**-**	**-**
Advances recoverable in cash or kind					
Considered good - To Related Parties		21,460.97	-	2.71	3,838.07
Considered good - To Others		-	-	24,767.47	12,741.91
Doubtful - To Others		115.00	55.23	-	-
		21,575.97	55.23	24,770.18	16,579.98
Provision for doubtful advances		115.00	55.23	-	-
	(B)	**21,460.97**	**-**	**24,770.18**	**16,579.98**
Loans to Employees	**(C)**	**-**	**-**	**92.85**	**64.98**
Security Deposits	**(D)**	**2,005.07**	**2,026.88**	**1,039.00**	**-**
Others					
Balances with statutory/Government authorities		409.74	269.74	808.34	1,171.67
Prepaid expenses		-	-	307.88	69.71
Advance income-tax [net of provision for taxation ₹ Nil (₹ 3,591.42 lacs)]		385.07	420.40	-	-
MAT credit entitlement		3,083.60	3,062.50	-	-
	(E)	**3,878.41**	**3,752.64**	**1,116.22**	**1,241.38**
TOTAL	**(A to E)**	**29,167.00**	**16,510.14**	**27,018.25**	**17,886.34**

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

(₹ in lacs)

	Non Current		Current	
	As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
Non-current bank balances (Refer Note No. 18)	3,666.19	4,067.44	-	-
Others				
Interest Receivable on				
Bank Deposits			5.17	302.20
Other Advances			147.66	126.81
Receivable towards sale of non current investment (Refer Note No. 38)			8,674.79	9,642.19
Export Benefits Receivable			365.43	359.64
TOTAL	**3,666.19**	**4,067.44**	**9,193.05**	**10,430.84**

Notes to Financial Statements as at and for the year ended 30th June, 2014

16. TRADE RECEIVABLES (UNSECURED)

(₹ in lacs)

		As at 30th June 2014	As at 30th June 2013
Outstanding for a period exceeding six months from the date they are due for payment			
Considered good		3,475.65	2,280.34
Doubtful		382.82	255.79
		3,858.47	2,536.13
Less: Provision for doubtful receivables		382.82	255.79
	(A)	3,475.65	2,280.34
Other trade receivables (considered good)	**(B)**	27,828.15	47,022.44
TOTAL	**(A+B)**	**31,303.80**	**49,302.78**

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

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Raw Materials [includes in transit ₹ 626.21 lacs (₹ 269.43 lacs)]	25,183.70	25,419.20
Finished Goods [includes in transit ₹ 953.29 lacs (₹ 432.33 lacs)]	23,381.22	30,752.72
Work-in-progress	2,577.29	4,058.46
By Products	14,116.67	9,732.52
	65,258.88	**69,962.90**
Stock-in-trade	1,377.92	8.48
Stores & Spares [includes in transit ₹ Nil (₹ 96.48 lacs)]	9,975.85	1,455.79
TOTAL	**76,612.65**	**71,427.17**

DETAILS OF STOCK OF FINISHED GOODS AND WORK IN PROGRESS

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Sponge Iron	6,695.38	4,976.31
Billets	6,505.20	10,902.75
Rolled Products	5,714.10	6,752.10
Pig Iron	2,989.77	3,222.65
Coke	2,160.98	3,790.55
Others	1,893.08	5,166.83
TOTAL	**25,958.51**	**34,811.18**
Stock-in-trade- Iron & Steel product	1,377.92	8.48
TOTAL	**1,377.92**	**8.48**

Notes to Financial Statements as at and for the year ended 30th June, 2014

18. CASH AND BANK BALANCES

(₹ in lacs)

	Non Current		Current	
	As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
Cash and cash equivalents				
Balances with banks:				
On current accounts			1,169.23	665.00
On unpaid dividend account			8.82	9.83
Cash on hand			66.23	20.42
TOTAL			**1,244.28**	**695.25**
Other bank balances				
Deposits with original maturity for more than 12 months #	13.31	12.31	-	-
Margin money deposit #	3,652.88	4,055.13	-	-
	3,666.19	**4,067.44**	-	-
Amount disclosed under non-current assets (Refer Note No. 15)	(3,666.19)	(4,067.44)		
TOTAL	**-**	**-**	**1,244.28**	**695.25**

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

19. REVENUE FROM OPERATIONS

(₹ in lacs)

	2013-14	2012-13
Revenue from operations		
Sale of products		
Finished goods	111,949.27	136,667.87
Traded goods	31,168.03	16,645.80
Sale of Services	4,557.92	-
Other operating revenue		
Sale of By-Products	674.93	1,226.77
Sale of Raw Materials	29,507.94	23,652.48
Export Benefits	275.71	385.62
Revenue from operations (gross)	**178,133.80**	**178,578.54**
Less: Excise duty	8,987.46	13,200.55
Revenue from operations (net)	**169,146.34**	**165,377.99**

(₹ in lacs)

	2013-14	2012-13
Finished goods		
Billet	55,812.05	69,543.15
Rolled Product	33,815.17	53,554.00
Pig Iron	4,833.48	7,655.19
Silicon and Ferro Alloys	5,558.25	4,628.87
Sinter Feed	11,359.52	-
Others	570.80	1,286.66
	111,949.27	**136,667.87**

Notes to Financial Statements as at and for the year ended 30th June, 2014

19. REVENUE FROM OPERATIONS (CONTINUED)

(₹ in lacs)

	2013-14	2012-13
By Product		
Granulated Slag	587.36	866.06
Coke Fines	-	189.11
Scrap	57.09	-
Others	30.48	171.60
	674.93	**1,226.77**
Raw Material		
Coal	19,821.98	2,940.33
Scrap	9,427.80	14,732.90
Coke	-	5,979.25
Others	258.16	-
	29,507.94	**23,652.48**
Stock-in-trade - Iron & Steel product	31,168.03	16,645.80
	31,168.03	**16,645.80**

20. OTHER INCOME

(₹ in lacs)

	2013-14	2012-13
Interest income on		
Bank deposits	348.99	217.73
Deposits	19.43	-
Unspent liabilities and provisions no longer required written back	671.06	217.90
Surplus on tangible assets sold (net)	57.64	-
Prior Period Items (net) (Refer Note 25.2)	227.82	-
Gain on foreign exchange fluctuation / forward exchange contracts (net)	-	1,807.55
Insurance & Other Claims	4,258.80	3,641.56
Miscellaneous Income	1,116.84	848.46
	6,700.58	**6,733.20**

21. COST OF RAW MATERIALS CONSUMED

(₹ in lacs)

	2013-14	2012-13
Opening Stock of Raw Materials	25,419.20	20,716.11
Add: Purchases	82,789.19	77,523.98
	108,208.39	98,240.09
Less: Closing Stock	25,183.70	25,419.20
Cost of raw materials consumed	**83,024.69**	**72,820.89**

DETAILS OF RAW MATERIALS CONSUMED

(₹ in lacs)

	2013-14	2012-13
Iron Ore	11,885.59	14,796.62
Coal	28,317.12	15,895.33
Sponge Iron	1,842.68	4,566.24
Pellet	5,068.93	2,519.73
Others	35,910.36	35,042.97
	83,024.69	**72,820.89**

22. PURCHASE OF STOCK-IN-TRADE

(₹ in lacs)

	2013-14	2012-13
Iron & Steel product	29,699.58	11,130.35
	29,699.58	**11,130.35**

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

(₹ in lacs)

	2013-14	2012-13	(Increase)/ Decrease
Inventories at the end of the year:			
Finished Goods	23,381.22	30,752.73	7,371.51
Work in Progress	2,577.29	4,058.46	1,481.17
Stock-in-trade	1,377.92	8.48	(1,369.44)
By Products	14,116.67	9,732.52	(4,384.15)
(A)	**41,453.10**	**44,552.19**	**3,099.09**
Inventories at the beginning of the year:			
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
(B)	**44,552.19**	**65,727.53**	**21,175.34**
(B-A)	**3,099.09**	**21,175.34**	
Less: Transferred to Fixed Assets	(-)	(4,025.94)	
Excise duty on (Increase)/decrease in finished good	(992.00)	(588.41)	
	2,107.09	**16,560.99**	

24. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

	2013-14	2012-13
Salaries, wages and bonus	4,751.22	4,750.70
Contribution to provident fund	152.20	154.38
Gratuity expense (Refer Note No. 32)	79.54	84.16
Employee stock option compensation cost (Refer Note No. 33)	171.43	49.71
Workmen and Staff Welfare Expenses	492.49	124.17
	5,646.88	**5,163.12**

Notes to Financial Statements as at and for the year ended 30th June, 2014

24.1 Managerial remuneration amounting to ₹ 120.00 lacs (₹ 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 approval of the Ministry of Corporate Affairs (MCA) is awaited.

25. OTHER EXPENSES

(₹ in lacs)

	2013-14	2012-13
Consumption of Stores and Spares	7,719.62	10,150.22
Power and Fuel	4,983.14	7,734.92
Conversion Charges	976.89	1,874.37
Operation and Maintenance Charges (Refer details)	2,871.63	3,849.88
Freight and Forwarding Charges	2,328.41	3,095.45
Rent	552.91	482.26
Rates and Taxes	196.19	1,017.15
Legal and Professional Charges	559.86	561.59
Insurance	74.81	70.45
Repairs to and Maintenance of :		
Buildings	23.66	40.34
Machinery	938.89	1,466.47
Others	129.72	97.09
Travelling and Conveyance Expenses	146.62	157.67
Directors' Travelling & Conveyance Expenses	8.03	26.40
Communication Costs	236.29	256.88
Director's Sitting fees	10.00	13.00
Payment to Auditors:		
As Auditors		
Audit Fees	20.00	20.00
Limited Review Fees	15.00	15.00
In other capacity		
Tax Audit Fees	3.00	-
For Certificates and Other services	4.87	2.27
Reimbursement of Expenses	1.36	0.35
Prior Period items (net) (Refer details below)	-	190.29
Exchange Differences (net)	296.44	-
Provision for doubtful debts and advances	186.80	249.68
Bad debts/advances written off	152.98	318.33
Rebate, discounts and other selling expenses	1,578.99	1,821.29
Motor Vehicle Expenses	384.12	322.57
Loss on tangible assets sold / discarded (net)	-	0.50
Cost of raising, drilling and excavation	334.52	312.44
Share of Loss in Partnership Firm (refer to Note No. 36)	0.21	0.29
Miscellaneous Expenses	614.58	627.43
	25,349.54	**34,774.58**

Notes to Financial Statements as at and for the year ended 30th June, 2014

25.1 OPERATION & MAINTENANCE CHARGES CONSIST OF THE FOLLOWING EXPENSES

(₹ in lacs)

	2013-14	2012-13
Contract Payments	641.90	1,035.38
Testing and Inspection Charges	211.09	298.47
Refractory Management Charges	946.04	1,148.72
Labour Charges	504.80	713.08
Plant and Equipment Hire Charges	480.17	546.15
Packing & Forwarding Charges	17.82	29.36
Miscellaneous	69.82	78.72
	2,871.63	**3,849.88**

25.2 PRIOR PERIOD EXPENSES/(INCOME) CONSIST OF THE FOLLOWING EXPENSES

(₹ in lacs)

		2013-14	2012-13
Income			
Miscellaneous Income		227.82	-
Sub Total	**(A)**	**227.82**	**-**
Expenses			
Salaries, wages and bonus		-	150.00
Commission		-	2.20
Security Charges		-	1.19
Legal & Professional Charges		-	19.15
Plant and Equipment Hire Charges		-	3.07
Lifting & Shifting expenses		-	8.21
Miscellaneous Expenses		-	6.47
Sub Total	**(B)**	**-**	**190.29**
Total	**(B) - (A)**	**(227.82)**	**190.29**

26. DEPRECIATION & AMORTIZATION EXPENSE

(₹ in lacs)

	2013-14	2012-13
Depreciation of tangible assets	10,008.10	9,765.01
Amortization of intangible assets	1,830.35	1,805.19
Less: Adjusted against revaluation reserve	(1,967.61)	(1,967.67)
	9,870.84	**9,602.53**

27. FINANCE COSTS

(₹ in lacs)

	2013-14	2012-13
Interest:		
On Term Loans	4,307.97	6,426.62
On Cash Credit, Letters of Credit and Others	15,450.70	14,419.89
Other borrowing costs	1,423.73	1,915.31
	21,182.40	**22,761.82**

Notes to Financial Statements as at and for the year ended 30th June 2014

28. EARNINGS PER SHARE (EPS)

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

	2013-14	2012-13
Net Profit / (Loss) after tax for calculation of basic and diluted EPS (₹ in lacs)	30.86	282.02
Weighted average number of equity shares in calculating basic EPS	12,34,99,536	12,34,99,536
Add: Effect of stock options	21,25,772	-
Weighted average number of equity shares in calculating diluted EPS	12,56,25,308	12,34,99,536
Nominal Value of equity shares	₹ 10	₹ 10
Basic Earnings Per Share	₹ 0.02	₹ 0.23
Diluted Earnings Per Share	₹ 0.02	₹ 0.23

29. CONTINGENT LIABILITIES

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Claims & Government demands against the Company not acknowledged as debt:		
Excise/Service tax demand under dispute/ appeal	3,064.96	3,028.52
Sales Tax matters (under dispute/appeal)	1,161.19	421.24
Others	322.02	-
Bills discounted and Bank Guarantees outstanding	12,577.03	10,573.07
	17,125.20	**14,022.83**

30. CAPITAL AND OTHER COMMITMENTS

a) As at 30th June 2014, the Company has commitments of ₹ 7,196.28 lacs (₹10,260.56 lacs) net of advances ₹1,822.55 lacs (₹ 10,730.62 lacs) relating to estimated amount of contracts to be executed on capital account and not provided for.

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

31. LEASES

Operating lease

a) The Company has obtained Liquid Oxygen Plant on operating lease. The lease rent payable per month is ₹ 15.00 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 2014	As at 30th June 2013
Within one year	180.00	312.00
After one year but not more than five years	735.00	1,222.00
	915.00	**1,534.00**

b) Certain office premises, godowns, etc. are held on operating lease. The leases range upto 3 years and are renewable for further year either mutually or at the option of the Company. There are no restrictions imposed by lease agreements. There are no subleases. The leases are cancellable.

(₹ in lacs)

	2013-14	2012-13
Lease payments made for the year	552.91	482.26
	552.91	**482.26**

Notes to Financial Statements as at and for the year ended 30th June 2014

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)

	2013-14	2012-13
Current service cost	212.65	197.00
Interest cost on benefit obligation	36.30	27.17
Net actuarial(gain)/loss	(169.41)	(140.01)
Net benefit expense	**79.54**	**84.16**

Balance Sheet

(b) Benefit asset/liability

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Present value of defined benefit obligation	428.57	376.07
Fair value of plan assets	-	-
Less: Unrecognised past service cost	-	-
Net asset/(liability)	**(428.57)**	**(376.07)**

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

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Opening defined benefit obligation	376.07	312.96
Current service cost	212.65	197.00
Interest cost	36.30	27.17
Benefits paid	(27.04)	(21.05)
Actuarial (gains)/losses on obligation	(169.41)	(140.01)
Closing defined benefit obligation	**428.57**	**376.07**

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

(₹ in lacs)

	2013-14	2012-13
Discount rate	9.00%	8.00%
Salary increase	7.00%	5.00%
Mortality table	LIC (2006-2008) 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 Financial Statements as at and for the year ended 30th June 2014

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

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013	As at 30th June 2012	As at 31st Mar 2011	As at 31st Mar 2010
Gratuity					
Defined benefit obligation	428.57	376.07	312.96	290.39	215.03
Plan assets	-	-	-	-	
Surplus/(deficit)	(428.57)	(376.07)	312.96	290.39	(215.03)
Experience adjustments on plan liabilities (gains)/losses	(169.41)	(140.01)	(185.66)	27.54	37.68

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

(₹ in lacs)

	2013-14	2012-13
Defined Contribution plans:		
Amount recognised in the Statement of Profit and Loss :		
Contribution to Provident Fund	152.20	154.38

33. EMPLOYEE STOCK OPTION PLANS (EQUITY SETTLED)

During the previous 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 previous 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 excercise price of ₹ 30.15 as determined in accordance with applicable SEBI Guidlines 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 2014	As at 30th June 2013
Total accounting value of options outstanding	**(A)**	294.29	353.86
Deferred Compensation Cost		294.29	353.86
Less: Cost Amortised during the year		(221.11)	(49.71)
Net Deferred Compensation Cost	**(B)**	73.18	304.15
Employee Stock Options outstanding (Net of deferred compensation cost)	**(A-B)**	**221.11**	**49.71**

Notes to Financial Statements as at and for the year ended 30th June 2014

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

Particulars	30th June 2014			30th June 2013		
	No. of Options	Amount (₹ in lacs)	Weighted average Exercise Price (₹)	No. of Options	Amount (₹ in lacs)	Weighted average Exercise Price (₹)
Outstanding at the beginning of the year	37,08,643	353.86	30.15	-	-	-
Granted during the year	-	-	-	37,08,643	353.86	30.15
Forfeited during the year	6,20,694	59.56	30.15	-	-	-
Exercised during the year	-	-	-	-	-	-
Outstanding at the end of the year	30,87,949	294.30	30.15	37,08,643	353.86	30.15
Exercisable at the end of the year	7,64,332	-	-	-	-	-
Weighted average remaining contractual life (in years)	3.02			4.03		

The weignted average market price of the Company's shares during the year ended June 30, 2014 was ₹ 33.05 (₹ 32.47) per shares.

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

Particulars	Assumption Used
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%
Weignted average market price (₹)	30.15
Exercise Price (₹)	30.15
Weignted average fair value of the options (₹)	9.54

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

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)

	2013-14	2012-13
Domestic Revenues	116,520.74	136,251.70
Export Revenues (Including Export Benefits)	61,613.06	42,326.84
Total	**178,133.80**	**178,578.54**

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Domestic Trade Receivables	13,117.76	23,752.60
Export Trade Receivables	18,186.04	25,550.18
Total	**31,303.80**	**49,302.78**

Notes to Financial Statements as at and for the year ended 30th June, 2014

(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.

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 3,150,000 (USD Nil) for trade receivables.

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

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Trade Receivables	893.75	25,550.18
Trade Payables	200.63	23,388.55
Foreign Currency Loans	2,167.93	1,343.24
	3,262.31	**50,281.97**

(c) The company has outstanding 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.

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 2014	As at 30th June 2013
Total Capital of the Partnership Firm	16.08	16.50

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

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
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 2014 are as follows:

(₹ in lacs)

	2013-14	2012-13
Assets	28.03	27.89
Liabilities	16.19	16.19
Capital Reserves	3.44	3.44
Revenue	-	-
Other Income	0.23	0.23
Depreciation	0.42	0.49
Others Expenses	0.02	0.03
Profit / (Loss) after tax	(0.21)	(0.29)

Notes to Financial Statements as at and for the year ended 30th June, 2014

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 2014	As at 30th June 2013
a) Principal Amount remaining unpaid at the end of accounting year.	79.75	115.53
Interest due on above	9.52	10.83
	89.27	**126.36**
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.	-	-
c) The amount of interest adjusted during the period.	-	-
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.	71.70	58.30
e) The amount of interest accrued and remaining unpaid at the end of each accounting year.	81.22	69.13
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.	-	-

38. RELATED PARTY DISCLOSURES

(a) Name of related parties and related party relationship

Related parties where control exists:

Subsidiary Company	Orissa Manganese & Minerals Limited
Associate Company	Adhunik Power & Natural Resources Limited

Related parties with whom transactions have taken place during the year:

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 Meghalaya Steels Private Limited Adhunik Steels Limited Amuel Engineering Private Limited Futuristic Steels Limited Mahananda Suppliers Limited Neepaz B.C. Dagara Steels Private Limited Neepaz B.C. Dagara Steels Private Limited Swarnarekha Steel Industries Limited Zion Steel Limited

Notes to Financial Statements as at and for the year ended 30th June, 2014

(b) Related party transactions

(₹ in lacs)

Nature of Transactions	Subsidiary/ Step down Subsidiary Companies	Associate Company	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 & Natural Resources Limited	- (-)	696.16 (-)				696.16 (-)
Orissa Manganese & Minerals Limited	7,781.29 (6,354.92)					7,781.29 (6,354.92)
Adhunik Alloys & Power Limited				696.16 (3,175.50)		696.16 (3,175.50)
Adhunik Industries Limited				27.49 (61.11)		27.49 (61.11)
Swarnarekha Steel Industries				11.46 (-)		11.46 (-)
Zion Steel Limited				582.76 (5,841.36)		582.76 (5,841.36)
Revenue from Operations						
Adhunik Power & Natural Resources Limited	- (271.13)	0.63 (-)		-		0.63 (271.13)
Futuristic Steel Limited				28.80 (-)		28.80 (-)
Orissa Manganese & Minerals Limited	44.35 (1,696.61)					44.35 (1,696.61)
Adhunik Corporation Limited				60.24 (-)		60.24 (-)
Adhunik Alloys & Power Limited				1,050.99 (1,619.36)		1,050.99 (1,619.36)
Hire charges						
Orissa Manganese & Minerals Limited	- (6.00)					- (6.00)
Accounts maintenance charges and Rent						
Adhunik InfoTech Limited				180.07 (187.17)		180.07 (187.17)
Conversion Charges						
Zion Steel Ltd.				499.80 (945.36)		499.80 (945.36)
Electricity charges received						
Orissa Manganese & Minerals Limited	- (15.00)					- (15.00)
Zion Steel Limited				118.21 (90.00)		118.21 (90.00)
Remuneration to Managing Director #						
Manoj Kumar Agarwal			120.00 (270.00)			120.00 (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)
Sale of Investments						
Orissa Manganese & Minerals Limited	- (378.94)					- (378.94)

Notes to Financial Statements as at and for the year ended 30th June, 2014

(b) Related party transactions

(₹ in lacs)

Nature of Transactions	Subsidiary/ Step down Subsidiary Companies	Associate Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders /Relatives have significant influence	Joint Venture (Partnership Firm)	Total
Purchase of Fixed Assets						
Adhunik Alloys & Power Limited				20.40 (-)		20.40 (-)
Amuel Engineering Private Limited				2,605.21 (-)		2,605.21 (-)
Balance outstanding as at the year end - Debit						
Adhunik Power & Natural Resources Limited	- (0.34)					- (0.34)
Mahananda Suppliers Limited				8,674.79 (9,642.19)		8,674.79 (9,642.19)
Adhunik Alloys & Power Limited				1,363.41 (435.18)		1,363.41 (435.18)
Adhunik InfoTech Limited				- (11.21)		- (11.21)
Zion Steel Limited				21,460.97 (3,823.81)		21,460.97 (3,823.81)
United Minerals					2.71 (2.71)	2.71 (2.71)
Balance outstanding as at the year end - Credit						
Orissa Manganese & Minerals Limited	41,457.95 (29,011.31)					41,457.95 (29,011.31)
Adhunik Corporation Limited				- (103.60)		- (103.60)
Adhunik Steels Limited				- (56.12)		- (56.12)
Adhunik Industries Limited				(8.57)		- (8.57)
Amuel Engineering Private Limited				1,534.53 (-)		1,534.53 (-)
Neepaz B.C. Dagara Steels Private Limited					70.71 (110.71)	70.71 (110.71)
Ganges Enterprises				- (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.

39. The Board of Directors of the Company in its meeting held on July 22, 2013 has approved to amalgamate Zion Steel Limited (ZSL) with the Company and to amalgamate the the Company (post amalgamation of ZSL) with the wholly owned subsidiary, Orissa Manganese & Minerals Limited, through a composite scheme of amalgamation between ZSL, OMM and the Company (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. The scheme has been approved by the Shareholders and Creditors of the above Companies in there meeting held on 19th and 20th April 2014 respectively and the Official Liquidator, Orissa High Court, Cuttack has submitted its report dated 17th July 2014 that the affairs of the Company appears to have not been conducted in a manner prejudicial to the interest of its members or to public interest and the Hon'ble High Court may consider to pass order as deemed fit and proper in that manner. 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 wholly owned subsidiary, Orissa Manganese & Minerals Limited.

Notes to Financial Statements as at and for the year ended 30th June, 2014

40. CIF VALUE OF IMPORTS (INCLUDING THROUGH CANALIZING AGENCY) DURING THE YEAR:

(₹ in lacs)

	2013-14	2012-13
Raw materials	1,983.43	2,052.13
Components and Spare Parts	258.31	655.41
Capital Goods	101.69	72.65
	2,343.43	**2,780.19**

41. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS):

(₹ in lacs)

	2013-14	2012-13
Professional and Consultancy charges	20.33	20.92
Interest, Finance & Commitment Charges	18.09	39.89
Others	23.81	35.03
	62.23	**95.84**

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

(₹ in lacs)

	% of total consumption 2013-14	Value (₹ in lacs) 2013-14	% of total consumption 2012-13	Value (₹ in lacs) 2012-13
Raw Materials #				
Imported	0%	101.84	14%	7,129.66
Indigenously	100%	37,860.06	86%	42,519.08
	100%	**37,961.90**	**100%**	**49,648.74**
Stores and Spares				
Imported	6%	449.32	8%	816.39
Indigenously	94%	7,270.30	92%	9,333.83
	100%	**7,719.62**	**100%**	**10,150.22**

Net of cost of raw material sold ₹ 45,062.79 lacs (₹ 23,172.20 lacs).

43. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS):

(₹ in lacs)

	2013-14	2012-13
FOB Value of Exports	15,272.74	18,943.05

44. Previous year figures including those given in brackets have been rearranged where ever neccessary to conform with the current year classification.

As per our report of even date

For Das & Prasad
Firm registration number: 303054E
Chartered Accountants

For and on behalf of the Board of Directors

Anil Kumar Agarwal
Partner
Membership No.: 062368

Manoj Kumar Agarwal
(Managing Director)

Ghanshyam Das Agarwal
(Chairman)

Place: Kolkata
Date: 30th August, 2014

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF ADHUNIK METALIKS LIMITED

Report on the Consolidated Financial Statements

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, 2014, 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

The 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 Company 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.

Auditors' Responsibility

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.

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

Opinion

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 the 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, 2014;

(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

1. We did not audit the financial statements of three subsidiaries and two joint ventures, whose financial statements reflect the Group's share of total assets of Rs.1,033.24 lacs as at 30th June, 2014, and the Group's share of total revenues of Rs.39.75 lacs for the year ended on that date, and net cash outflow amounting to Rs.65.43 lacs for the year ended on that date and the Group's share of profit of Rs.3.68 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.

2. As stated in Note 2(B)(vii), in respect of investments in an associate, no adjustments have been made in the consolidated financial statements as at 30th June, 2014 as the financial statements of this associate was not available.

   Our opinion is not qualified in respect of these matters.

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

Anil Kumar Agarwal
Partner
Membership No.062368

Place: Kolkata
Dated: 30th August, 2014

Consolidated Balance Sheet as at 30th June, 2014

(₹ in lacs)

	Notes	As at 30th June 2014	As at 30th June 2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	12,349.95	12,349.95
Reserves and surplus	4	145,348.87	143,172.56
		157,698.82	**155,522.51**
Minority Interest		19.92	48,109.55
Non-current liabilities			
Long-term borrowings	5	190,920.07	341,392.43
Deferred tax liabilties (net)	6	16,414.56	16,586.36
Other long-term liabilities	7	4,202.17	22,725.63
Long-term provisions	8	842.48	873.82
		212,379.28	**381,578.24**
Current liabilities			
Short-term borrowings	9	86,143.96	94,368.89
Trade payables	10	102,975.25	109,928.05
Other current liabilities	11	41,584.03	107,156.05
Short-term provisions	8	1,150.78	3,686.48
		231,854.02	**315,139.47**
TOTAL		**601,952.04**	**900,349.77**
Assets			
Non-current assets			
Fixed assets :			
Tangible assets	12.1	205,812.82	511,117.95
Intangible assets	12.1	45,399.36	47,956.34
Capital work-in-progress	12.2	41,714.91	36,944.60
Goodwill on Consolidation		5,971.94	6,987.55
Non-current investments	13	34,120.33	7.65
Long-term loans and advances	14	37,877.79	36,871.75
Other non-current assets	15	5,845.28	4,568.04
		376,742.43	**644,453.88**
Current assets			
Inventories	16	95,764.51	105,221.38
Trade receivables	17	57,052.72	88,484.96
Cash and bank balances	18	2,902.96	4,788.92
Short-term loans and advances	14	60,246.21	42,249.42
Other current assets	15	9,243.21	15,151.21
		225,209.61	**255,895.89**
TOTAL		**601,952.04**	**900,349.77**
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 number: 303054E
Chartered Accountants

For and on behalf of the Board of Directors

Anil Kumar Agarwal
Partner
Membership No.: 062368
Place: Kolkata
Date: 30th August, 2014

Manoj Kumar Agarwal
(Managing Director)

Ghanshyam Das Agarwal
(Chairman)

Consolidated Statement of profit and loss for the year ended 30th June, 2014

(₹ in lacs)

	Notes	2013-14	2012-13
Income			
Revenue from operations (gross)	19	271,104.62	316,839.23
Less: Excise duty		15,535.53	20,785.48
Revenue from operations (net)		255,569.09	296,053.75
Other income	20	9,168.65	12,867.55
Total revenue (I)		**264,737.74**	**308,921.30**
Expenses			
Cost of Raw Materials Consumed	21	120,159.46	123,112.28
Purchase of Stock-in-trade	22	29,701.06	27,771.16
(Increase)/ decrease in inventories of Finished Goods, Work-in-Progress, Stock-in-trade and By-Products	23	695.55	11,458.65
Employee benefits expenses	24	9,397.12	9,398.52
Other expenses	25	48,315.23	61,239.40
Total (II)		**208,268.42**	**232,980.01**
Earnings before finance costs, tax, depreciation & amortization (III) = (I) – (II)		**56,469.32**	**75,941.29**
Depreciation & amortization expenses	26	14,587.74	18,814.93
Finance costs	27	37,644.67	46,315.40
Profit before tax (IV)		**4,236.91**	**10,810.96**
Tax expenses :			
Current tax		1,300.13	2,413.62
Income Tax relating to Earlier Years		(936.90)	(111.89)
Deferred tax charge	6	(171.80)	622.83
MAT Credit Entitlement		-	(28.64)
Total tax expenses (V)		**191.43**	**2,895.92**
Profit after tax but before minority interest (VI) = (IV) - (V)		**4,045.48**	**7,915.04**
Share of profit / (loss) of Minority Interest		4.97	(804.76)
Profit for the year		**4,040.51**	**8,719.80**
Earnings per equity share [nominal value ₹ 10 per share (₹ 10 per share)]	28		
Basic (₹)		3.27	7.06
Diluted (₹)		3.22	7.06
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 number: 303054E
Chartered Accountants

Anil Kumar Agarwal
Partner
Membership No.: 062368
Place: Kolkata
Date: 30th August, 2014

For and on behalf of the Board of Directors

Sd/-
Manoj Kumar Agarwal
(Managing Director)

Sd/-
Ghanshyam Das Agarwal
(Chairman)

Consolidated Cash Flow Statement for the year ended 30th June, 2014

(₹ in lacs)

		2013-14	2012-13
A: Cash Flow From Operating Activities :			
Profit / (Loss) before Tax		**4,236.91**	**10,810.96**
Adjustments for :			
Depreciation and amortisation		14,587.74	18,814.93
(Profit) on Fixed Assets Sold / Discarded (net)		(66.24)	(1.43)
Net Unrealised Loss/(Gain) on Exchange Rates/Forward Exchange Contracts		-	1,221.82
Employee stock option compensation cost		171.42	49.71
Provision/ Reversal of Provision for doubtful debts		186.06	247.87
Bad debts/advances written off		152.98	318.33
Liabilities no Longer Required Written Back		(1,069.02)	(230.04)
Interest Income		(2,332.22)	(1,938.62)
Interest and Finance Charges		37,644.67	46,315.40
Operating Profit Before Working Capital Changes		**53,512.30**	**75,608.93**
Movements in Working Capital :			
Increase / (Decrease) in Trade Payables and Other Liabilities		42,498.49	17,608.01
Increase / (Decrease) in Provisions*		124.93	362.95
(Increase) / Decrease in Trade Receivables		(6,478.72)	(22,865.69)
(Increase) / Decrease in Loans and Advances and Other Assets*		(51,378.43)	(31,812.31)
(Increase) / Decrease in Inventories		(8,594.63)	(6,420.23)
Cash Generated From Operations		**29,683.94**	**32,481.66**
Direct taxes paid (Net of refunds)		(2,721.58)	(659.46)
Net Cash Generated From Operating Activities	**(A)**	**26,962.36**	**31,822.20**
B: Cash Flow From Investing Activities :			
Purchase of fixed assets, including capiatal work in progress and capital advances		(45,461.88)	(92,057.03)
Proceeds from Sale of Fixed Assets		100.34	210.86
Loans repaid by Body Corporates		-	5,788.09
Purchase of non-current investments		(6,513.44)	-
Proceeds from sale of subsidiary		967.19	-
Investment in/(Maturity of) Fixed Deposits (Net) [Receipts Pledged with various banks as security]		(484.53)	(1,306.30)
Interest Received		2,599.55	1,688.34
Net Cash Used In Investing Activities	**(B)**	**(48,792.77)**	**(85,676.04)**

Consolidated Cash Flow Statement for the year ended 30th June 2014

(₹ in lacs)

		2013-14	2012-13
C: Cash Flow From Financing Activities :		**-**	
Dividends paid on equity shares		-	(8.52)
Sale of minority interest		-	(162.04)
Proceeds from Compulsorily Convertible Participatory Preference Shares		-	4,981.75
Refund of Share Application Money		-	(2.52)
Proceeds from long-term borrowings		116,670.73	62,006.22
Repayment of long-term borrowings		(71,527.00)	(15,220.97)
Repayment of short-term borrowings		-	(5,000.00)
Proceeds from working capital loan (Net)		12,648.19	41,894.77
Interest & Finance charges paid		(34,475.66)	(43,206.83)
Net Cash Used In Financing Activities	**(C)**	**23,316.26**	**45,281.86**
Net Increase / (Decrease) In Cash And Cash Equivalents	**(A+B+C)**	**1,485.85**	**(8,571.98)**
Cash & Cash Equivalents at the beginning of the year		2,458.78	11,030.35
Effect of translation on Closing Cash and Cash Equivalent		0.07	0.41
Cash and Cash Equivalent related to company ceased to be a subsidiary [Refer Note No. 2(B)(iii)]		(1,041.74)	-
Cash & Cash Equivalents at the end of the year		**2,902.96**	**2,458.78**

* Includes both current and non-current items

Notes :--

Components of Cash and Cash Equivalents

(₹ in lacs)

		As at 30th June 2014	As at 30th June 2013
Cash on hand		81.90	127.84
Balances with Banks in :			
- Current Accounts		2,812.12	2,321.11
- Unpaid dividend accounts		8.82	9.83
Total Cash & Cash Equivalents (Note No. 18)		**2,902.96**	**2,458.78**
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 number: 303054E
Chartered Accountants

Anil Kumar Agarwal
Partner
Membership No.: 062368
Place: Kolkata
Date: 30th August, 2014

For and on behalf of the Board of Directors

Sd/-
Manoj Kumar Agarwal
(Managing Director)

Sd/-
Ghanshyam Das Agarwal
(Chairman)

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

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 subsidiaries, associate and 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.

2. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Preparation

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements 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 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention, 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.

B) Principles of Consolidation of Financial Statements

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

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

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

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

Name of the Subsidiary	Country of Incorporation	Proportion of ownership / interest as at	
		30th June 2014	30th June 2013
Orissa Manganese & Minerals Limited	India	100.00%	100.00%
Adhunik Power & Natural Resources Limited *	India	-	81.97%
Orchid Global Resources Pte. Limited	Singapore	100.00%	100.00%
Vasundhra Resources Limited	India	58.82%	58.82%
Global Commodity & Resources Limited **	Hong Kong	100.00%	-

* In accordance with the change in the defination of the subsidiary company as per the Companies Act, 2013, Adhunik Power & Natural Resources Limited ceases to be a subsidiary.

** Global Commodity & Resources Limited become step down subsidiary of the Company during the current year.

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

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

(vi) Investment in Associate is accounted in accordance with AS-23 on "Accounting for Investments in Associates in Consolidated Financial Statements", under "Equity Method". Unrealised Profit/Loss are eliminated. The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.

(vii) The Associate company considered in the consolidated financial statements are as follows:

Name of the Associate	Country of Incorporation	Proportion of ownership Interest as at	
		30th June 2014	30th June 2013
Adhunik Power & Natural Resources Limited #	India	34.44%##	-

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

In absence of the financial statements of Adhunik Power & Natural Resources Limited, the Associate Company, for the year ended 30th June 2014, the results of the same could not be accounted as per Accounting Standard 23 on Accounting for Investments in Associates in Consolidated Financial Statements.

Includes Equity Shares to the extent of 27.79% held by a wholly owned subsidiary Company, Orissa Manganese & Minerals Limited.

(viii) 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.

(ix) 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 2014	30th June 2013
United Minerals (Partnership firm)	India	50%	50%
Neepaz B.C. Dagara Steels Private Limited (Jointly controlled entity) ***	India	50%	50%

*** Equity Shares held by a wholly owned subsidiary Company, Orissa Manganese & Minerals Limited.

(x) 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.

(xi) The financial statements of all the subsidiaries have been prepared for the year ended 30th June 2014 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 month of addition / disposal.

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

(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 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 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 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.

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

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 repective assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the pre tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

(ii) Goodwill

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

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, 2014

3. SHARE CAPITAL

(₹ in lacs)

	As at 30th June 2014 Nos.	₹ in lacs	As at 30th June 2013 Nos.	₹ in lacs
Authorized shares				
Equity Shares of ₹ 10 each				
At the beginning of the year	145,180,000	14,518.00	145,180,000	14,518.00
Add: Addition durig the year	-	-	-	-
	145,180,000	**14,518.00**	**145,180,000**	**14,518.00**
Preference Shares of ₹ 100 each				
At the beginning of the year	2,000	2.00	2,000	2.00
Add: Addition durig the year	-	-	-	-
	2,000	**2.00**	**2,000**	**2.00**
Issued, subscribed and fully paid-up shares				
Equity Shares of ₹ 10 each fully paid up	123,499,536	12,349.95	123,499,536	12,349.95
	123,499,536	**12,349.95**	**123,499,536**	**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, 2014 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 2014 Nos.	As at 30th June 2013 Nos.
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 2014		As at 30th June 2013	
	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	29,813,102	24.14%	29,001,592	23.48%
Shyam Vatika Advisors LLP	-	0.00%	7,436,741	6.02%

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, 2014

4. RESERVES AND SURPLUS

(₹ in lacs)

		As at 30th June 2014	As at 30th June 2013
Capital Reserve (as per the last financial statements)	**(A)**	**2,392.22**	**2,392.22**
Securities Premium Account			
Balance as per the last consolidated financial statements		28,324.99	28,324.99
Less: Adjustment related to company ceased to be subsidiary [Refer Note No. 2(B)(iii)]		69.15	-
Closing Balance	**(B)**	**28,255.84**	**28,324.99**
General Reserve (as per the last financial statements)	**(C)**	**3,184.10**	**3,184.10**
Employee Stock Options Outstanding (Refer Note No. 33)			
Employee Stock Options Outstanding		294.29	353.86
Less: Deferred Employee Compensation Cost Outstanding		(73.18)	(304.15)
Closing Balance	**(D)**	**221.11**	**49.71**
Revaluation Reserve			
Balance as per last finanacial statement		54,315.99	56,283.66
Less : Amount transferred to the Statement of Profit and Loss as reduction from depreciation		(1,967.61)	(1,967.67)
Closing Balance	**(E)**	**52,348.38**	**54,315.99**
Surplus in the Consolidated Statements of Profit & Loss			
Balance as per the last consolidated financial statements		54,892.41	46,172.61
Profit for the year		4,040.51	8,719.80
Net surplus in the consolidated statement of profit and loss	**(F)**	**58,932.92**	**54,892.41**
Foreign Exchange Translation Reserve			
Balance as per the last consolidated financial statements		13.14	-
Add : Addition during the year		1.16	13.14
Closing Balance	**(G)**	**14.30**	**13.14**
Total reserves and surplus	**(A to G)**	**145,348.87**	**143,172.56**

5. LONG-TERM BORROWINGS (SECURED)

(₹ in lacs)

		Non Current Portion		Current Maturities	
		As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
A) Secured					
Term Loans from :					
Banks		169,500.14	316,126.07	16,392.25	47,896.10
Financial Institutions		20,486.09	23,908.00	2,041.48	4,800.00
	(A)	189,986.23	340,034.07	18,433.73	52,696.10
Deferred payment liabilities					
Vehicle, Equipment & Housing Loans	**(B)**	933.84	1,358.36	1,073.25	655.98
B) Unsecured	**-**	**-**			
Rupee loan from a bank	**(C)**	-	-	-	5,000.00
Total	**(A+B+C)**	**190,920.07**	**341,392.43**	**19,506.98**	**58,352.08**
Amount disclosed under the head "other current liabilities" (Note No. 11)		-	-	(19,506.98)	(58,352.08)
		190,920.07	**341,392.43**	**-**	**-**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

(a) Nature of security:

i) In case of Adhunik Metaliks Limited:

a) The rupee term loans from banks amounting to ₹ 13,206.87 lacs (₹ 45,961.75 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 banks and financial institutions and second pari-passu charge on all the current assets of the Company.

b) The rupee term loans from banks/financial institutions amounting to ₹ 65,142.88 lacs (₹ 15,000.00 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 banks and financial institutions and second pari-passu charge on all the current assets of the Company, Orissa Manganese & Minerals Ltd. and Zion Steel Ltd. under obligor co-obligor structure.

c) The rupee term loans from banks amounting to ₹ 9,764.42 lacs (₹ 11,593.75 lacs) are secured by second charge on entire movable and immovable fixed assets of the Company.

d) The rupee Term Loans of ₹ 88,114.17 lacs (₹ 72,555.50 lacs) from banks and financial institutions are further secured by the personal guarantee of one or more promoter directors of the Company.

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

a) The rupee term loans from banks amounting to ₹ 23,569.98 lacs (₹ 26,250.00 lacs) are secured by first charge on all the moveable assets and on all the current assets, both present and future, of the Mining Division and escrow on the entire cash flow of the mining division. The above loan is also secured by pledge of 60 lacs Equity shares in the Company held by Adhunik Metaliks Limited, the Holding Company.

b) The rupee term loans from banks/financial institutions amounting to ₹ 96,735.82 lacs (₹ 59,469.29 lacs) are secured by first charge over all the fixed assets of the Company except mining rights and assets purchased under the hire purchase and loan for office premises and over all the fixed assets of the Holding Company, Adhunik Metaliks 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 banks/financial institutions and second pari-passu charge on all the current assets of the Company, Adhunik Metaliks Limited and Zion Steel Limited under obligor co-obligor structure.

c) The rupee Term Loans of ₹ 120,305.80 lacs (₹ 85,719.29 lacs) from banks and financial institutions are further secured by the personal guarantee of one or more promoter directors of the Company.

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

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

i) Rupee term loans of ₹ 23,569.98 lacs (₹ 26,250 lacs) carry interest of bank Base Rate plus 3.15% per annum, would be replace by another loan under debt consolidation scheme.

ii) Rupee term loans of ₹184,849.98 lacs (₹ 392,730.17 lacs) from banks/financial institutions carry interest ranging between respective lender's base rate (ranges from 10.00% to 10.25%) 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 2014**		**As at 30th June 2013**	
	Quarterly installments starting from June 2014 to March 2023		**Quarterly installments starting from June 2008 to December 2022**	
Installments due	**No. of Installments**	**Amount (₹ in lacs)**	**No. of Installments**	**Amount (₹ in lacs)**
Within one year (Refer Note No. 10)	136	18,433.73	230	46,862.74
One year to Three Year	214	40,595.70	412	102,622.55
Three Year to Five Year	208	47,923.43	491	106,818.43
More than Five Year	334	77,897.12	551	110,176.45
TOTAL	**892**	**184,849.98**	**1684**	**366,480.17**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

(c) The installment of rupee term loans amounting to ₹ 2,491.28 lacs (₹ Nil) due for payment as on 30th June 2014 and interest amounting to ₹ 4,209.31 lacs (₹ Nil) which was due for payment in June 2014, have not been paid. However, out of above installement and interest of ₹ 2,123.23 lacs and ₹ 3,742.83 lacs respectively have been paid after the balance sheet date.

(d) Deferred payment liabilities represent vehicle, equipment and housing loans carrying interest ranging between 8.46% to 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 2014**		**As at 30th June 2013**	
Installments due	**No. of Installments**	**Amount (₹ in lacs)**	**No. of Installments**	**Amount (₹ in lacs)**
Within one year (Refer Note No. 11)	257	1,073.25	311	655.98
After one but not more than three year	228	460.07	274	749.28
After three but not more than five year	72	139.70	82	233.19
More than five year	195	334.07	219	375.89
TOTAL	**752**	**2,007.09**	**886**	**2,014.34**

6. DEFERRED TAX LIABILITIES (NET)

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Balance as per last consolidated financial statements	16,586.36	15,963.53
Less: Deferred Tax Asset recognised for the year	(171.80)	622.83
TOTAL	**16,414.56**	**16,586.36**

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

(₹ in lacs)

		As at 30th June 2014	As at 30th June 2013
Deferred tax liabilities on			
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting		28,043.97	25,452.45
	(A)	**28,043.97**	**25,452.45**
Deferred tax assets on			
Unabsorbed Depreciation		11,154.58	8,496.99
Other timing differences		474.83	369.10
	(B)	**11,629.41**	**8,866.09**
Net deferred tax liabilities	**(A-B)**	**16,414.56**	**16,586.36**

7. OTHER LONG TERM LIABILITIES

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Payable towards fixed assets	4,202.17	22,725.63
TOTAL	**4,202.17**	**22,725.63**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

8. PROVISIONS

(₹ in lacs)

	Non Current		Current	
	As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
Provision for employee benefits*:				
Gratuity (Refer Note No. 31)	536.02	550.82	73.91	95.53
Leave benefits	280.21	296.75	29.35	38.32
TOTAL	**816.23**	**847.57**	**103.26**	**133.85**
Other provisions -				
Mines Restoration Charges	26.25	26.25	-	-
Taxation [net of advance income taxes/Tax deducted at source]	-	-	1,047.52	3,552.63
	26.25	**26.25**	**1,047.52**	**3,552.63**
TOTAL	**842.48**	**873.82**	**1,150.78**	**3,686.48**

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

Provision for mines restoration charges:

The activities of the Company involve mining of land taken under lease. In terms of the provisions of relevant statutes and lease deeds, the mining areas would require restoration at the end of the mining lease. The future restoration expenses are affected by a number of uncertainties, such as, technology, timing etc. As per the requirement of Accounting Standard - 29, the management has estimated such future expenses on best judgment basis and the provision thereof has been made in the accounts. The movement in provisions for Mine Restoration Charges during the period is as follows :

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
At the beginning of the year	26.25	26.25
Arising during the year	-	-
Utilized during the year	-	-
At the end of the year	**26.25**	**26.25**

9. SHORT-TERM BORROWINGS (SECURED)

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Cash credits from banks	83,976.03	93,025.65
Export Packing credit loan (in foreign currency)	2,167.93	1,343.24
TOTAL	**86,143.96**	**94,368.89**

(i) In case of Adhunik Metaliks Limited

(a) Cash credit from banks of ₹ 65,486.94 lacs (₹ 61,141.15 lacs) which is repayable on demand and export packing credit facilities from banks of ₹ 2,167.93 lacs (₹1,343.24 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) of the Company and overall current assets of OMML and ZSL under obligor and co-obligor structure, 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 and overall fixed assets of OMML and ZSL under obligor and co-obligor structure, ranking pari passu amongst working capital lenders. Cash credit from banks carry interest ranging between bank base rate (ranging from 10.00% to 10.25% per annum) plus premium (ranging from 3.75% to 4.25% per annum). Export packing credit facilities from banks carry interest of LIBOR plus 3.25% per annum.

(b) Cash credit from banks of ₹ 65,486.94 lacs (₹ 61,141.15 lacs) are further secured by the personal guarantee of one or more promoter directors of the Company.

(ii) In case of Orissa Manganese and Minerals Limited

Cash Credit from banks of ₹ 18,489.09 lacs (₹ 11,011.36 lacs) which is repayable on demand, are secured by first charge by way of hypothedication of the current assets and second charge over the fixed assets of Iron ore beneficiation and pelletisation plant at Kandra, Jamshedpur. Cash credit from banks carry interest ranging between bank base rate (ranging from 10.00% to 10.25% per annum).

10. TRADE PAYABLES

(₹ in lacs)

	Current Portion	
	As at 30th June 2014	As at 30th June 2013
Acceptances	38,138.06	38,886.72
Trade Payables	64,837.19	71,041.33
TOTAL	**102,975.25**	**109,928.05**

11. OTHER CURRENT LIABILITIES

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Current Maturities of Long-term borrowings (Refer Note No. 5)	19,506.96	58,352.08
Interest accrued and due on borrowings	4,209.31	6,464.66
Interest accrued and not due on borrowings	207.69	214.04
Advance from customers	5,002.18	5,369.34
Book Overdraft	572.21	325.54
Employee related liabilities	2,667.49	2,119.48
Security Deposit	26.69	26.69
Investor Education and Protection Fund:		
Unpaid Dividend (not due)	8.82	9.54
Retention Money	98.70	87.64
Payable towards fixed assets	-	27,046.60
Statutory Dues	9,283.98	7,140.44
	41,584.03	**107,156.05**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

12.1 FIXED ASSETS

(₹ in lacs)

	Tangible Assets											Intangible Assets			
	Freehold Land including Site Development Expenses	Leasehold Land	Buildings	Plant and Machinery	Vehicles	Computers	Furniture & Fixtures	Office Equip-ments	Railway Wagons	Railway Siding	Total	Mining Rights	Goodwill	Computer Software	Total
Gross Block :															
As at 1st July, 2012	14,452.57	9,662.61	22,944.60	184,250.32	3,429.87	956.91	1,034.87	670.31	2,550.35	9,004.84	248,957.25	52,067.60	183.82	450.14	52,701.56
Additions	1,977.57	777.07	36,490.51	280,524.78	733.11	53.86	67.65	65.12	-	3.14	320,692.81	83.95	-	78.15	162.10
Disposals/Discard	-	-	194.21	12.14	43.24	1.02	2.19	-	-	-	252.80	-	-	-	-
As at 30th June 2013	**16,430.14**	**10,439.68**	**59,240.90**	**464,762.96**	**4,119.74**	**1,009.75**	**1,100.33**	**735.43**	**2,550.35**	**9,007.98**	**569,397.26**	**52,151.55**	**183.82**	**528.29**	**52,863.66**
Additions	1,101.67	-	1,238.97	22,635.04	1,891.23	19.98	151.30	51.09	-	-	27,089.28	79.74	-	58.85	138.59
Disposals/Discard (Refer Note No.C)	7,454.95	1,848.63	40,344.46	273,365.31	331.68	390.84	392.63	122.22	-	-	324,250.72	-	183.82	158.12	341.94
As at 30th June 2014	**10,076.86**	**8,591.05**	**20,135.41**	**214,032.69**	**5,679.29**	**638.89**	**859.00**	**664.30**	**2,550.35**	**9,007.98**	**272,235.82**	**52,231.29**	**-**	**429.02**	**52,660.31**
Accumulated Depreciation/ Amortisation:															
As at 1st July, 2012	-	418.72	1,517.32	33,334.15	1,709.33	482.12	333.97	137.91	1,155.16	832.15	39,920.83	1,850.28	119.45	367.46	2,337.19
Charge for the year	-	377.45	1,270.08	15,546.47	313.01	104.27	65.29	40.11	250.44	434.73	18,401.85	2,473.08	36.76	60.29	2,570.13
Disposals/Discard	-	-	7.39	2.00	33.84	0.12	0.02	-	-	-	43.37	-	-	-	-
As at 30th June 2013	**-**	**796.17**	**2,780.01**	**48,878.62**	**1,988.50**	**586.27**	**399.24**	**178.02**	**1,405.60**	**1,266.88**	**58,279.31**	**4,323.36**	**156.21**	**427.75**	**4,907.32**
Charge for the period	-	315.66	695.95	11,672.23	395.42	68.23	45.92	29.02	255.04	434.76	13,912.23	2,606.52	-	36.60	2,643.12
Disposals/Discard (Refer Note No.C)	-	64.19	569.67	4,215.88	558.80	189.90	146.75	23.35	-	-	5,768.54	-	156.21	133.28	289.49
As at 30th June 2014	**-**	**1,047.64**	**2,906.29**	**56,334.97**	**1,825.12**	**464.60**	**298.41**	**183.69**	**1,660.64**	**1,701.64**	**66,423.00**	**6,929.88**	**-**	**331.07**	**7,260.95**
Net Block															
As at 30th June 2013	**16,430.14**	**9,643.51**	**56,460.89**	**415,884.34**	**2,131.24**	**423.48**	**701.09**	**557.41**	**1,144.75**	**7,741.10**	**511,117.95**	**47,828.19**	**27.61**	**100.54**	**47,956.34**
As at 30th June 2014	**10,076.86**	**7,543.41**	**17,229.12**	**157,697.72**	**3,854.17**	**174.29**	**560.59**	**480.61**	**889.71**	**7,306.34**	**205,812.82**	**45,301.41**	**-**	**97.95**	**45,399.36**

(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 and Building includes borrowing costs of ₹ 5,970.84 lacs (₹ 60,287.32 lacs) transferred from capital work-in-progress / pre-operative expenditure (pending allocation).

(C) Disposals / discard for the current year mainly includes fixed assets of Adhunik Power and Natural Resources Limited which ceases to be a subsidiary [Refer Note No. 2(B)(iii)].

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

12.2. CAPITAL WORK IN PROGRESS

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Civil Construction and Structural Works	3,857.69	15,486.05
Plant and Equipments	35,824.25	227,877.06
Capital Goods in Stock	1,750.96	8,444.20
	41,432.90	**251,807.31**
Less: Transfer to Fixed Assets	16,965.24	224,929.72
	24,467.66	26,877.59
Add: Pre-operative and trial run expenditure (pending allocation) (Refer details below)	17,247.25	10,067.01
	41,714.91	**36,944.60**

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

During the year, 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 2014	As at 30th June 2013
Opening Balance Brought Forward	**10,067.01**	**59,355.96**
Less: Adjustment related to company ceased to be subsidiary [Refer Note No. 2(B)(iii)]	(219.52)	-
Opening Balance Brought Forward related to continued operation	**9,847.49**	**59,355.96**
Expenditure		
Raw Materials Consumed	2,176.94	4,096.76
Power & Fuel	2,256.41	2,390.35
Consumption of Stores & Consumable	82.72	1,162.71
Salaries, wages and bonus	1,311.22	3,508.60
Repair and Maintenance:		
Plant and Machinery	-	48.77
Others	-	117.02
Operation & Maintenance Charges	-	128.19
Rent & Hire Charges	-	33.99
Transmission Charges	-	10.53
Rates & Taxes	-	298.19
Insurance	-	41.32
Legal and Professional Charges	529.15	713.04
Preoperative Expenses	195.35	-
Depreciation	-	189.38
Travelling & Conveyance	-	253.63
Interest On:		
Term Loans	10,431.91	26,492.04
Cash Credit, Letters of Credit and Others	454.09	998.12
Miscellaneous Expenses	60.30	1,476.27
Sub-Total (A)	**27,345.58**	**101,314.87**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

(₹ in lacs)

		As at 30th June 2014	As at 30th June 2013
Income			
Sales		-	499.83
Less : Excise Duty		-	-
		-	499.83
Interest on fixed deposits		-	72.56
Sub-Total	**(B)**	**-**	**572.39**
Increase / (Decrease) in Stock			
Closing Stock			
Finished goods [transferred to (Increase)/ Decrease in inventories - (Note No. 23)		1,295.52	-
Sub-Total	**(C)**	**1,295.52**	**-**
Total	**(A-B-C)**	**26,050.06**	**100,742.48**
Less: Transferred to Fixed Assets		8,802.81	90,675.47
		17,247.25	**10,067.01**

13. NON-CURRENT INVESTMENTS (LONG - TERM)

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Trade investments - Unquoted (At cost)		
Equity Shares		
217,425,068 (Nil) Equity Shares of ₹ 10 each fully paid up of Adhunik Power & Natural Resources Limited	29,427.93	-
76,500 (76,500) Equity Shares of ₹ 10 each fully paid-up in Adhunik Meghalaya Steels Private Limited	7.65	7.65
Preference Shares		
468,400 (Nil) Preference shares of ₹ 1000 each fully paid up of Adhunik Power & Natural Resources Limited	4,684.00	-
Share Application Money		
Share application money in Mccluskie Coal & Power Limited	0.75	0.75
	34,120.33	**7.65**

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

(₹ in lacs)

		Non Current		Current	
		As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
Capital Advances	(A)	**4,048.14**	**19,489.49**	**-**	**-**
Advances recoverable in cash or in kind					
Considered good - Related Parties		21,460.97	5,000.00	27,211.43	6,698.03
Considered good - Others		-	-	29,814.23	32,715.33
Doubtful - To Others		120.00	60.97	-	-
		21,580.97	5,060.97	57,025.66	39,413.36
Provision for doubtful advances		120.00	60.97	-	-
	(B)	**21,460.97**	**5,000.00**	**57,025.66**	**39,413.36**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

(₹ in lacs)

		Non Current		Current	
		As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
Loans to Employees	(C)	-	-	189.24	184.91
Security Deposits	(D)	6,980.33	7,222.27	1,039.00	5.84
Others					
Balances with statutory/Government Authorities		452.80	43.06	1,440.52	1,860.42
Prepaid expenses		6.55	8.86	551.79	784.89
Advance income-tax (net of provision for taxation)		391.49	444.35	-	-
MAT Credit Entitlement		4,537.51	4,663.72	-	-
	(E)	5,388.35	5,159.99	1,992.31	2,645.31
Total	(A to E)	37,877.79	36,871.75	60,246.21	42,249.42

14.1 The Company has entered into a 50:50 Joint Venture agreement with Mr. B.C. Dagara, the lessee of Sulaipat Iron Ore Mines, Odisha for the transfer of the said iron ore mines 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 mines in joint venture is subject to obtaining the requisite approvals from the State Government stipulated by various laws. The said iron ore mines 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 mines.

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 ₹ 4,801.65 lacs (₹ 3,947.51 lacs) has been paid as security deposit to him during the pendency of this service contract.

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

(₹ in lacs)

	Non Current		Current	
	As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
Non-current bank balances (Refer Note No. 18)	5,845.28	4,568.04	-	-
Others				
Interest Receivable on				
Bank Deposits			18.31	339.23
Other Advances			147.66	127.34
Unbilled Revenue			37.02	320.26
Receivable towards sale of non-current investments (Refer Note No. 36)			8,674.79	9,642.19
Export Benefits Receivable			365.43	359.63
Others			-	4,362.56
Total	5,845.28	4,568.04	9,243.21	15,151.21

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

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

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Raw Materials [includes in transit ₹ 626.21 lacs (₹ 9,786.37 lacs)]	26,798.46	42,545.13
Finished Goods [includes in transit ₹ 953.29 lacs (₹ 432.33 lacs)]	31,068.30	37,138.47
Work-in-Progress	11,696.79	11,600.16
By Products	14,116.66	9,732.52
	83,680.21	**101,016.28**
Stock-in-trade	1,379.41	8.48
Stores & Spares [includes in transit ₹ Nil (₹ 96.48 lacs)]	10,704.89	4,196.62
Total	**95,764.51**	**105,221.38**

17. TRADE RECEIVABLES (UNSECURED)

(₹ in lacs)

		As at 30th June 2014	As at 30th June 2013
Outstanding for a period exceeding six months from the date they are due for payment			
Considered good		7,549.02	2,756.09
Doubtful		382.82	255.79
		7,931.84	3,011.88
Less: Provision for doubtful receivables		382.82	255.79
	(A)	7,549.02	2,756.09
Other trade receivables (considered good)	**(B)**	49,503.70	85,728.87
Total	**(A+B)**	**57,052.72**	**88,484.96**

18. CASH AND BANK BALANCES

(₹ in lacs)

	Non Current		Current	
	As at 30th June 2014	As at 30th June 2013	As at 30th June 2014	As at 30th June 2013
Cash and cash equivalents				
Balances with banks:				
On current accounts			2,812.24	2,321.11
On unpaid dividend account			8.82	9.83
Cash on hand			81.90	127.84
			2,902.96	**2,458.78**
Other bank balances				
Deposits with original maturity for more than 12 months #	10.68	12.31	-	67.04
Margin money deposit #	5,834.60	4,555.73	-	2,263.10
	5,845.28	**4,568.04**	**-**	**2,330.14**
Amount disclosed under non-current assets (Refer Note No. 15)	(5,845.28)	(4,568.04)	-	-
	-	**-**	**2,902.96**	**4,788.92**

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, 2014

19. REVENUE FROM OPERATIONS

(₹ in lacs)

	2013-14	2012-13
Revenue from operations		
Sale of products / Services		
Finished goods	198,739.51	224,177.72
Power	-	29,011.83
Stock-in-trade	31,168.03	29,450.61
Sale of Services	11,008.30	8,463.31
Other operating revenue		
Sale of By-Products	405.13	1,037.66
Sale of Raw Materials	29,507.94	23,652.48
Lease rent	-	660.00
Export Benefits	275.71	385.62
Revenue from operations (gross)	**271,104.62**	**316,839.23**
Less: Excise duty	15,535.53	20,785.48
Revenue from operations (net)	**255,569.09**	**296,053.75**

20. OTHER INCOME

(₹ in lacs)

	2013-14	2012-13
Interest income on :		
Bank deposits	544.31	303.85
Loan, advances and deposits	1,787.91	1,634.77
Unspent liabilities and provisions no longer required written back	1,069.02	230.04
Profit on Sale of Fixed Assets	66.24	1.43
Gain on foreign exchange fluctuation / forward exchange contracts (Net)	-	1,817.18
Prior Period items (net) (Refer Note No. 25.2)	260.43	-
Insurance & Other Claims	4,258.80	7,960.40
Rent & Hire Charges	53.50	69.82
Commission Income	1,112.11	822.43
Other non-operating income	16.33	27.63
	9,168.65	**12,867.55**

21. COST OF RAW MATERIALS CONSUMED

(₹ in lacs)

	2013-14	2012-13
Opening Stock of Raw Materials	42,545.13	21,648.05
Less: Adjustment related to company ceased to be subsidiary [Refer Note No. 21.1]	(15,896.17)	-
Opening Stock of Raw Materials related to continued operation	26,648.96	21,648.05
Add: Purchases	120,308.96	144,009.36
	146,957.92	165,657.41
Less: Closing Stock	26,798.46	42,545.13
Cost of raw materials consumed	**120,159.46**	**123,112.28**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

21.1 Cost of raw materials consumed is computed after excluding inventory of Adhunik Power and Natural Resources Limited which ceases to a subsidiary [Refer Note No. 2(B)(iii)].

22. PURCHASE OF STOCK-IN-TRADE

(₹ in lacs)

	2013-14	2012-13
Iron & Steel product	29,701.06	27,771.16
	29,701.06	**27,771.16**

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

(₹ in lacs)

	2013-14	2012-13	(Increase)/ Decrease
Inventories at the end of the year:			
Finished Goods	31,068.30	37,138.47	6,070.17
Work in Progress	11,696.79	11,600.16	(96.63)
Stock-in-trade	1,379.41	8.48	(1,370.93)
By Products	14,116.66	9,732.52	(4,384.14)
(A)	**58,261.16**	**58,479.63**	**218.47**
Inventories at the beginning of the year:			
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
(B)	**58,479.63**	**74,576.20**	**16,096.57**
(B-A)	**218.47**	**16,096.57**	
Add : Stock Transferred on commencement of commercial production			
Finished Goods (Refer Note No. 12.2)	1,295.52	-	
	1,513.99	**16,096.57**	
Less: Transferred to Fixed Assets	-	4,025.94	
Excise duty on (Increase)/decrease of finished goods	(818.44)	(611.98)	
	695.55	**11,458.65**	

24. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

	2013-14	2012-13
Salaries, wages and bonus	7,761.72	8,690.26
Contribution to provident fund	222.52	235.24
Gratuity expense (Refer Note No. 32)	125.36	160.18
Employee stock option compensation cost (Refer Note No. 33)	171.42	49.71
Workmen and Staff Welfare Expenses	1,116.10	263.13
	9,397.12	**9,398.52**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

24.1 Managerial remuneration amounting to ₹ 120.00 lacs (₹ 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 approval of the Ministry of Corporate Affairs (MCA) is awaited.

25. OTHER EXPENSES

(₹ in lacs)

	2013-14	2012-13
Consumption of Stores and Spares	8,214.97	11,421.47
Power and Fuel	14,242.65	11,397.94
Conversion Charges	976.89	1,874.37
Operation and Maintenance Charges (Refer Note No. 25.1)	5,026.40	6,020.33
Freight and Forwarding Charges	4,384.01	5,900.13
Rent	991.65	755.65
Cost of raising, drilling and excavation	2,621.75	6,489.06
Royalty	1,613.99	2,722.67
Rates and Taxes	234.80	1,237.29
Legal and Professional Charges	1,393.38	1,617.08
Insurance	106.46	198.24
Repairs to and Maintenance of :		
Buildings	29.72	52.04
Machinery	1,373.11	2,004.58
Others	208.28	162.10
Travelling and Conveyance Expenses	894.40	1,071.62
Directors' Travelling & Conveyance Expenses	8.03	26.40
Communication Costs	264.75	284.80
Director's Sitting fees	10.54	14.06
Payment to Auditors:		
As Auditors		
Audit fee	40.26	47.60
Limited Review Fees	15.00	40.81
In other capacity		
Tax Audit Fees	3.00	-
Certificates and Other services	4.87	12.50
Reimbursement of Expenses	1.36	5.66
Provision for doubtful debts and advances	186.06	249.68
Bad debts/advances written off	152.98	318.33
Transmission Charges	-	959.18
Commission on sales	47.02	250.72
Rebate, discounts and other selling expenses	1,776.11	2,438.56
Motor Vehicle Expenses	602.69	537.40
Security Charges	277.96	386.99
Peripheral Development expenses	174.38	404.06
Prior Period items (net) (Refer details below)	-	203.51
Exchange Differences (net)	374.05	-
Charity and Donations	143.24	39.95
Miscellaneous Expenses	1,920.47	2,094.62
	48,315.23	**61,239.40**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

25.1 OPERATION & MAINTENANCE CHARGES CONSIST OF THE FOLLOWING EXPENSES

(₹ in lacs)

	2013-14	2012-13
Contract Payments	1,979.97	1,793.02
Testing and Inspection Charges	241.30	317.23
Refractory Management Charges	946.04	1,148.72
Labour Charges	646.68	1,095.84
Plant and Equipment Hire Charges	939.29	1,059.93
Water Charges	65.76	286.96
Mines Supervision Charges	32.12	32.20
Packing & Forwarding Charges	17.82	32.37
Miscellaneous	157.42	254.06
	5,026.40	**6,020.33**

25.2 PRIOR PERIOD EXPENSES/(INCOME) CONSIST OF THE FOLLOWING EXPENSES

(₹ in lacs)

		2013-14	2012-13
Income			
Miscellaneous Income		260.43	7.92
Sub Total	**(A)**	**260.43**	**7.92**
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
Cost of Raising, Excavation and Drilling Expenses		-	14.51
Miscellaneous Expenses		-	6.60
Sub Total	**(B)**	**-**	**211.43**
Total	**(B-A)**	**(260.43)**	**203.51**

26. DEPRECIATION & AMORTIZATION EXPENSE

(₹ in lacs)

	2013-14	2012-13
Depreciation of tangible assets	13,912.23	18,401.85
Amortization of intangible assets	2,643.12	2,570.13
Less: Adjusted against revaluation reserve	(1,967.61)	(1,967.67)
Less: Capitalised/transferred to capital work in progress during the year	-	(189.38)
	14,587.74	**18,814.93**

27. FINANCE COSTS

(₹ in lacs)

	2013-14	2012-13
Interest on:		
Term Loans	16,672.26	26,294.33
Cash Credit, Letters of Credit and Others	19,546.30	16,885.69
Income tax	-	103.90
Other borrowing costs	1,426.11	3,031.48
	37,644.67	**46,315.40**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

28. EARNINGS PER SHARE (EPS)

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

	2013-14	2012-13
Net Profit after tax for calculation of basic and diluted EPS (₹ in lacs)	4,040.51	8,719.80
Weighted average number of equity shares in calculating basic EPS	12,34,99,536	12,34,99,536
Add: Effect of stock options	21,25,772	-
Weighted average number of equity shares in calculating diluted EPS	12,56,25,308	12,34,99,536
Nominal Value of equity shares	₹ 10	₹ 10
Basic Earnings Per Share	₹ 3.27	₹ 7.06
Diluted Earnings Per Share	₹ 3.22	₹ 7.06

29. CONTINGENT LIABILITIES

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Claims & Government demands against the Company not acknowledged as debt:		
Excise demands under dispute/ appeal	5,344.96	5,308.52
Sales Tax matters (under dispute/appeal)	1,161.19	421.24
Others	383.02	61.00
Bills discounted and Bank Guarantees outstanding	29,075.12	17,751.99
Custom Duty on Import of equipments and spare parts under EPCG Scheme	771.07	771.07
	36,735.36	**24,313.82**

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

Pending the Supreme Court decision, the Company has provided and capitalized 50% of the NPV i.e. ₹ 1,320.51 lacs as 'mining right' under 'Intangible assets', which will be amortized over the remaining lease period of the mines.

30. CAPITAL AND OTHER COMMITMENTS

(a) As at 30th June 2014, the Company has commitments of ₹ 12,797.03 lacs (₹ 34,409.52 lacs) net of advances ₹ 18,948.53 lacs (₹ 19,566.14 lacs) relating to estimated amount of contracts to be executed on capital account and not provided for.

(b) As at 30th June 2014, the Company has given undertaking to the lenders not to dispose of its 51% shareholding in Orissa Manganese & Minerals Limited (OMM), a wholly owned subsidiary, till the loan taken by OMM is paid in full.

31. LEASES

Operating lease

(a) The Company has obtained Liquid Oxygen Plant on operating lease. The lease rent payable per month is ₹ 15.00 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 2014	As at 30th June 2013
Within one year	180.00	312.00
After one year but not more than five years	735.00	1,222.00
	915.00	**1,534.00**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

b) Certain office premises, godowns, etc. are held on operating lease. The leases range upto 3 years and are renewable for further year either mutually or at the option of the Company. There are no restrictions imposed by lease agreements. There are no subleases. The leases are cancellable.

(₹ in lacs)

	2013-14	2012-13
Lease payments made for the year	552.91	482.26
	552.91	**482.26**

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.

Consolidated Statement of Profit and Loss

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

(₹ in lacs)

	2013-14	2012-13
Current service cost	266.74	351.06
Interest cost on benefit obligation	50.89	45.33
Net actuarial(gain)/loss	(192.27)	(236.21)
Net benefit expense	**125.36**	**160.18**

Balance Sheet

(b) Benefit asset/liability

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Present value of defined benefit obligation	609.93	646.35
Fair value of plan assets	-	-
Less: Unrecognised past service cost	-	-
Net asset/(liability)	**(609.93)**	**(646.35)**

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

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Opening defined benefit obligation	646.35	507.21
Current service cost	266.74	351.06
Interest cost	50.89	45.33
Benefits paid	(34.35)	(21.04)
Actuarial (gains)/losses on obligation	(192.27)	(236.21)
Adjustment related to company ceases to be a subsidiary [Refer Note No. 2(B)(iii)]	(127.43)	-
Closing defined benefit	**609.93**	**646.35**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

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

(₹ in lacs)

	2013-14	2012-13
Discount rate	9.00%	8.00%
Salary increase	7.00%	5.00%
Mortality table	LIC (2006-2008) 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 2014	As at 30th June 2013	As at 30th June 2012	As at 31st Mar 2011	As at 31st Mar 2010
Gratuity					
Defined benefit obligation	609.93	646.35	507.22	443.51	291.86
Plan assets	-	-	-	-	-
Surplus/(deficit)	(609.93)	(646.35)	(507.22)	(443.51)	(291.86)
Experience adjustments on plan liabilities (gains)/losses	(192.27)	(236.21)	(278.41)	64.99	29.23
Experience adjustments on plan assets	NA	NA	NA	NA	NA

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

(₹ in lacs)

	2013-14	2012-13
Defined Contribution plans:		
Amount recognised in the Consolidated Statement of Profit and Loss		
Contribution to Provident Fund	222.52	235.24

33. EMPLOYEE STOCK OPTION PLANS (EQUITY SETTLED)

During the previous 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 previous 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 excercise price of ₹ 30.15 as determined in accordance with applicable SEBI Guidlines 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 2014	As at 30th June 2013
Total accounting value of options outstanding	**(A)**	294.29	353.86
Deferred Compensation Cost		294.29	353.86
Less: Cost Amortised during the year		(221.11)	(49.71)
Net Deferred Compensation Cost	**(B)**	73.18	304.15
Employee Stock Options outstanding (Net of deferred compensation cost)	**(A-B)**	**221.11**	**49.71**

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

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

Particulars	30th June 2014			30th June 2013		
	No. of Options	Amount (₹ in lacs)	Weighted average Exercise Price (₹)	No. of Options	Amount (₹ in lacs)	Weighted average Exercise Price (₹)
Outstanding at the beginning of the year	3,708,643	353.86	30.15	-	-	-
Granted during the year	-	-	-	3,708,643	353.86	30.15
Forfeited during the year	620,694	59.56	30.15	-	-	-
Exercised during the year	-	-	-	-	-	-
Outstanding at the end of the year	3,087,949	294.30	30.15	3,708,643	353.86	30.15
Exercisable at the end of the year	764,332	-	-	-	-	-
Weighted average remaining contractual life (in years)	3.02			4.03		

The weignted average market price of the Company's shares during the year ended June 30, 2014 was ₹ 33.05 (₹ 32.47) per shares.

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

Particulars	Assumption Used
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%
Weignted average market price (₹)	30.15
Exercise Price (₹)	30.15
Weignted average fair value of the options (₹)	9.54

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

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 3,150,000 (USD Nil) for trade receivables.

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

(₹ in lacs)

	As at 30th June 2014	As at 30th June 2013
Trade Receivables	1,061.16	25,550.18
Trade Payables	202.23	23,422.40
Foreign Currency Loans	2,167.93	1,343.24

(c) The company has outstanding 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, 2014

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 2014	As at 30th June 2013
a) Principal Amount remaining unpaid at the end of accounting year.	79.75	115.53
Interest due on above	9.52	10.83
	89.27	**126.36**
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.	-	-
c) The amount of interest adjusted during the period.	-	-
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.	71.70	58.30
e) The amount of interest accrued and remaining unpaid at the end of each accounting year.	81.22	69.13
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.	-	-

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 and for the year ended 30th June 2014 is as follows:

(₹ in lacs)

	As at 30th June, 2014	As at 30th June, 2013
Tangible Assets	2.72	2.80
Intangible Assets	10.34	10.68
Non current assets		
Other non-current assets	2.63	-
Current assets		
Inventories	4.46	4.46
Trade receivables	0.09	0.09
Cash and bank balances	0.09	2.71
Short-term loans and advances	7.40	6.64
Other current assets	0.30	0.53
Current liabilities		
Trade Payables	16.19	16.19

(₹ in lacs)

	2013-14	2012-13
Income / Expense		
Other Income	0.23	0.23
Depreciation	0.42	0.49
Other Expenses	0.02	0.03
Profit / (Loss) after tax	(0.21)	(0.29)

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

37. RELATED PARTY DISCLOSURES

(a) Names of related parties and related party relationship

Related parties with whom transactions have taken place during the year:

Associate	Adhunik Power & Natural Resources Limited
Joint Venture	United Minerals (partnership firm) Neepaz B C Dagara Steels Private Limited
Key Management Personnel	Mr. Manoj Kumar Agarwal (Managing Director) Mr. Ghanshyam Das Agarwal (Chairman) Mr. Jugal Kishore Agarwal (Director) Mr. Nirmal Kumar Agarwal (Director) Mr. Mohan Lal Agarwal (Director) Mr. Mahesh Kumar Agarwal (Director)
Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Adhunik Alloys & Power Limited Adhunik Corporation Limited Adhunik Infotech Limited Adhunik Industries Limited Adhunik Steels Limited Amuel Engineering Private Limited Futuristic Steel Limited Mahananda Suppliers Limited Swarnarekha Steel Industries Zion Steel Limited

(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	Associate	Joint Venture	Total
1. In relation to Statement of Profit and Loss					
Purchase of goods / services					
Adhunik Alloys & Power Limited		1,261.61 (3,781.46)			1,261.61 (3,781.46)
Adhunik Steels Limited		2,082.59 (-)			2,082.59 (-)
Adhunik Power & Natural Resources Limited			697.14 (-)		697.14 (-)
Adhunik Industries Limited		27.49 (182.98)			27.49 (182.98)
Swarnarekha Steel Industries		11.46 (-)			11.46 (-)
Zion Steel Limited		1,082.56 (6,786.72)			1,082.56 (6,786.72)
Revenue from Operations					
Adhunik Alloys & Power Limited		9,392.05 (1,891.43)			9,392.05 (1,891.43)
Futuristic Steel Limited		28.80 (-)			28.80 (-)
Adhunik Power & Natural Resources Limited			0.63 (271.13)		0.63 (271.13)
Adhunik Corporation Limited		7,752.30 (-)			7,752.30 (-)
Hire & Other charges					
Adhunik Alloys & Power Limited		5,266.65 (-)			5,266.65 (-)

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

(b) Related party transactions (Contd.)

(₹ in lacs)

Nature of Transactions	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Associate	Joint Venture	Total
Accounting & Maintenance charges and Rent					
Adhunik Alloys & Power Limited		2,963.85 (-)			2,963.85 (-)
Adhunik Steels Limited		- (5.62)			- (5.62)
Adhunik InfoTech Limited		259.63 (220.77)			259.63 (220.77)
Electricity charges received					
Zion Steel Limited		118.21 (90.00)			118.21 (90.00)
Purchase of Fixed Asset					
Adhunik Alloys & Power Limited		47.43 (-)			47.43 (-)
Adhunik Power & Natural Resources Limited			12.24 (-)		12.24 (-)
Amuel Engineering Private Limited		2,605.21 (-)			2,605.21 (-)
Interest Income					
Adhunik Corporation Limited		21.83 (-)			21.83 (-)
Adhunik Steels Limited		1,641.19 (-)			1,641.19 (-)
Remuneration to Managing Director #					
Manoj Kumar Agarwal	120.00 (270.00)				120.00 (270.00)
Subscription towards Equity Shares					
Adhunik Power & Natural Resources Limited		6,512.69 (1,000.02)			6,512.69 (1,000.02)
2. In relation to Balance Sheet Items					
Balance outstanding as at the year end – Debit					
Adhunik Alloys & Power Limited		1,363.41 (595.43)			1,363.41 (595.43)
Adhunik Steels Limited		26,919.08 (-)			26,919.08 (-)
Adhunik Corporation Limited		1,161.55 (-)			1,161.55 (-)
Adhunik InfoTech Limited		7.62 (11.21)			7.62 (11.21)
Adhunik Power & Natural Resources Limited		19.52 (0.34)			19.52 (0.34)
Mahananda Suppliers Limited		8,674.79 (9,642.19)			8,674.79 (9,642.19)
Zion Steel Limited		21,460.97 (3,823.81)			21,460.97 (3,823.81)
Neepaz B.C. Dagara Steels Private Limited				27.33 (27.46)	27.33 (27.46)
United Minerals				2.71 (2.71)	2.71 (2.71)

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

(b) Related party transactions (Contd.)

(₹ in lacs)

Nature of Transactions	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Associate	Joint Venture	Total
Balance outstanding as at the year end – Credit					
Futuristic Steels Limited		227.63 (227.63)			227.63 (227.63)
Adhunik Steels Limited		- (56.12)			- (56.12)
Amuel Engineering Private Limited		2,121.23 (-)			2,121.23 (-)
Adhunik Industries Limited		- (8.57)			- (8.57)
Adhunik Corporation Limited		- (103.60)			- (103.60)
Adhunik Alloys & Power Limited		(2,885.33) (-)			(2,885.33) (-)
Neepaz B.C. Dagara Steels Private Limited				70.71 (110.71)	70.71 (110.71)
Ganges Enterprises		- (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.

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	Iron & steel	Mining	Power	Total
(A) Revenue				
External	237,435.91	21,296.78	-	258,732.69
	(239,390.15)	(32,451.93)	(29,011.83)	(300,853.90)
Inter Segment sales	-	3,163.60	-	3,163.60
	(236.78)	(4,563.37)	(-)	(4,800.15)
Total Revenue from operations (Net of Excise)	**237,435.91**	**18,133.18**	**-**	**255,569.09**
	(239,153.37)	**(32,451.93)**	**(29,011.83)**	**(296,053.75)**
(B) Results				
Segment results Profit/(Loss)	24,991.43	9,242.30	-	34,233.73
	(21,752.90)	(13,119.60)	(5,841.47)	(40,713.98)
Interest Income				2,332.22
				(1,938.62)
Unallocated Expenses				55.28
				(100.91)
Unallocated Income				5,370.91
				(8,782.83)

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

38. SEGMENT INFORMATION (Contd.)

(₹ in lacs)

Particulars	Iron & steel	Mining	Power	Total
Operating Profit				**41,881.58**
				(51,334.52)
Finance Costs				37,644.67
				(46,315.40)
Tax expenses				191.43
				(2,895.92)
Minority Interest				(4.97)
				(804.76)
Net Profit / (Loss) for the year				**4,040.51**
				(8,719.80)
(C) Total Assets				
Segment assets	449,451.33	65,865.50	-	515,316.83
	(437,187.40)	(70,147.61)	(373,505.49)	(880,840.51)
Unallocated assets				86,635.21
				(19,509.27)
Total assets				**601,952.04**
				(900,349.77)
(D) Total Liabilities				
Segment liabilities	114,028.48	11,757.02	-	125,785.50
	(117,126.60)	(19,476.15)	(39,388.44)	(175,991.19)
Unallocated liabilities				318,447.78
				(520,726.52)
Total liabilities				**444,233.28**
				(696,717.71)
(E) Other Segment Information				
Capital expenditures				
Tangible	31,341.42	518.69	-	**31,860.11**
	(31,706.75)	(1,221.24)	(50,410.16)	**(83,338.15)**
Intangible	58.74	79.85	-	**138.59**
	(88.83)	(73.27)	(-)	**(162.10)**
Depreciation and amortisation (excluding amount transferred to capital work in progress/ amount adjusted against revaluation reserve)	13,912.23	2,643.12	-	**16,555.35**
	(18,401.85)	(2,570.13)	(20,971.98)	**(20,971.98)**
Non cash expenses other than depreciation	339.04	-	-	**339.04**
	(366.61)	(-)	(-)	**(366.61)**

(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

Notes to Consolidated Financial Statements as at and for the year ended 30th June, 2014

(₹ in lacs)

	2013-14	2012-13
Domestic Revenues	176,017.02	236,955.25
Export Revenues (Including Export Benefits)	79,552.07	59,098.50
Total	**255,569.09**	**296,053.75**

(B) Total Assets

(₹ in lacs)

	As at 30th June, 2014	As at 30th June, 2013
Within India	566,024.17	856,312.78
Outside India	35,927.87	44,036.99
Total	**601,952.04**	**900,349.77**

(C) Capital Expenditure

(₹ in lacs)

	2013-14	2012-13
Within India	31,998.70	83,500.24
Outside India	-	-
Total	**31,998.70**	**83,500.24**

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

39. The Board of Directors of the Company in its meeting held on July 22, 2013 has approved to amalgamate Zion Steel Limited (ZSL) with the Company and to amalgamate the the Company (post amalgamation of ZSL) with the wholly owned subsidiary, Orissa Manganese & Minerals Limited, through a composite scheme of amalgamation between ZSL, OMM and the Company (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. The scheme has been approved by the Shareholders and Creditors of the above Companies in there meeting held on 19th and 20th April 2014 respectively and the Official Liquidator, Orissa High Court, Cuttack has submitted its report dated 17th July 2014 that the affairs of the Company appears to have not been conducted in a manner prejudicial to the interest of its members or to public interest and the Hon'ble High Court may consider to pass order as deemed fit and proper in that manner. 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 wholly owned subsidiary, Orissa Manganese & Minerals Limited.

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 Company's applications for renewal thereof are pending with the concerned authorities. The Company had filed applications for renewal of these leases at least 12 months before the expiry of the respective lease period. Accordingly, as per the provisions under MCR (Mineral Concession Rules), 1960, Rule 24A (1) & Rule 24A (5), the periods of said leases are deemed to have been extended by a further period till the State Government passes an order thereon. In view of above, these accounts have been prepared on a Going Concern Basis.

41. Previous year figures including those given in brackets have been rearranged where ever neccessary to conform with the current year classification.

As per our report of even date

For Das & Prasad
Firm registration number: 303054E
Chartered Accountants

Anil Kumar Agarwal
Partner
Membership No.: 062368

Place: Kolkata
Date: 30th August, 2014

For and on behalf of the Board of Directors

Sd/-
Manoj Kumar Agarwal
(Managing Director)

Sd/-
Ghanshyam Das Agarwal
(Chairman)

Adhunik Metaliks Limited

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Chadri Hariharpur, P.O.- Kuarmunda, Sundergarh, Odisha - 770 039
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