BUILDING VALUE

Adhunik Metaliks Limited I Annual Report, 2009-10

Forward-looking statement

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

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

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

Contents

At Adhunik Metaliks, our focus is not to be the biggest. But the best.

This vision has inspired us to create a distinctive business model.

A model that is integrated.

Focused on value-added products.

Marketed to demanding customers.

Protected by relatively low competition.

Engaged in downstream under-penetrated products.

Driven by the prospect of sustainable growth.

Generating superior margins over the industry average.

At Adhunik, we have aggregated these various components into a singular vision: **Building value.**

Building value is...

Commissioning assets on time.

Reducing dependence on external resources.

Investing in cutting-edge technologies.

Clarity on what we want to make, whom we want to sell to and what industry space we want to specialise in.

An extensive presence across the value-chain.

The flexibility to market various intermediate and end products.

Generating realisations considerably higher than the industry average.

Creating a distinctive respect among vendors, customers, employees and society.

Combining three businesses in one company.

Steel, mining and power.

These are three of the fastest growing sectors in India today. The forward-looking Adhunik Metaliks Limited is present in each.

Legacy

- Part of the ₹ 3000 cr Adhunik Group of Industries
- Incorporated in 2001 as Neepaz Metaliks Private Limited; renamed as Adhunik Metaliks Limited in 2005
- Headed by Mr. G.D. Agarwal (Chairman) and Mr. Manoj Kumar Agarwal (Managing Director)
- Supported by a team with rich experience in operations, mining and project management

Presence

- Headquartered in Kolkata, India
- Manufacturing units and mines in Orissa and Jharkhand
- Marketing offices in 12 states across India
- Export presence in five countries

Accreditation

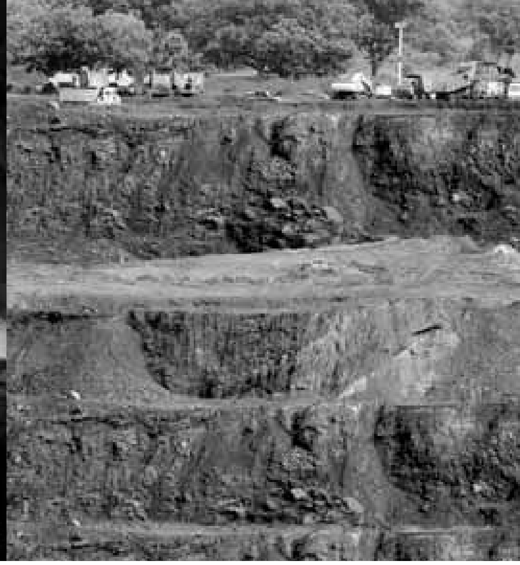
- Certified for ISO 9001:2000 and TS 16949 across all the manufacturing units
- Received certification from the Bureau of Indian Standards and Research Design and Standards Organisations (RDSO)
- Awarded first prize in the 10th Mines Environment & Mineral Conservation Week for the recovery of sub-grade manganese ore in our Patmunda manganese ore mines
- Awarded second prize in the 10th Mines Environment & Mineral Conservation Week for waste dump management in our Ghatkuri iron ore mines

Product portfolio

Billets/blooms/rounds for seamless pipe applications	Rolled products
Anode-cathode bars	Ferro alloys
Pig iron	Sponge iron
Cold heading quality steel	Structural steel
TMT bars	Carbon steel
High-alloy steel	Auto steel
Bearing steel	Free cutting steel
Stainless steel	Spring steel
Cathode collector bars	

Adhunik Metaliks Limited

- **Steel** → Alloy and special steels (0.45 MTPA) | Forging (NVFL, 73.8% subsidiary) | Transmission towers (Unistar, 82.78% subsidiary)
- **Merchant mining** → Iron ore, 97 MT (OMM, 100% subsidiary) | Manganese ore, 53 MT (OMM 100% subsidiary)
- **Power** → Merchant IPP, 540 MW (APNRL, 99.38% subsidiary)


Brand-enhancing clientele

Automobiles

Construction, telecom and power

Department of Telecommunications

Forging and engineering

Railways and oil & gas

Natural resource bank at Adhunik

Business segment	Mineral	Reserves (MMT)	Location	Status
Merchant mining (OMML)	Iron ore	97	Ghatkuri, Jharkhand	Operational
	Manganese ore	53	Patmunda, Orissa	Operational
Steel (captive) (AML)	Iron ore	25	Keonjhar, Orissa	Expected commencement by H2 FY2011
	Coal	31	Talcher, Orissa	Expected commencement in FY 2013
Power (captive) (APNRL)	Coal	69	Ganeshpur, Jharkhand	Expected commencement by Q4 FY2013

"We are building value through a robust and integrated business model with a presence in the steel, mining and power sectors."

Mr. Manoj Kumar Agarwal, Managing Director, analyses the Company's performance and focuses on the future.

Dear Shareholders

THE BIG PICTURE IS THAT INDIA REBOUNDED FROM THE STEEL SECTOR SLOWDOWN (ARISING OUT OF THE GENERAL MELTDOWN) FASTER THAN MOST COUNTRIES AND ADHUNIK METALIKS STRENGTHENED ITS BUSINESS WITHIN INDIA'S STEEL SECTOR.

The relatively small picture is that Adhunik Metaliks reported a 10.51% growth in consolidated revenues and 83.68% in consolidated EBIDTA 2009-10 over the previous year.

Clearly, the best is yet to be at the Company for two basic reasons:

- Our growth is higher-than the global-average growth in the Indian steel sector
- Various initiatives are been taken by Adhunik Metaliks to build value

Reviewing 2009-10

Adhunik Metaliks was created as a steel Company but thereafter responded entrepreneurially to emerging opportunities and diversified. The result is that today we are effectively three companies in one – steel, mining and power.

Steel: Adhunik is positioned as a mid-sized integrated steel player with all the corresponding advantages arising out of its prevailing size – focus, value-addition, quick implementation and the managerial bandwidth required to sustain the business. We are one of the most extensively integrated secondary steel companies in India today. We possess a single-location alloy steel capacity (0.45 MTPA) dedicated to the growing needs of the auto, power, oil and engineering segments. We are evolving our presence from mere commodity manufacture to value-added products (from 40% of our revenues to 70%). We received approvals from five Tier I and II automobile OEMs. The result is that our EBIDTA of 20.39% in 2009-10 was higher than the prevailing industry average.

Mining: We invested in mines for captive use and merchant sales. We commercialised mines belonging to Orissa Manganese & Minerals Limited over the last year, mining 1.15 mn tons of iron ore and 0.14 mn tons of manganese ore. We invested in a jigging plant and ore washery to utilise wastes. Our merchant mining contributed 16.47% of consolidated revenue.

Adhunik's value-addition pyramid

Auto grade steel
₹ 42,000 per ton

Structural steel
₹ 31,000 per ton

Billets
₹ 25,000 per ton

DRI
₹ 14,000 per ton

Iron ore / Manganese ore
₹ 2,500 per ton / ₹ 6,000 per ton

Pellets
₹ 4,500 per ton

Iron ore fines / Manganese ore fines
₹ 1,000 per ton / ₹ 2,000 per ton

We expect to commence operations from the Kulum iron ore mine from the second half of 2010-11; we expect to commercialise our captive coal mine at Talcher in two years. Going ahead, we are investing in a 1.2 MTPA pellet plant along with iron-ore beneficiation plant to utilise the fines and low-grade materials.

Following the establishing of these plants, we intend to beneficiate these fines and low grade materials and convert them into iron ore pellets for merchant sale. We believe that this initiative will extend our value chain. We have made substantial progress on the project by placing all the major orders for plant and machinery. The project is in full swing and expected to be commissioned by September, 2010.

Power: We invested in power-generation from the perspective of captive use and merchant sale. While captive units were created within the Company, we are implementing the large plants (dedicated to merchant sales) under a subsidiary. We possess 34 MW of captive power generation capacity (as on March 31, 2010) and expect to scale it to 80 MW by October 2012. On the other hand, we embarked on the first two phases of the cumulative 540 MW power plants dedicated to merchant sale (out of the planned 1,080 MW). We were allocated a coal mine (JV with TATA Steel), which will secure our resource needs; we secured back-to-back coal linkages for the entire 540 MW capacity from Central Coalfields. On the other hand, we entered into a purchase agreement for the first 100 MW with Tata Power Trading Company Limited and expect to commission the first unit of 270 MW by January 2012 and the second unit of 270 MW by April 2012. We intend to enhance our capacity following the firm procurement of captive resources.

Sustainable business growth

- Consolidation through backward and forward integration
- Phased expansion of the steel business
- Improving operational efficiencies
- Foray into power generation business
- Capitalise on mining resources

Derisking our business

We intend to secure ₹ 2,600 cr of cumulative investments in our steel, power and mining businesses through extensive derisking.

One, our extension into these spaces - value-added steel products, mining (captive and merchant) and power generation (captive and merchant) - will evolve us into a high-margin steel and resource organisation.

Two, by 2015, we expect to increase steel capacity to a million tons per annum with a dominant proportion of our capacity dedicated to the value-added segment. The combined use of the blast furnace and electric arc furnace through the virgin route (as opposed to the conventional use of scrap) will reduce our power consumption. Our growing focus on supplies to the automobiles, oil and gas, power, railways and construction sectors will enhance realisations.

Three, we possess a complement of directly-owned mines (iron ore and coal) and subsidiary-owned mines (iron ore and manganese ore) with a flexibility to use resources for our captive use and merchant sale. The result is that these mines will not just enable us to save cost but also generate high-margin revenues.

Four, we intend to market 50% of the power (through our subsidiary) that we generate through long-term contracts and the rest through spot sales. The margin-accretive power business is expected to generate significant tax-free cash flow, which we expect to re-invest in Chattisgarh, Orissa and Bihar (1,000 MW each) power projects (signed MoUs in 2009-10).

Five, we mobilised around ₹ 700 cr of debt in the last four years to fund our expansion and have started repaying it through internal accruals. We repaid ₹ 100 cr in 2009-10 and intend to repay ₹ 90 cr in 2010-11, which will strengthen our debt-equity ratio from 1.98 in 2009-10 to 1.70 in 2010-11.

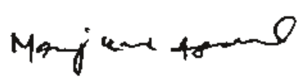
Caring for people

As a responsible corporate, we will continue to invest in developing our people. We are working in the areas of educational development, women's empowerment, infrastructure development, income generation and sports promotion. We established an NGO called Nav Nirman Sanstha to carry out development initiatives for the economically underprivileged. We adopted six villages near our manufacturing units and mines. During 2009-10, we invested ₹ 2.5 cr in community initiatives.

Message to shareholders

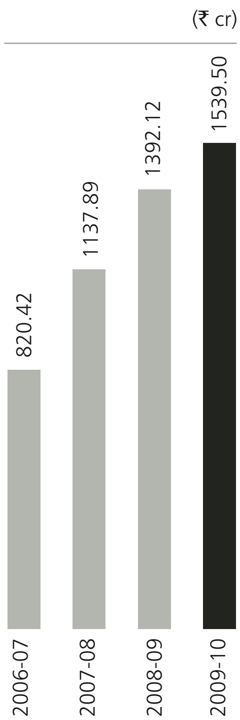
At Adhunik Metaliks, the sum of these initiatives will be progressively reflected in one number: the gradual reduction in our resource purchases and a growing increase in resource use from captive means. This increase will evolve our personality into a relatively non-cyclical value-added steel products business that protects its bottomline in the most challenging markets and maximises returns during favourable times.

Regards,

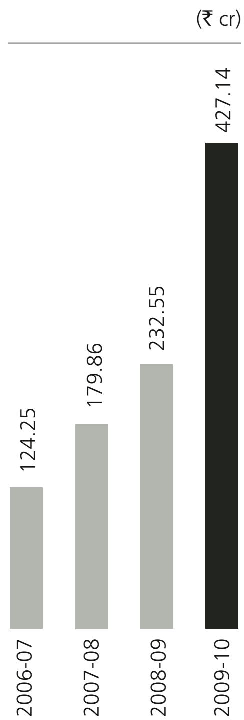


Manoj Agarwal

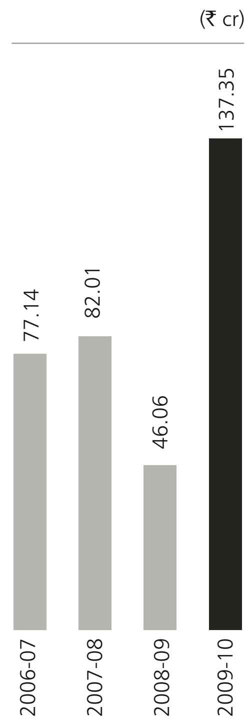
Managing Director



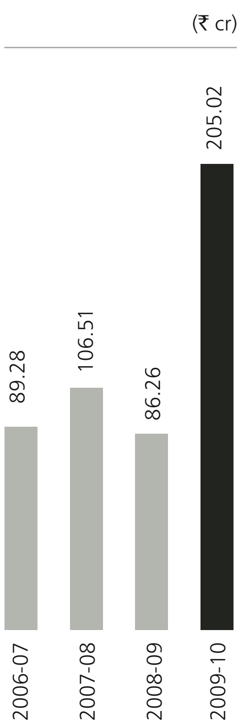
Consolidated revenue



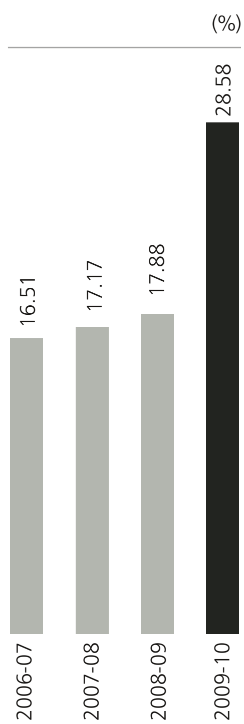
Consolidated EBIDTA



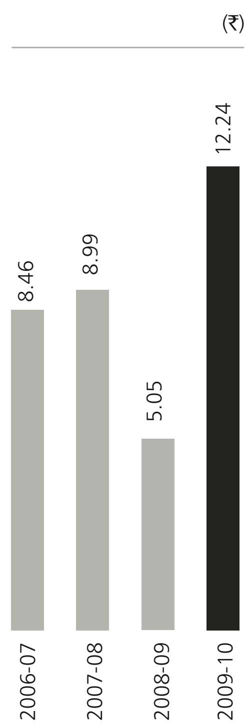
Consolidated PAT



Consolidated cash profit



Consolidated EBIDTA margin



Consolidated earning per share

Highlights, 2009-10

Operations

Steel

- Production increased from 2,48,811 tons in 2008-09 to 3,32,254 tons, registering a growth of 33.54%
- Sri M P Ispat and Power Private Ltd and Vedvyas Ispat Ltd amalgamated with Adhunik Metaliks Ltd with effect from April 2008
- Commissioned a coke oven plant (0.12 Mn TPA), 9 MVA ferro alloy plant, one kiln of 100 TPD, two kilns of 150 TPD, 20 ton induction furnace and railway siding. Increased captive power generation capacity from 17 MW to 34 MW
- Received product approvals from Honda Motors, BEML and Brakes India, among others

Mining

- Increased production from merchant iron ore mines (OMML) from 0.18 mn tons in 2008-09 to 1.15 mn tons
- Enhanced medium/high grade manganese ore mine (OMML) production from 75,501 mn tons in 2008-09 to 95,197 mn tons

Finance

- Consolidated revenue increased 10.51% from ₹ 1,393.12 cr in 2008-09 to ₹ 1,539.50 cr
- Consolidated EBIDTA enhanced 83.68% from ₹ 232.55 cr in 2008-09 to ₹ 427.14 cr
- Consolidated post-tax profit grew 198.22% from ₹ 46.06 cr in 2008-09 to ₹ 137.35 cr
- Consolidated EBIDTA margin stood at 28.58% against 17.88% in 2008-09
- Cash profit stood at ₹ 205.02 cr against ₹ 86.26 cr in 2008-09

Adhunik's competence across all stages of the project life cycle

Identifying new opportunities	Approval and clearances	Funding	Project execution	Operations and growth
Conceptualising and developing new businesses synergic with existing competencies	Liaising at all levels to obtain requisite approvals and clearances	Achieving financial closure for projects from banks and capital markets	Strong project management capabilities and the ability to build a competent management team	Operating and managing assets efficiently for sustainable growth and profits

Strengths

Proxy

The Company is an attractive proxy for a direct presence in mining and metal manufacture and with interests in the power sector, a combination that facilitates the quickest growth in each business without straining the overall balance sheet.

Integration

The Company is integrated across captive mines (iron ore and coal), DRI plant, blast furnace, sinter plant, coke oven plant, captive power generation and steel manufacture.

Project management

The Company has an 85-member project management team to execute projects on schedule. For instance, its three-phased expansion projects were completed in four years against 5-7 years taken by peers for similar facilities.

Capital cost

Superior project execution enabled the Company to commission the 0.45-MTPA integrated plant at a capital cost of only ₹ 1,500 cr against an industry benchmark of ₹ 2,000 cr.

Mining

The Company's mines (through subsidiary) facilitate captive consumption on the one hand and merchant sales on the other, an effective combination. Its manganese ore mines generate resources of high value; its iron ore mines possess large reserves.

Power

The Company has a captive power plant of 34 MW, enhancing its capacity to 80 MW by October 2010. The Company is also extending into power-generation (through subsidiary APNRL) with a three-phased 1,080-MW power project.

Quality

The Company possesses a mix of quality certifications (ISO 9001:2000, TS 16949, BIS and RDSO), and customer approvals of its processes, practices and products.

Pride-enhancing clientele

The Company possesses a strong alloy steel clientele comprising brand-enhancing names like TATA Motors, Mahindra and Mahindra, Amtek Auto, Ashok Leyland, BEML, L&T and Indian Railways, among others. Nearly 75% of Adhunik's revenues were derived from customers over three years old.

Strategic location

The Company's strategic location in Orissa enabled it to procure 90% of its raw materials within a 200-km radius of its manufacturing unit.

Value-added products

The Company is not merely a steel manufacturer; it is an alloy-steel Company, manufacturing engineered steel products for the automobiles, oil & gas and railways sectors. Around 45% of the Company's product portfolio in 2009-10 comprised value-added products generating realisations in excess of ₹ 37,000 a ton.

Strong financials

The Company possessed cash reserve of ₹ 99.54 cr as on March 31, 2010.

Building value

Value-added products

ADHUNIK IS BUILDING VALUE THROUGH ITS EVOLUTION FROM THE MANUFACTURE OF COMMODITY STEEL TO ENGINEERED STEEL.

The Company's Rourkela manufacturing facility is one of India's largest single-location alloy steel long product units dedicated to the growing needs of the auto, power, oil and engineering sectors.

The result: increase in the quantity of value-added alloy steel as a proportion of the overall product mix from 15% in 2006-07 to 45% in 2009-10. Nearly 60% of the Company's alloy steel was customised for the demanding needs of the country's automobile sector; 75% of this was marketed to OEMs and Tier II automobile companies through long-term contracts. Besides, nearly 20% of the overall product mix was marketed as non-auto grade special steel products to the country's prominent engineering companies and railways.

Going ahead, the Company intends to more than double its value-added steel capacity to a million tons per annum.

Building value

Mining

ADHUNIK IS BUILDING VALUE THROUGH DIRECT AND INDIRECT (THROUGH ITS SUBSIDIARY) MINE OWNERSHIP.

- The Company's subsidiary Orissa Manganese and Minerals Limited (OMML) owns an open-cast iron ore and manganese ore mines with estimated reserves of 97 mn tons and 53 mn tons respectively.
- The Company was also allocated (and received clearances) for a captive iron ore mine (25 mn ton with 63% Fe content) and a coal mine (31 mn tons).
- The Company's subsidiary Adhunik Power & Natural Resources Ltd was allocated a coal mine with estimated reserves of 69 mn tons – F-grade with a 3,200 kcal/kg calorific value suitable for power generation – through a 50:50 joint venture with TATA Steel.

The ownership of various mines under direct and subsidiary entities will derisk the parent Company's balance sheet on the one hand, and enhance its flexibility to mobilise adequate financial resources on the other.

All these mines will have been commercialised phasewise by FY 2013.

Building value

Power plants

ADHUNIK IS BUILDING SIGNIFICANT VALUE THROUGH AN EXTENSION INTO LARGE MERCHANT POWER-GENERATION AS WELL AS ADDING CAPTIVE POWER CAPACITY TO SUPPORT ITS STEEL BUSINESS.

The benefits of being in this business: large and growing power shortage, facility to enter into remunerative power-purchase agreements with the respective states, assured rate of return and attractive tax breaks.

The Company created a subsidiary Adhunik Power and Natural Resources Limited (APNRL) for a three-phased implementation of its proposed 1,080-MW power plant. The Company achieved financial closure of the first two phases of 540 MW (2 X 270).

The first two power plants of 270 MW each are expected to commence operations by January and April, 2012.

The Company derisked this business through a coal mine co-ownership (with TATA Steel) in addition to linkages with Central Coalfields covering 540 MW. Besides, the Company entered into a power-purchase agreement with Tata Power Trading Company for 100 MW (net generation) or 23% of the total volume at ₹ 2.75 per unit with an upside 85:15 sharing clause between APNRL and TPTC.

The Company also signed MOUs for 1,000 MW each in Chattishgarh, Orissa and Bihar.

The power business is expected to contribute 20% of the parent Company's consolidated revenue from FY2013.

Besides merchant power, the Company is also adding 45 MW captive power in its integrated steel business at Rourkela to support the power requirements of the plant. The orders for the same were placed and the plant is expected to start operation by October 2012.

Building value

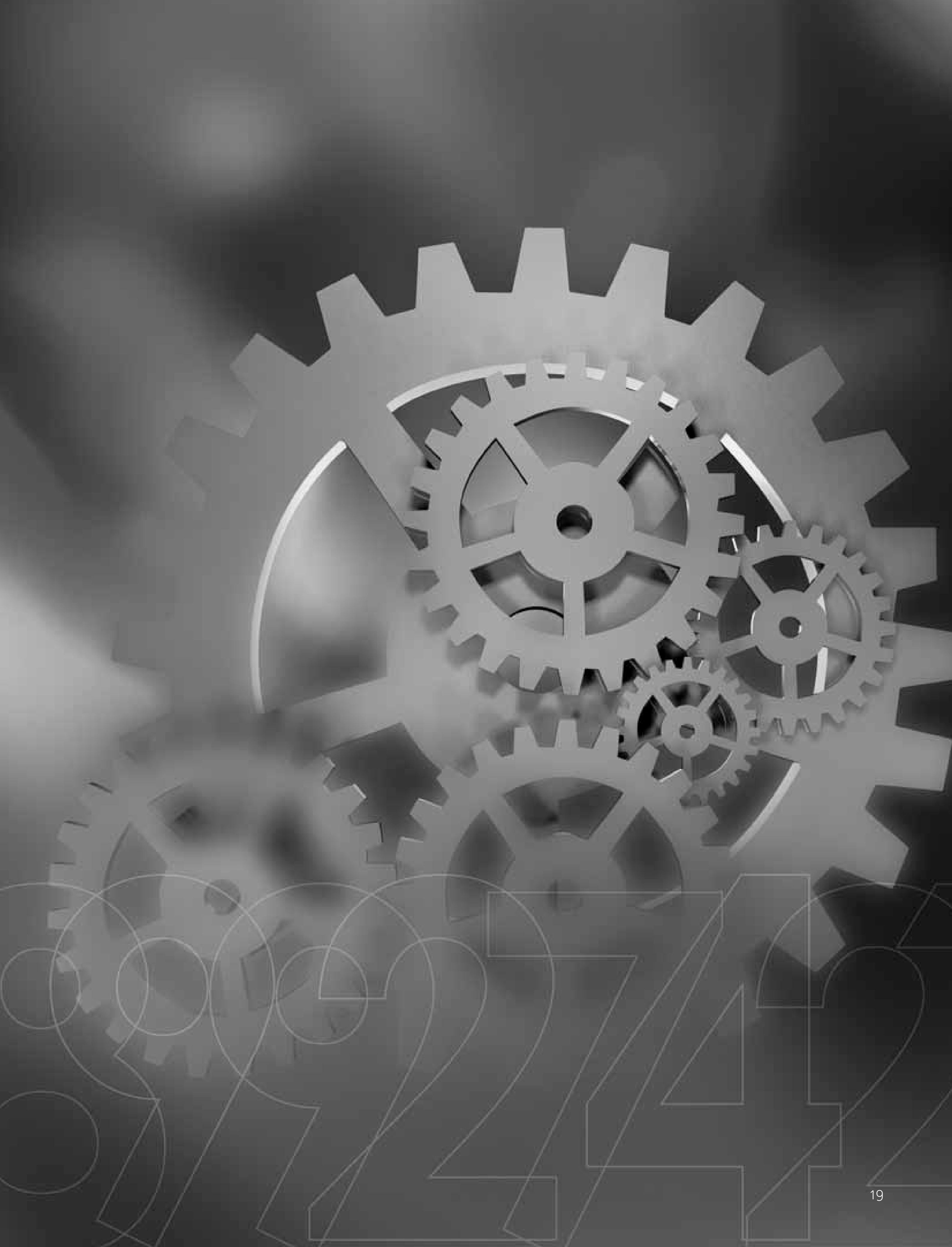
Business integration

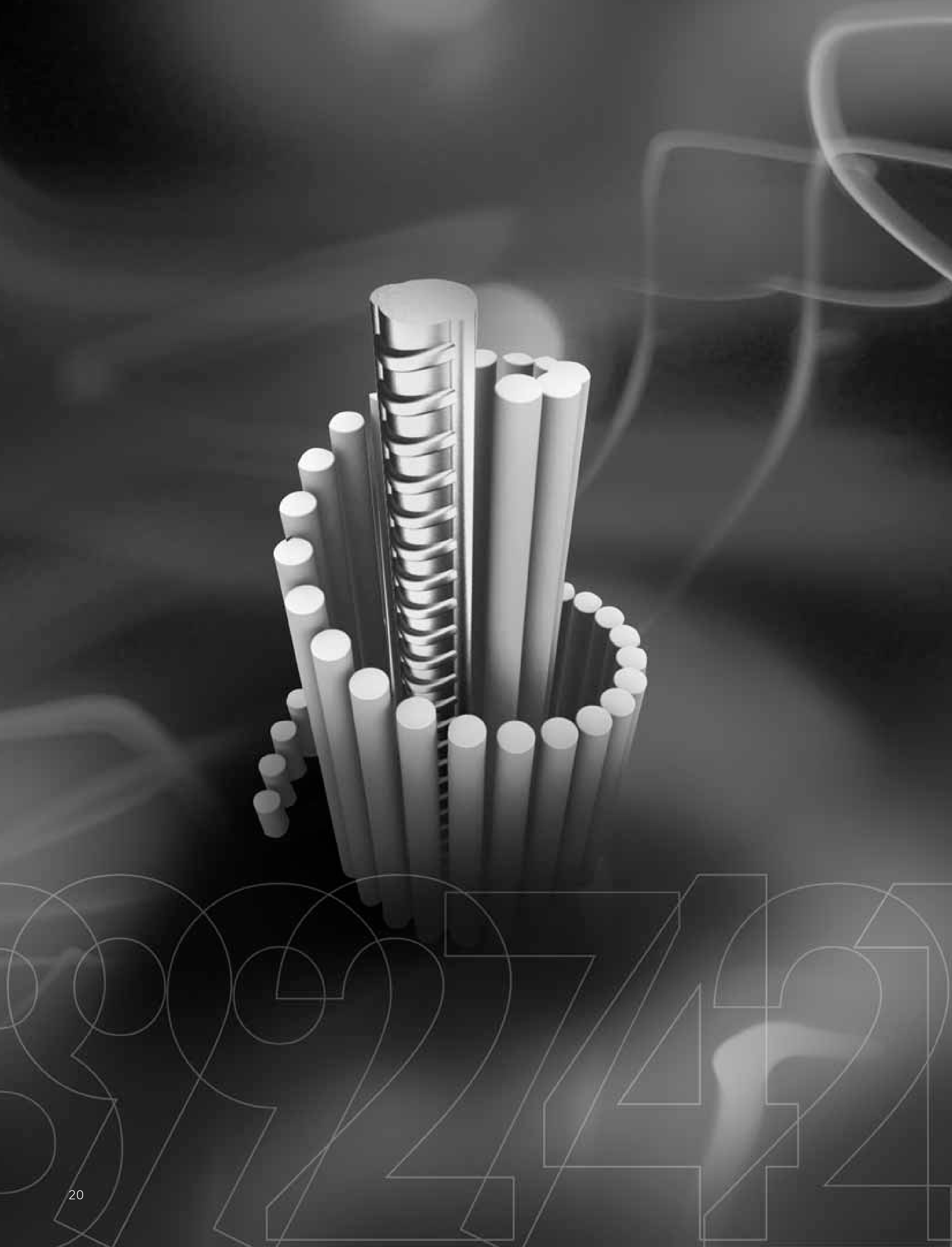
ADHUNIK IS BUILDING VALUE THROUGH SIGNIFICANT BACKWARD AND FORWARD BUSINESS INTEGRATION INITIATIVES.

These are the projected benefits of this integrated business model: secure raw material supply, adequate cost buffer, superior product quality and flexibility to market intermediate products.

Around 40% of the Company's iron ore requirement is sourced from merchant mines of its subsidiary. The Company was awarded a captive iron ore mine, expected to start operations in FY 2011. A captive coal mine is expected to be operational by FY 2013.

Besides, the Company installed a coke oven, coal washery, sinter plant, sponge iron plant, railway siding ferro alloy plant and captive power plant. Going ahead, the DRI capacity will be enhanced along with a coal washery and captive power plant.





Building value

Scale

ADHUNIK IS BUILDING VALUE THROUGH THE RIGHT SCALE.

Even as a number of steel companies have focused on investing in larger production capacities, Adhunik has preferred to focus on a single-location manufacturing unit with an installed capacity of 0.45 MTPA.

The selection of this scale is a reflection of the Company's decision to enhance organisational value through value-addition over the alternative approach of increased volumes. The result is that the Company is sized just right for its existing product mix of carbon, alloy, spring and alloy-spring steel for use in the auto component construction, telecom, power, forging and engineering sectors. The Company's installed capacity is recognised as one of the largest in the country for its product mix.

The advantages of such a strategy comprise the conservation of financial resources, investments in cost-cutting and the creation of a robust and progressively non-cyclical business model around a relatively smaller balance sheet.

Building value

Technology

ADHUNIK IS INVESTING PROACTIVELY IN CUTTING-EDGE TECHNOLOGIES THAT HAVE RESULTED IN ONE OF THE LOWEST CONVERSION COSTS FOR COMPANIES OF ITS SIZE AND PRODUCT MIX.

The Company produces steel via the DRI+BF → EAF route, which is one of the most competitive in secondary steel manufacture. A major part of the Company's operations are automated, enabling it to reduce costs. The Company leveraged the latest casting technology (electro-magnetic stirring and automatic mould level controller) leading to a superior macro structure and surface finish of the end product, leading to better rollability.

Adhunik also invested in a vacuum de-gassing system to suck unwanted gas out of the end-product leading to quality consistency.

The result is that the Company's products are preferred by Indian and multi-national OEMs today.

Building value

Project management

ADHUNIK BUILT SIGNIFICANT BUSINESS VALUE THROUGH AN ABILITY TO COMMISSION CHALLENGING PROJECTS IN THE SHORTEST POSSIBLE TIME, LEADING TO COMPETITIVE PER TON CAPITAL COSTS OF MANUFACTURE.

For instance, the Company created an integrated alloy-steel manufacturing complex comprising two SMS units in only four years compared with the industry bench-mark of five to eight years.

The Company did so through hands-on involvement of the promoters in ongoing project management, selection of the best vendors, prudent balance sheet structuring resulting in timely project financial closures and investments in technology to track and catalyse project progress.

Building value

Logistics management

ADHUNIK HAS BUILT ATTRACTIVE PROJECT VALUE THROUGH A PROXIMITY TO VARIOUS RAW MATERIAL RESOURCES.

This is particularly critical in a business where four tons of raw material must be transported to produce one ton of steel. As a result, around 90% of the Company's raw material is procured from within 200 kms of its manufacturing unit.

The Company also commissioned a railway siding resulting in logistical efficiencies leading to cost and time reduction.

Building value

Environment management

ADHUNIK IS BUILDING VALUE THROUGH RESPONSIBLE ENVIRONMENT MANAGEMENT THAT MAKES THE COMPANY'S OPERATIONS SAFE FOR EMPLOYEES AND THE COMMUNITY.

The Company invested in a full-fledged dust extraction mechanism (ESP) in its DRI kilns. The ESP separates dust electrostatically from flue gases, resulting in harmless emission.

The Company also used waste heat coming out of the blast furnace and DRI kilns in its captive power unit (first unit). Coke oven gases are being used in rolling mills for reheating billets.

The Company invested in a coal washery from which the solid waste was reused in the captive power plant (second unit).

The Company is targeting zero discharge by using dust particles from the electrostatic precipitator in the blast furnace at the sinter plant.

As a result, the Company's emissions are now well below the norms specified by the local, regional and national regulatory bodies.

Some big numbers at Adhunik

97

Million tons – Quantum of Adhunik's iron ore reserves in Ghatkuri and Jharkhand (merchant mining)

25

Million tons – Quantum of Adhunik's iron ore reserves in Keonjhar (captive mining for steel business)

53

Million tons – Quantum of Adhunik's manganese ore reserves in Patmunda (merchant mining)

31

Million tons – Quantum of Adhunik's coal reserve (captive consumption for steel business) in Talcher

69

Million tons – Quantum of Adhunik's coal reserve for power-generation (independent power generation) at Ganeshpur

1,080

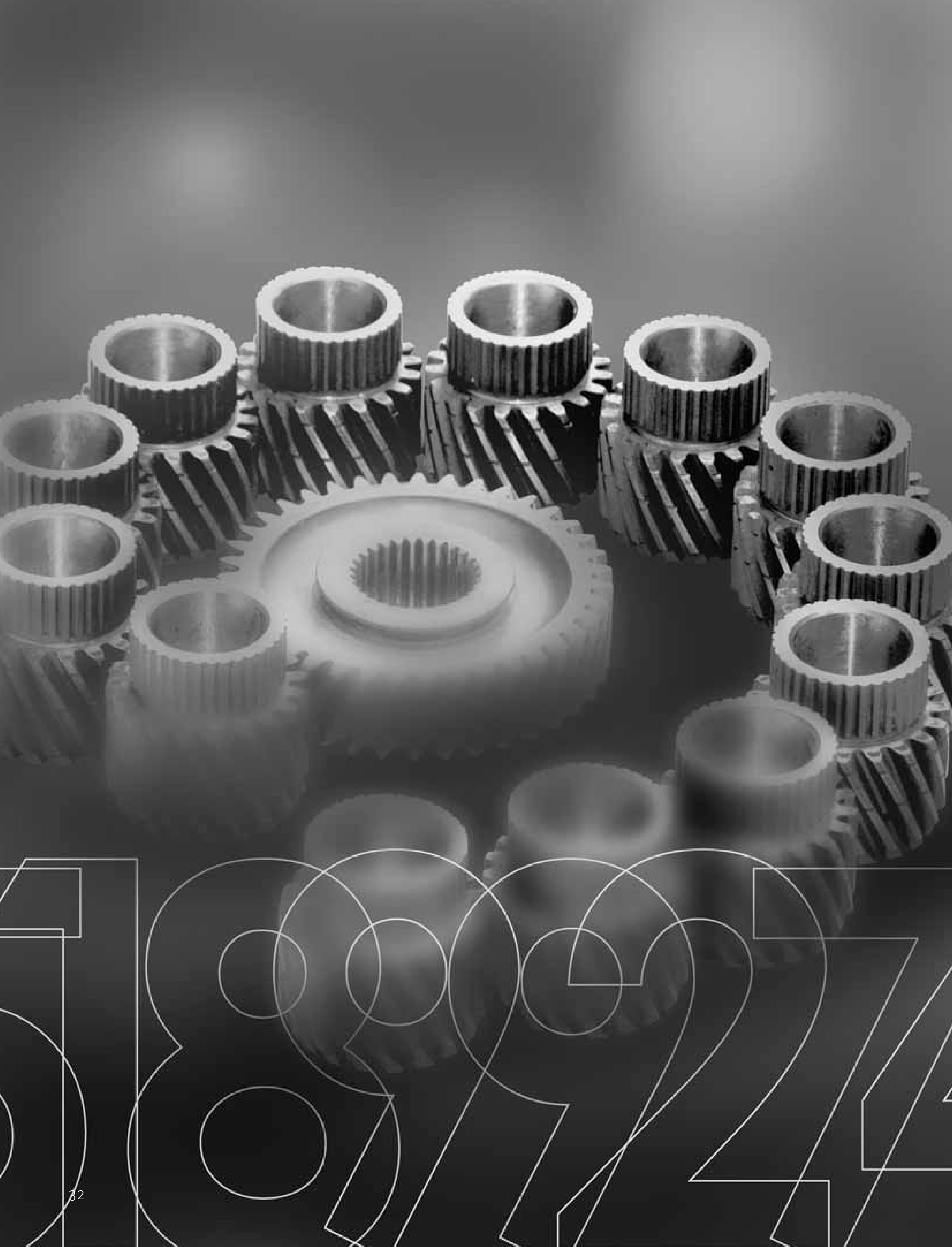
MW of power projects being commissioned by Adhunik's power subsidiary Company

4,50,000

Tons - the annual production capacity of Adhunik's single alloy-steel unit

12,00,000

Tons - the annual production capacity of the upcoming pellet plant in Adhunik's 100% mining subsidiary



Management discussion and analysis

Indian economy

Following the slowdown in GDP growth that started from the second half of 2008-09, the Indian economy registered a comeback in 2009-10 with a GDP growth of 7.4% (6.7% in 2008-09). This rebound was largely owing to a timely economic stimulus that catalysed investment and consumption. The country's mining and manufacturing sectors grew 8.7% and 8.9% in 2009-10. Going ahead, India's GDP growth is expected to be around 8.5% in 2010-11 and in excess of 9% in 2011-12 arising out of a high domestic dependence, low credit leverage, low debt exposure and growing thrust on infrastructure creation.

Rate of growth at factor cost at 1999-2000 prices (%)

	2005-06	2006-07	2007-08	2008-09	2009-10
Agriculture, forestry and fishing	5.2	3.7	4.7	1.6	-0.2
Mining and quarrying	1.3	8.7	3.9	1.6	8.7
Manufacturing	9.6	14.9	10.3	3.2	8.9
Electricity, gas and water supply	6.6	10	8.5	3.9	8.2
Construction	12.4	10.6	10	5.9	6.5
Trade, hotels and restaurants	12.4	11.2	9.5	5.3	8.3*
Transport, storage and communication	11.5	12.6	13	11.6	
Financing, insurance, real estate and business services	12.8	14.5	13.2	10.1	9.9
Community, social and personal services	7.6	2.6	6.7	13.9	8.2
GDP at factor cost	9.5	9.7	9.2	6.7	7.4

Source: CSO.

* Transport and communication included for 2009-10 in trade, hotels and restaurants.

Product

Iron ore

This accounts for 72% of Adhunik's ore product mix by value

TWO TONS OF IRON ORE ARE USED TO manufacture one ton of steel, making it the most critical raw material in metal production.

Iron is the fourth-most abundant mineral, constituting about 5% of the earth's crust, and the world's most commonly used metal. Iron ore represents raw material to make pig iron, an essential steel constituent. The principle ores of iron are hematite (70% iron) and magnetite (72% iron).

Global scenario: The global iron ore deposit is estimated at 800 billion tons, containing over 230 billion tons of iron. Iron ore is mined in more than 50 countries and the world's largest iron ore producing nations are Russia, Brazil, China, Australia, India and the US.

World iron ore production and reserve

(in million tons)

	Iron ore Production		Reserves	
Countries	2008	2009	Crude Ore	Iron content
United States	54	26	6,900	2,100
Australia	342	370	20,000	13,000
Brazil	355	380	16,000	8,900
Canada	31	27	1,700	1,100
China	824	900	22,000	7,200
India	220	222	7,000	4,500
Iran	32	33	2,500	1,400
Kazakhstan	23	21	8,300	3,300
Mauritania	11	11	700	400
Mexico	12	12	700	400
Russia	100	85	25,000	14,000
South Africa	49	53	1,000	650
Sweden	24	18	3,500	2,200
Ukraine	73	56	30,000	9,000
Venezuela	21	16	4,000	2,400
Other Countries	47	47	11,000	6,200
World total (rounded)	**2,220**	**2,300**	**160,000**	**77,000**

(Source: U.S. Geological Survey, Mineral Commodity Summaries, January 2010)

Indian scenario: India is the world's fourth-largest iron ore producer. The iron ore rich states of the country are Chhattisgarh, Jharkhand, Karnataka, and Orissa.

India produced about 230 million tons of iron ore in the last fiscal *(Source: Economic Times, May 7, 2010)*, of which around 70% was exported. Indian steel-makers projected an increase in capacity from the current 60 million tons to 90-100 million tons by 2012, strengthening ore demand from 90 million tons to about 150 million tons *(Source: Reuters, March 11, 2010)*.

India's surging demand for iron ore – low-quality grades made up about 70% of last year's output of 222 million tons – prompted companies to invest in pelletisation plants, using lower-grade powdery iron ore fines ideal for blast furnaces and improved input-output efficiency.

Price trends: The global prices of iron ore surged more than two-fold over the last year to US$130 per ton, owing to a strong demand from China and a mild economic recovery in Europe and the United States *(Source: Reuters, March 11, 2010)*. The major factor driving iron ore prices was China's rising steel output and ore import dependence. Besides, the oligopolistic supply side (CVRD, BHP Billiton and Rio Tinto control over 75% of the global sea-borne iron ore trade) resulted in tightening ore prices *(Source: CLSA research)*. The Indian government doubled tax on iron ore lump exports to 10% and added a 5% levy on fines in December 2009 *(Source: Reuters, March 11, 2010)*.

Exports: India is the world's third-largest iron ore exporter after Australia and Brazil *(Source: Financial Express, March 29, 2010)*. The country's exports increased to US$4.4 billion during April-January 2009-10 as against US$3.9 billion during the corresponding period of 2008-09 *(Source: Projectsmonitor)* and are projected at about 100 million tons in 2010-11 *(Source: Economic Times, May 7, 2010)*.

Outlook: India's iron ore demand outlook is optimistic as India's steel production capacity is rising, growing at a compounded annual growth rate of over 8.2% from 38.7 MT to 60 MT from fiscal 2005 to fiscal 2010 and expected to sustain. The supply scenario also remains optimistic following growing mine commercialisation and investments in new mines.

Product

Manganese ore

This accounts for 28% of Adhunik's ore product mix by value.

TEN KGS OF MANGANESE ORE ARE used to manufacture one ton of steel. Around 100-150 kg of manganese alloy is required to produce one ton of special steel.

Manganese is the world's fourth-largest consumed metal after iron, aluminium and copper *(Source: wallstreetreporter, March 22, 2010)*. Manganese serves as a desulphurising, deoxidising and conditioning agent during iron ore smelting; as an alloying element in steel, manganese increases toughness, strength and hardness of steel. The iron and steel industry consumes 90-95% of manganese ore with no substitutes.

Reserves: Manganese is the 12th-most abundant element in the earth's crust. India is the world's seventh-largest manganese ore producer with an estimated reserve of about 240 MT, around 2% of the global reserve *(Source: Ministry of Mines)*. Current estimates of world manganese reserves, including low grade ore, reach several billion tons but if only high-grade ores (more than 44% manganese content) are considered, then reserves are in the range of 680 million tons of ore with Australia, Brazil, Gabon and South Africa supplying over 90% of the international demand. In India, manganese ore is mined in Madhya Pradesh, Andhra Pradesh, Orissa, Maharashtra and Karnataka. South Africa accounts for about 80% of the world's identified manganese resources while Ukraine accounts for 10%.

World manganese production and reserves

(in million tons)

	Mine Production		Reserves
Countries	**2008**	**2009**	
United States	–	–	–
Australia	2,320	1,600	87,000
Brazil	1,380	990	29,000
China	2,200	2,400	40,000
Gabon	1,600	810	52,000
India	960	960	56,000
Mexico	170	94	4,000
South Africa	2,900	1,300	130,000
Ukraine	490	310	140,000
Other countries	1,310	1,200	–
World total (rounded)	**13,300**	**9,600**	**540,000**

(Source: U.S. Geological Survey, Mineral Commodity Summaries, January 2010)

Production of manganese ore over the years in India

(in million tons)

	2006-07	2007-08	2008-09	2009-10 (E)
Manganese	2.11	2.69	2.82	2.00

(Source: Ministry of Mines)

International manganese trade has long been linked with demand from industrialised economies in Europe, North America, Japan and Southeast Asia. Average manganese consumption in industrialised countries, currently about 10 kilograms for one ton of steel *(Source: commodityonline, May 2010)*, is rising owing to the increasing production of high-strength steel grades. China drives manganese ore demand.

Price trend: The cost of medium / high grade manganese ore decreased from ₹ 10,000 to in 2008-09 to ₹ 6,000 in 2009-10.

Applications: In steel manufacture, manganese is added in ferro-alloy form to impart the desired strength, durability, anti-corrosion and anti-stain properties. The battery sector is currently the second-largest consumer of manganese. Besides, it is used in animal feed and fertilisers, colorants for various cosmetics, plastics and artists' glazes, pigments for bricks, frits, glass, paints tiles and textiles and water treatment chemicals.

Product

Alloy steel

This accounts for 54% of Adhunik's steel product mix by value.

ALLOY-STEEL IS A CARBON-BASED STEEL comprising chromium, cobalt, copper, manganese, nickel tungsten or vanadium. These steels possess greater strength, hardness, wear-resistance and toughness over carbon steel. These attributes facilitate a growing downstream use by the demanding segments of the automobile, equipment (drilling and mining), locomotive engine and aviation sectors. Alloy steel consumption is a fair index of a region's development. Higher alloy steel offtake implies quicker industrial growth, especially in the industrial consumer, consumer durables and automobile sectors.

India is a favourable geography for alloy steel production owing to low per capita ownership of automobiles, rising disposable incomes, attractive financing schemes and sustained growth in automobiles ownership. The Indian automobile sector, the second-fastest growing auto market after China, with over a million vehicles annual capacity, emerged as the country's prime alloy steel consumer followed by the Indian Railways and Defence sectors.

Automobile and auto components sector: The Indian auto component industry exports are expected to grow rapidly based on competitiveness and quality. With local demand also growing, manufacturers are establishing plants to cater to local and export demand. In 2009, the Indian auto components industry projected a total turnover of US$20 billion (exports around US$4 billion) and by 2016, turnover is expected to more than double to US$45 billion (exports US$25 billion) according to *Business Line, January 12, 2010*. The government's Automotive Mission Plan 2006-16 set a modest component export target of US$25 billion by 2016 with the size of the domestic auto components industry expected to grow to US$40-45 billion by then *(Source: Business Line, Feb 12, 2010).* Among major automakers, Hyundai uses India as an export base for Europe, while Maruti Suzuki manufactures the A-star for Nissan (Pixo) in Europe and Volkswagen intends to make India its components export hub in five years.

Automobile sales trends

Category	2005-06	2006-07	2007-08	2008-09	2009-10
Grand total	8,906,428	10,123,988	9,654,435	9,724,243	12,292,770

Automobile export trends

Category	2005-06	2006-07	2007-08	2008-09	2009-10
Grand total	806,222	1,011,529	1,238,333	1,530,594	1,804,619

(Source: SIAM)

Construction sector: Construction activity is an integral part of a country's growth. The Indian construction sector growth declined from 10% in 2008 to 5.9% in 2009. However, following the economic rebound, the construction sector's contribution to GDP increased from 5.9% in 2008-09 to 6.5% in 2009-10 *(Source: Economic Survey, 2009-10).* The Tenth Plan investment of US$217 billion increased 2.36 times to US$514 billion in the Eleventh Five Year Plan and an estimated US$1010 billion the Twelfth Five Year Plan *(Source: infrastructure.gov.in).* These investments will be progressively invested in the modernisation and upgradation of roads and highways, railways, metro railway, real estate, power sector, rural roads, ports, airports, telecom, IT, irrigation and urban infrastructure. In just 10 years, India will graduate from the world's ninth-largest construction market to the third *(Source: A Decadal*

Forecast from Global Construction Perspectives and Oxford Economics). By 2020, the country's construction market will be worth almost US$650 million (5% of the world's total construction output).

Forgings sector: The Indian forgings industry evolved as a major contributor to the manufacturing sector. The key demand driver is the automobile industry with applications in cars, suspension and steering systems among others. The other industries that use forgings include Railways, Defence, oil exploration, cement, steel and other engineering industries. The organised sector accounts for about 65-70% of the total forgings production in the country, while unorganised players (small units) cater mainly to job work and the replacement market *(Source: www.indianforging.org).* Based on automobile sector growth, it is estimated that forgings production will touch 12.1 lakh tons by FY2010, strengthening forging-driven alloy-steel demand from an estimated 12.8 lakh tons in 2007-08 to 15.5 lakh tons by 2009-10 *(Source: KRC Research)*.

Oil and gas sector: In India, the penetration level of pipelines in oil and gas transportation is low at 32% with 59% in USA and 79% globally. The gas transmission network comprises around 8,400 km trunk pipelines and 2,500 km of regional network totaling around 10,900 km with a capacity of around 270 mmscmd *(Source: Indian Infrastructure, April 2010)*. As of April 2009, the length of crude oil pipelines in India was 11,665 km with a capacity of 107.68 MT. The sharp run-up in oil prices in recent years led to an increase in exploration and production (E&P) activity, increasing the need to widen the country's logistics infrastructure to transport and market oil and gas through a larger pipeline.

Power sector: India is the world's sixth-largest energy consumer with an installed capacity of 1,59,398.49 MW (as on March 31, 2010), accounting for about 3.5% of the world's total annual energy consumption. However, per capita consumption of energy was low at 631 kwh compared to the global per capita consumption of 2873 kwh. Peak deficit at around 15% indicated a large shortage of electricity. Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) is the flagship programme of the government with an objective to provide electricity to all villages and rural households. The budgetary provision in the Eleventh Five Year Plan for the programme is ₹ 28,000 cr for providing electricity to all households, electrification of 1.15 lakh un-electrified villages and offering electricity connections to around 2.34 cr BPL households. There is an investment requirement of US$167 billion in India's power sector for 2007-12 (Eleventh Plan), which, when commissioned, will catalyse the demand for steel.

Railways sector: The investment of the US$18 billion Indian Railways industry was US$29.91 billion in the Tenth Plan, which increased by 118% in the Eleventh Five Year Plan to US$65.45 billion *(Source: Planning Commission)*. Going ahead, private investment in railways could increase from the current US$217.88 million to US$1.08 billion in three years *(Source: IBEF)*. Moreover, the World Bank is planning to finance the international expansion of Indian Railways to bring transport infrastructure to African countries and other developing nations. The World Bank earmarked US$2 billion for the project *(Source: IBEF).*

Product

Steel

This accounted for 84% of Adhunik's consolidated income, 2009-10.

Global scenario: STEEL IS AT THE CENTRE of economic progress. Global steel production was 1,220 MT in 2009, a decline of 8% over 2008 *(Source: Ministry of Steel).* China, India and the Middle East reported positive growth in 2009, despite a decline in nearly all major steel producing countries. China produced 567.8 MT of steel in 2009 and 47% of the world's total crude steel *(Source: worldsteel.org).* BRIC countries accounted for 58.3% of the global steel production in 2009 over 49.6% in 2008. In 2009, production growth declined in Brazil from 2.5% in 2008 to 2.2%, in Russia from 5.2% in 2008 to 4.9%; but India grew from 4.2% in 2008 to 4.6%. The biggest improvement occurred in China where production increased from 37.7 MT to 46.6 MT in 2009.

Asian growth: Growth in infrastructure creation strengthened Asian steel consumption. Asia's share of world steel production increased from 58% in 2008 to 65% in 2009, based on 790 MT of crude steel production *(Source: SEAISI).* As per the World Steel Association, this recovery was made possible because of government stimulus packages and recovery in emerging Asian economies, especially China. Only Asia, the Middle East and China reported steel production growth while that in other countries declined – 33.9% in North America, 22.8% in Europe, 20.1% in South America, 11% in Africa and 26.3% in Japan *(Source: SEAISI).*

Indian overview: The iron and steel industry contributes around 2% of India's Gross Domestic Product (GDP). The country produced 45.775 MT of steel in the third quarter of 2009, a 2.7% growth over the previous year, making it the world's fifth-largest steel producer. The increase in production came on the back of capacity expansion, mainly in private-sector plants and higher utilisation *(Source: Economic Survey 2009).*

World crude steel production

Million metric tons	2003	2004	2005	2006	2007	2008	2009	2009/2008
Europe of which:	**320.3**	**339.8**	**333.8**	**355.1**	**364.5**	**344.1**	**265.8**	**-22.8**
EU (27)	192.5	202.5	195.6	207.0	209.7	198.0	139.1	-29.7
EU (15)	161.0	169.1	165.1	173.2	175.2	167.7	117.7	-29.8
CIS	106.5	113.4	113.2	119.9	124.2	114.3	97.5	-14.7
North America of which:	**126.2**	**134.0**	**127.6**	**131.8**	**132.6**	**124.5**	**82.3**	**-33.9**
United States	93.7	99.7	94.9	98.6	98.1	91.4	58.1	-36.4
South America	43.0	45.9	45.3	45.3	48.2	47.4	37.8	-20.1
Africa	16.3	16.7	18.0	18.8	18.8	17.1	15.2	-11.0
Middle East	13.4	14.3	15.3	15.4	16.5	16.6	17.2	3.3
Asia of which:	**442.3**	**512.5**	**595.5**	**672.3**	**756.5**	**768.3**	**795.4**	**3.5**
China	222.3	282.9	353.2	419.1	489.3	500.3	567.8	13.5
Japan	110.5	112.7	112.5	116.2	120.2	118.7	87.5	-26.3
Australia/New Zealand	**8.4**	**8.3**	**8.6**	**8.7**	**8.8**	**8.4**	**6.0**	**-28.6**
World	**969.9**	**1 071.5**	**1 144.1**	**1 247.3**	**1 345.8**	**1 326.5**	**1 219.7**	**-8.0**

(Source: International Iron and Steel Institute)

Total finished steel (alloy+non alloy)

('000 tons)

Year	Production for sale	Import	Export	Consumption
2004-05	43,513	2,293	4,705	36,377
2005-06	46,566	4,305	4,801	41,433
2006-07	52,529	4,927	5,242	46,783
2007-08	56,075	7,029	5,077	52,125
2008-09	57,164	5,841	4,437	52,351
Apr-Dec 2009-10*	43,849	5,210	2,099	40,997

Source: JPC; *=Provisional

SCOT analysis of the Indian steel industry

Strengths	Challenges
▪ Abundant deposits of iron ore and coal ▪ India has the fourth-largest iron ore reserves in the world ▪ Low labour cost ▪ Quality manpower ▪ Mature production base	▪ High ash content of indigenous coking coal ▪ Low labour productivity ▪ Coking coal import dependence ▪ Lack of expenditure in R&D investment ▪ High cost of capital as steel companies are charged higher interest rates in India ▪ High cost of basic inputs and services such as cost of power ▪ Poor quality of basic infrastructure like roads and ports, among others. ▪ Delay in technology absorption by existing units ▪ Limited access of domestic producers to quality iron ore normally earmarked for exports ▪ A 10% export duty
Opportunities	**Threats**
▪ Unexplored rural market ▪ Increase in production of automobiles, engineering industries, irrigation and water supply, among others ▪ Export market penetration ▪ Growing domestic demand ▪ Consolidation	▪ Slow industrial growth – strong linkage between economic growth of country and growth of steel industry ▪ Technological obsolescence ▪ Price sensitivity and demand volatility – inability to match production with demand ▪ Decreasing import duty on steel ▪ Dumping of steel by developed countries ▪ Quality products from developed countries available for import at very competitive prices ▪ Price war and heavy trade discounts ▪ Threat of substitutes such as plastics, aluminium, PVC etc

Outlook: India's finished steel demand is estimated at 70.34 MT and crude steel production at 80.23 million for the Eleventh Plan *(Source: Working Group on Steel Industry set up by the Planning Commission)*. The scenario appears optimistic for the following reasons:

▪ By 2015-16, India is expected to emerge as the world's second-largest crude steel producer as per Ministry of Steel targets

▪ India's 2011-12 finished steel consumption is projected at 70.34 MT, production 80.23 MT and capacity 124 MT

▪ Private and international companies are showing interest in investing in greenfield and brownfield projects in the country

▪ Various states signed a total of 222 MoUs for planned capacity of around 276 million tons *(Source: Ministry of Steel)*

▪ Indian steel-makers are set to make the most of the booming global demand for steel pipes and tubes with the government withdrawing the 10% duty on the exports of these products *(Source: IBEF)*

▪ With the growing need for oil and gas transportation infrastructure, a US$118-billion opportunity is waiting to be addressed by steel manufacturers in five years (IBEF)

Why there is a sense of optimism for India's steel sector

Extensive under-penetration

GDP perspective: Steel-GDP growth elasticity increased from 1.2 to about 1.25, so if India were to register an average GDP growth of about 8% for three years, the steel industry could grow 10%-plus.

Per capita income: India's per capita steel consumption is only around 48 kg, against the 190 kg world average. The world's second-most populous country represents a huge growth opportunity for the metal.

Rural: Rural India's steel consumption is only 2 kg. The National Steel Policy outlined that rural India's per capita consumption should double by 2019-20. With a 70% semi-urban and rural population, the rural sectoral opportunity is significant.

Consumption driven growth

Rural: The Indian Government is putting more money in the hands of rural India through employment schemes (NREGA) and remunerative agriculture support prices.

Urban: Indian cities are home to more young earners, supported by a burgeoning service sector (contributes 40%-plus to the GDP). The manufacturing sector is also expected to perform attractively as the worst part of the recession is behind us. Even average salary hikes for 2010-11 are likely to cross 10%. All this entails upgraded lifestyles for city-based professionals, catalysing steel consumption.

Investment driven growth

India's investment scenario is attractive, catalysed by the government's fiscal incentives to drive infrastructure growth. The overall investment in construction and infrastructure development is around 36% of GDP vis-à-vis a 22% global average and 17-18% in developed countries. However, India's infrastructure growth is largely restricted to the metros and Tier-I cities. India will need to create more such cities and accelerate highway building.

Product

Stainless steel

This segment accounted for 2% of Adhunik's consolidated income, 2009-10.

STAINLESS STEEL IS AN ALLOY MADE OF two or more chemical elements used in applications with high corrosion-resistant properties owing to chromium content (around 11-20% of the alloy). When combined with oxygen, chromium forms a chrome-oxide surface that resists oxidation (staining or rusting). The addition of nickel strengthens corrosion resistance. The presence of molybdenum (Mo) improves localised corrosion resistance. Stainless steel is manufactured in three grades – series 200, 300 and 400.

Global overview

Stainless steel represents less than 2% of global steel production. World stainless steel production fell to its lowest level since 2000 to 4.8 million tons in Q1 2009, owing to poor demand from the global construction and automotive sectors. Global production tumbled 40% in Q1 2009, except in China where it declined only 10.3%. Global production in 2009 was 24.5 mn tons, a 5.41% decline from 2008.

Global stainless and heat resisting steel crude steel production

('000 metric tons)

	2006	2007	2008	2009
Western Europe/Africa	9,972	8,669	8,272	6,449
Central + Eastern Europe	363	364	333	237
The Americas	2,951	2,604	2,315	1,958
Asia	15,074	16,200	15,011	15,935
World	**28,359**	**27,836**	**25,930**	**24,578**

[Source: ISSF]

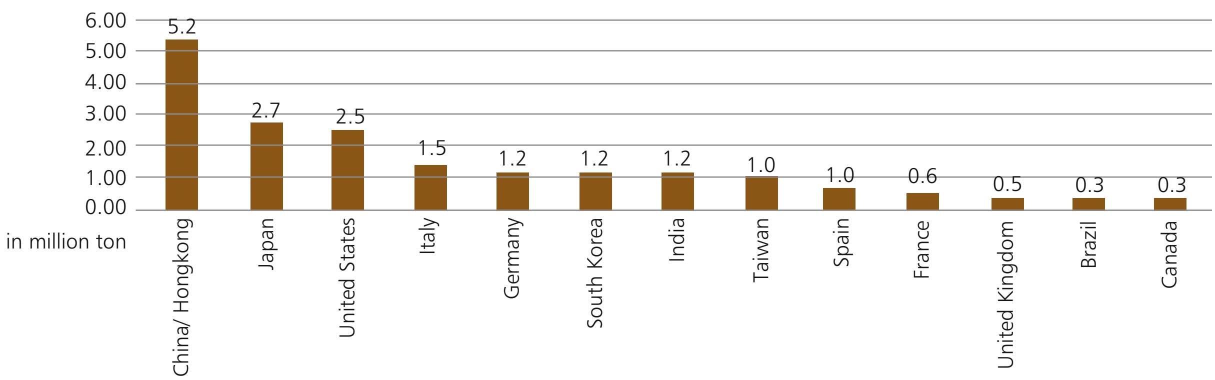
Indian overview: India is the world's fifth-largest stainless steel consumer; domestic consumption grew at a CAGR of 13% over the last decade. Almost 76% of the stainless steel production in India was consumed domestically while the rest was exported *(Source: Microsec Research)*. India – producing 1.8-2 MT, consuming 2.2 MT and exporting 0.2 MT annually – ranks tenth among the world's stainless steel producers. The domestic per capita stainless steel consumption is 1.2 kg, compared with a 9.4 kg global average per capita consumption *(Source: Stainless-steel-world.net, ISDO)*. Modern construction like glass and steel buildings require quality steel with high manganese content.

Growth drivers

- India's per capita income increased from ₹ 38,695 in 2008-09 to ₹ 40,745 in 2009-10, an increase of 5.3% over the previous year *(Source: Economic Survey, 2009-10)*
- The Commonwealth Games 2010 in New Delhi increased the offtake of stainless steel in the construction of new buildings and stadium
- Infrastructure investment will be ₹ 20,27,000 cr in the Eleventh Plan, increasing to around ₹ 50 lakh cr in the Twelfth Plan

Outlook: The major sectors to drive the stainless steel industry will be process, construction, railways, infrastructure, durables, and automobile sectors. New airport and railway metro projects will require large stainless steel quantities.

Per capita stainless steel consumption



Data source: Heinz H. Parisar, Alloy Metal & Steel Market Research

Drivers of excellence

Operations

Highlights, 2009-10

- Reported a 34% production increase from 2,48,811 tons in 2008-09 to 3,32,254 tons
- Enhanced capacity utilisation from 75% in 2008-09 to 83%
- Sri M P Ispat and Power Private Ltd and Vedvyas Ispat Ltd amalgamated with Adhunik Metaliks Ltd with effect from April 1, 2008
- Commissioned a 9 MVA ferro alloy plant, one kiln of 100 TPD, two kilns of 150 TPD, 20 ton induction furnace, two sets of coke oven batteries and a railway siding

Overview

In the business of integrated steel manufacture, it is imperative to ensure that all production arms are working in sync and at a high efficiency leading to the most effective resource utilisation and the lowest cost of production.

Adhunik is a secondary steel manufacturer with the following installed capacities: 4,50,000 TPA of steel, 3,00,000 TPA of sponge iron, 2,13,792 TPA of pig iron, 46,880 TPA of ferro alloy, 2,67,300 TPA of sinter plant, 1,20,000 TPA coke oven plant and 34 MW captive power plant.

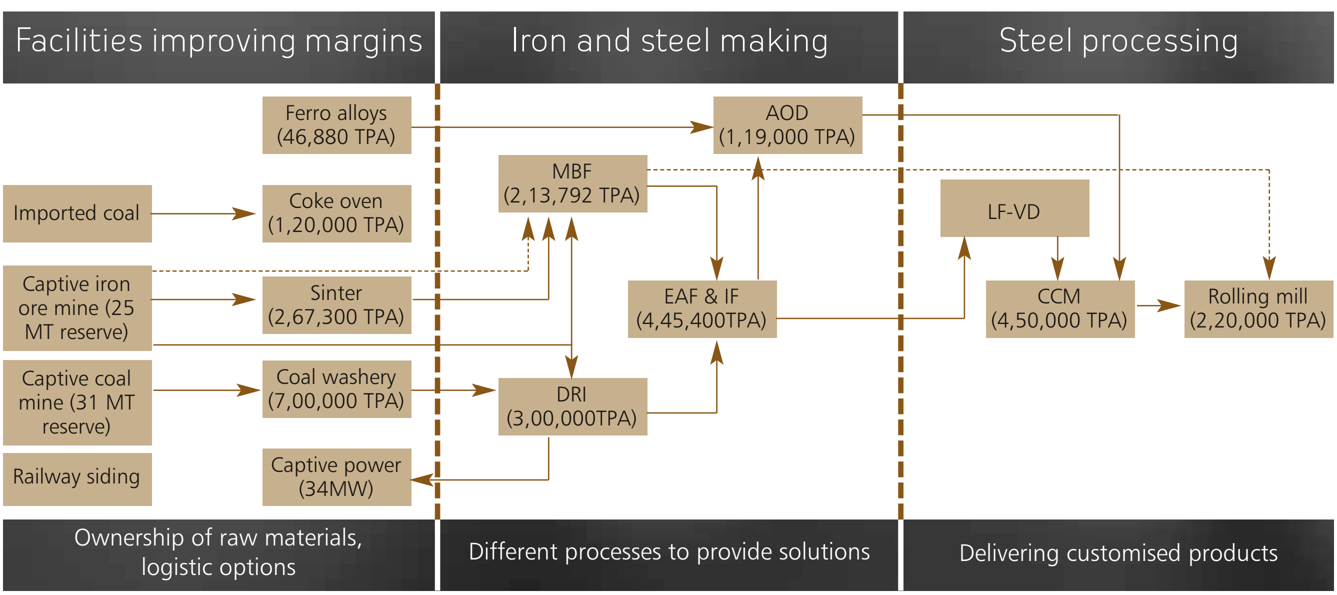
Key initiatives

- Addressed 60% coke requirements from the captive coke oven battery (capacity of 1,20,000 TPA) which commenced operations in the fourth quarter of FY 10
- Commenced the use of coke oven gas in the boiler, reducing furnace oil consumption by 50%
- Initiated total productive maintenance (TPM) to eliminate downtime
- Eliminated operational downtime through a root cause analysis

Road ahead

Going ahead, the Company is developing a standard operating manual and standard maintenance manual for operational consistency, enhancing coal washery from 700,000 TPA to 1.4 million tons per annum and DRI by 1,05,000 TP (by July 2012) and CPP of 45 MW (by October 2012).

Adhunik's integrated manufacturing process



	Installed capacity	Expected date of completion
DRI	1,05,000 tons annually	July 2012
Third captive power plant	45 MW	Oct 2012
Coal washery	7,00,000 tons	July 2012

DRI plant

The Company's sponge iron division consists of seven kilns of 100 TPD each and two kiln of 150 TPD each. The raw materials used in sponge iron making are iron ore (hematite grade), coal, dolomite/lime stone. The sponge iron coming out from the cooler is mixed with non-magnetic char and passed through screen and magnetic separators via intermediate bins. Finally, sponge iron (lumps and fines) as well as non-magnetic char are stored in separate designated bins. From bins, the sponge iron passes through an automatic packing machine. The bagged DRI is dispatched either to the customer or released for internal use in the steel melting shop.

Sinter plant

Sinter is a hard, strong and porous mass, produced by the incipient fusion of iron bearing materials, limestone, dolomite and coke fines. The heat is generated within the mass itself by burning coke. The Company's sinter plant is a 25 sq.m. plant, designed and supplied by SSIT, Beijing. It was established in mini-blast furnaces that with the use of sinter, fuel consumption rate can be significantly reduced, simultaneously improvements in productivity and hot metal quality can be achieved. Apart from these advantages, almost all the waste materials like flue dust and sludge can be utilised in the sintering process, minimising waste disposal problem.

Coke oven plant

The Company has two coke oven batteries of 30 ovens each with by-product (tar) recovery. The coke oven gas coming out of the oven at about 700-800 ºC is cooled to 80–85 ºC by spraying ammonical liquor. The coking coal (Australian coals) is blended and charged through charging holes and carbonised in the absence of air. The coke oven gas generated during carbonisation is partly used for battery heating and the rest is sent to rolling mills. The In-house coke oven plant protects the Company from the volatility in pricing purchased coke from China and helps save the conversion cost.

Captive power generation

The captive power plant of the Company has a generation capacity of 34 MW, of which 12 MW is based on waster heat recovery and 22 MW is based on coal washery rejects. The plant has five waste heat recovery boilers. The boilers operate with the waste heat generated in the DRI kiln. On the one hand, the cost of captive power is cheaper by ₹ 1.00–1.25 per unit and on the other hand it helps utilise the waste coming out of the DRI plant and coal washery in the most efficient manner.

Drivers of excellence

Raw material management

Highlights, 2009-10

- Stabilised freight costs through multi-vendor development
- Created a railway siding for stronger logistics management

Overview

In the business of steel manufacture, where four tons of raw material are required to manufacture a ton of the end-product, it is critical to aggregate all raw material sources proximate to steel manufacture and ensure that material is available at all times for continuous process manufacture.

The Company's strategic location in Sundergarh, Orissa, makes it possible for 90% of all raw materials (iron ore, coal, coke, limestone, power, and manganese ore, among others) to be procured from within 200 km of its manufacturing unit.

Iron ore: Adhunik's captive iron ore mine in Keonjhar (Orissa) is expected to start in the second half of FY 2011. This will meet around 15% of the total required of iron ore in FY 2011, which will increase to 60% in FY 2012. The Company's captive iron ore mine possesses an estimated reserve of 25 mn tons and is expected to provide material for 30 years. Currently 40% of the requirement is procured from the merchant mines of OMML, which are only 120 km away.

Coal: The Company procures non-coking coal through a linkage with Mahanadi Coalfields Limited and e-auction. Coking coal is imported from Australia through long-term contracts. The Company was allocated a coal mine in Talcher (estimated reserve of 31 mn tons) which is expected to commence operations in FY 2013.

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

Manganese ore: The Company sources manganese from OMML's 807-hectare Patmunda mine, one of the largest of its kind in India (manganese content 22% to 52%).

Power: The Company meets 40% of its power requirement from its 34-MW captive power plant and the rest from the state grid.

Key initiatives

- Developed an alternative route for transporting finished goods
- Conducted a regular study of freight rate movements
- Implemented SAP for logistics management

Road ahead

The Company expects to source 100% of its required raw materials captively once the captive mines start operations. The logistics department is evaluating finished goods transportation through rakes and a hub-and-spoke product distribution model.

Location of captive mines

Minerals	Mine location	Distance
Iron ore	Kulum (Keonjhar District),	150 km
Coal	Patrapara, Talcher	160 km

Drivers of excellence

Quality

Highlights, 2009-10

- Witnessed a decline in quality rejections by 50 bps
- Received approvals for auto-grade products for use in crank shaft, crown wheel and sub axle from TATA Motors
- Received approval from Vedanta Aluminium for collector bars

Overview

In the business of alloy steel manufacture, the end-product addresses demanding requirements of end customers. The cost of non-conformance can often be high not only on account of the waste in raw material and process cost, but also probable customer attrition.

Adhunik's 80-member quality team ensured globally benchmarked quality standards across all production stages from incoming raw material to the manufacture of intermediate products to the production of finished goods. This was facilitated by proactive investments in state-of-the-art quality control equipment: vacuum de-gasser, electromagnetic stirrer, LECO hydrogen, nitrogen and oxygen analyser and metallographic polishing machines, among others. The Company was ISO 9001:2000-certified and received other coveted certificates like TS 16949, BIS (IS: 2830/IS: 2831) and RDSO.

SCOT analysis of the Indian steel industry

Quality control equipment	Application
▪ Vacuum de-gasser	▪ Decreases the gaseous content in the liquid steel
▪ Electromagnetic stirrer	▪ Facilitates a homogenous mix of the hot metal before being cast into billets and blooms
▪ LECO hydrogen, nitrogen and oxygen analyser	▪ State-of-the-art instrumentation for accurate advanced Nitrogen/Oxygen/Hydrogen quantity determination
▪ Metallographic polishing machine	▪ Obtains a highly reflective surface free from scratches and deformation

Key initiatives

- Invested in a new imported mobile spectrometer for grade sorting
- Displayed quality data at individual workstations to enhance quality awareness
- Placed orders for the purchase of imported AMLC in Caster-I for quality improvement

Road ahead

Going ahead, the Company plans to introduce XRF for the timely analyses of Fe-alloys, flux and slags. The Company is also undertaking continuous quality improvement projects leading to the manufacture of zero-defect products.

Declining rejection rate

(%)

2007-08	2008-09	2009-10
2.25	2.00	1.50

Power generation

Highlights, 2009-10

- Commenced operations at the second 17 MW captive power plant
- Increased total power generation to 34 MW
- Achieved a PLF of 77% against 65% in 2008-09

Overview

Captive generation: A ton of steel requires 1,000 units of power, making steel manufacture power-intensive. While Adhunik's two captive power plants (cumulative capacity 34 MW) provide 40% of the Company's power needs, the rest is sourced from the state grid. The power plant uses waste generated from the DRI plant, waste char (around 20% carbon) and coal washery rejects, which helped reduce per unit generation cost to ₹ 2.05 compared with grid purchases at ₹ 3.28 per unit.

Merchant power: Through subsidiary Adhunik Power and Natural Resources Limited (APNRL), the Company is foraying into the merchant power generation. It is establishing a 1,080-MW plant across three phases in Jharkhand. In the first two phases, two plants of 270 MW each will be commissioned between January 2012 and April 2012.

The project update for the first two phases comprises the following points:

- Acquired 300 acres; the acquisition of 150 acres under progress
- Only 1 km from the 400 KVA sub-station of PGCIL and 1.5 km from the JSEB 220 KVA sub-station
- Awarded a BTG (boiler, turbine, generator) contract to BHEL for 540 MW and placed orders for balance of plant (BoP)
- Allotted a captive coal mine (share 69 mn tons) with TATA Steel
- Received MoEF clearance and no-objection clearance from the State Pollution Control Board for 270 MW
- Received a no-objection certificate for chimney height clearance from AAI
- Received approvals for sourcing water from a perennial river 10 km away for generating 1,000 MW (35.6 mcm)
- Received permission for constructing a railway siding
- Signed long-term power purchase agreement for 100 MW with TPTCL at ₹ 2.75 per unit with an upside share (85:15)
- Signed a bulk power transmission agreement with PGCIL for open access of 850 MW
- Received coal linkage from Central Coalfields for entire 540 MW
- Definitive agreement signed with IDFC Project Equity for investing ₹ 250 cr to part-finance the equity requirement of the project

Road ahead

Captive power: Going ahead, the Company intends to install another captive power plant of 45 MW at Rourkela, which will be operational by October 2012

Merchant power: The Company intends to establish an additional 540 MW (third phase) under the 1000 MW MoU signed with the Jharkhand government. The Company has already received long-term open access from PGCIL for 850 MW. It has also applied for MOEF clearance, with the EIA report under preparation. Besides, the Company signed MoUs with the Chhattisgarh, Orissa and Bihar governments for establishing 1,000 MW power plants in each state.

Drivers of excellence

Mining

Highlights, 2009-10

- Received forest and environmental clearances for the captive iron ore mine of AML
- Increased production from merchant iron ore mines (OMML) from 0.18 mn tons in 2008-09 to 1.15 mn tons
- Enhanced medium/high grade manganese ore mine (OMML) production from 75,501 mn tons in 2008-09 to 95,197 mn tons
- Improved the product mix of manganese ore with 65.53% medium/high grade manganese ore against 23.36% in 2008-09
- Registered an increase in average iron ore realisation from ₹ 1,275 per ton in 2008-09 to ₹ 1,588 per ton
- Recorded an increase in average manganese ore realisation from ₹ 3,231 per ton in 2008-09 to ₹ 4,836 per ton

Overview

Adhunik enjoys a decade-long mining experience. The Company, through its subsidiary, possesses iron ore and manganese ore mines with estimated reserves of 97 mn tons and 53 mn tons respectively. These reserves are expected to last over 30 years at the Company's post-commissioning throughput. The iron ore and manganese ore mines are open-cast with a low stripping ratio. The ratio of lumps to fines is 60:40. Some of the Company's major clients are Bhushan Steel, Electrosteel Castings, Jindal Stainless and Rohit Ferro Tech, among others.

Key initiatives

- Developed infrastructure (roads) at the Ghatkuri merchant mine
- Installed a washery to beneficiate low grade iron ore and derive higher realisations.

Road ahead

Going ahead, the Company is installing a pelletisation plant of 1.2 MTPA for fines utilisation and planning to install a jigging plant and washery in the manganese ore mines. Pelletisation will start commercial operations by September 2011 and is expected to add substantial value to the mining business.

Group mining resources

Minerals	Company	Reserves (MT)	Location	Purpose
Iron ore	AML	25	Keonjhar, Orissa	Captive steel
Coal mines	AML	31	Talcher, Orissa	Captive steel
Manganese ore	OMM	53	Patmunda, Orissa	Merchant mining
Iron ore	OMM	97	Ghatkuri, Jharkhand	Merchant mining
Coal mines	APNRL	69	Ganeshpur, Jharkhand	Merchant power

Drivers of excellence

Marketing

Highlights, 2009-10

- Revenues increased 4.84% from ₹ 1,283.44 cr in 2008-09 to ₹ 1,345.50 cr
- Increased sales volume of finished steel 24.86% from 2,40,980 tons in 2008-09 to 3,00,880 tons
- Increased the contribution to revenue from value-added products from 30% in 2008-09 to 45%
- Strengthened average manganese ore realisations increased from ₹ 3,231 per ton in 2008-09 to ₹ 4,836 per ton
- Strengthened average iron ore realisations from ₹ 1,275 per ton in 2008-09 to ₹ 1,588 per ton
- Received product approvals from Honda Siel, Bajaj Auto, Dana, L&T-Komatsu and Swaraj Mazda

Overview

In a business where it is critical for selling the right product at right time, marketing plays a key role. Adhunik's 50-member marketing team enabled it to reach customers demanding alloy-steel and other products. The Company is present in India with 15 marketing offices in 12 states. The Company sold 85% of its products to forging and engineering companies with onward applications for the automobile, power and oil and gas sectors.

Key initiatives

During 2009-10, the Company initiated total productive maintenance (TPM) in marketing. The Company created a Customer Satisfaction Index and started ratings based on prices, quality and delivery experience among others. This helped the Company analyse its position in customer relationship management and respond with improvement initiatives.

Road ahead

Going ahead, the Company will seek approvals from more OEMs and strengthen its order book with a growing proportion of orders from the Indian auto industry.

Support functions

Highlights, 2009-10

Human resources: Adhunik focused on productivity enhancement and morale management in a gloomy economic setting. The Company conducted performance management, training and development programmes.

Overview

Human resources: In a capital-intensive business, people productivity is critical. As on March 31, 2010 the Company's total employee strength stood at 1,798. The Company provided class room, project and on-the-job training for functional and behavioural skills. The Company introduced the Balanced Score Card for the appraisal of managers and Performance Management System (PMS) for supervisors. The Company's compensation packages were at par with the best of the industry. The Company instituted awards like 'Excellence Award', 'Outstanding Achievement Award' and 'Exemplary Leadership Award', among others, to enhance motivation.

Information technology: Adhunik installed SAP-based ERP across its plants, head office, branch offices and warehouses for informed decision making.

Road ahead

Human resources: Going ahead, the Company is revamping its HR policies to make it more transparent. The Company is also focusing on leadership management and succession planning. It also intends to establish a dedicated training centre with world-class facilities.

Information technology: Adhunik intends to strengthen its IT infrastructure in 2010-11.

Finance review

Income accounting method

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

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

Highlights, 2009-10

- Total income grew 14.93% from ₹ 1,300.32 cr in 2008-09 to ₹ 1,494.45 cr in 2009-10
- EBIDTA grew 83.68% from ₹ 232.55 cr in 2008-09 to ₹ 427.14 cr in 2009-10
- PAT surged 198.22% from ₹ 46.06 cr in 2008-09 to ₹ 137.35 cr in 2009-10
- Basic EPS increased 142.40% from ₹ 5.05 in 2008-09 to ₹ 12.24 in 2009-10
- Cash profit increased 137.67% from ₹ 86.26 cr in 2008-09 to ₹ 205.03 cr in 2009-10

Revenues

The Company's total revenues (net sales) increased 10.51% in 2009-10 for the following reasons:

- Higher proportion of value-added products in the Company's product portfolio -- from 73,789 MT in 2008-09 to 152,266 MT
- Better capacity utilisation from – 74.50% in 2008-09 to 83.45% in 2009-10
- Higher contribution by the mining business as iron ore mines were operational for the full year as against only the fourth quarter in 2008-09

Income by geography: Domestic steel demand recovered during the second half of 2009-10 and correspondingly, domestic revenue increased 10.29% from ₹ 1,217.21 cr in 2008-09 to ₹ 1,342.52 cr in 2009-10. The Company enjoys a marketing presence across 12 Indian states in India with 15 marketing offices, despite being present in eastern India.

Region-wise steel sales contribution (domestic)

Regions	Contributions (%)
East	53.42
South	3.72
West	14.47
North	28.39

In 2009-10, export revenue accounted for 0.22% of revenues. The Company's exports declined from ₹ 66.23 cr in 2008-09 to ₹ 2.98 cr, owing to weaker global demand and the Company's enhanced focus on the domestic market.

Income by sources: The Company's iron and steel businesses accounted for 82.13% of revenue and its mining business accounted for 17.87% of revenue.

Income by activity: Non-business income increased 59.08% from ₹ 28.16 cr in 2008-09 to ₹ 44.80 cr in 2009-10, largely owing to interest income from fixed deposits, advances and rent. Non-business income contributed 3.00% of the total income, indicating that the Company still generated a major part of its revenues from its core business.

Margins

The Company witnessed attractive growth during the year under review:

- EBIDTA margin increased 1,118 basis points from 18.28% in 2008-09 to 29.46% in 2009-10
- Net profit margin increased 585 basis points from 3.62% in 2008-09 to 9.48% in 2009-10
- Cash profit margin increased 736 basis points from 6.78% in 2008-09 to 14.14% in 2009-10

Iron ore mining, which enjoys healthy margins, was operational for the full year, and resulted in superior margins.The integrated business model of the Company provided a greater control and larger capture of margins.

Cost analysis

The Company's total operating cost increased 11.74% from ₹ 1,055.24 cr in 2008-09 to ₹ 1,179.10 cr in 2009-10.

This increase in cost was attributable to enhanced production and improvement in the price improvement of key raw materials. Total cost, as a proportion of revenue, declined from 94.44% in 2008-09 to 86.62% in 2009-10, reflecting superior cost management.

The following comprised major costs during the year under review:

Raw material cost: The major raw materials of the Company comprised iron ore, coal and coke. Raw material cost increased 18.38% from ₹ 442.87 cr in 2008-09 to ₹ 524.29 cr in 2009-10. Raw material cost, as a percentage of total expenses, increased from 36.06% to 40.50%. The increase in raw material cost was owing to an inflation in coal prices to ₹ 2,500 per ton in FY 2010 as against ₹ 1,700 in FY 2009.

Power and fuel cost: The Company's power and fuel accounted for nearly 19.38% of total manufacturing expenses in 2009-10, compared with 24.37% in 2008-09. Power and fuel cost, as a proportion of sales, declined marginally from 4.70% in 2008-09 to 4.42% in 2009-10, even with increased production, as around 40% of the Company's power requirement was met through captive 34 MW , providing a greater control over costs.

Manufacturing expenses: Manufacturing expenses (excluding power and fuel) increased 39.50% from ₹ 203.01 cr in 2008-09 to ₹ 283.21 cr in 2009-10. Stores and spares comprised 34.27% of the total manufacturing costs, followed by power and fuel (19.38%). The increase in cost was owing to an increase in the scale of production. Manufacturing cost, as a proportion of total revenue, stood at 24.23% in 2009-10 against 21.10% in 2008-09.

Employee and administration expenses: Employee cost increased 45.01% from ₹ 39.54 cr in 2008-09 to ₹ 57.34 cr in 2009-10 owing to organisation expansion necessitating the creation of a larger team, which resulted in an increase in recruitment and increase in salaries in line with industry standards. Employee cost, as a proportion of total revenue, stood at 3.84% in 2009-10 against 3.04% in 2008-09.

Selling and administrative expenses: Selling and administration costs increased 7.40% from ₹ 139.33 cr to ₹ 149.66 cr in 2009-10, owing to increase in freight and forwarding expenses. Selling and administration expenses comprised 10.32% of the total revenue in 2009-10 against 10.95% previously.

Capital employed

In a capital-intensive business, the Company demonstrated superior fiscal efficiency as capital employed increased 39.35% from ₹ 1,911.69 cr in 2008-09 to ₹ 2,664.01 cr in 2009-10, owing to incremental funds deployment for expansion and increased integration. The Company ventured into merchant power generation and is setting up a 1.2 MT pellet plant requiring huge capital investment. The Company's return on capital employed increased from 2.41% in 2008-09 to 5.16% in 2009-10, as the capital invested in other businesses is yet to reap benefits. The breakup of capital employed along with their revenues and profits are given below:

In ₹ Lacs

Various businesses	Capital employed	Revenues	Profits
Iron and Steel	205,381.74	128,472.10	20,016.21
Mining	22,969.04	25,364.92	15,855.44
Power	58,067.14	NIL	NIL

Net worth: The Company's net worth strengthened 91.64% from ₹ 375.97 cr in 2008-09 to ₹ 720.52 cr in 2009-10 owing to increases in the Company's share capital, reserves and surpluses.

Equity capital: The Company's equity share capital comprised 12,34,99,536 shares of ₹ 10 each. Equity share capital increased 35.37% from ₹ 91.23 cr as on March 31, 2009 to ₹ 123.49 cr as on March 31, 2010. The equity share capital of the Company increased owing to the following reasons:

- During the year, 12,59,590 and 27,73,732 equity shares were issued to the shareholders of Vedvyas Ispat Limited and Sri M.P. Ispat & Power Private Limited respectively under the scheme of amalgamation.

- During the year, the Company allotted to Clearwater Capital Partners (Cyprus) Ltd (CCP), 81,54,000 fully-paid equity shares of ₹ 10 at ₹ 122.64 each aggregating ₹ 10,000.00 Lacs against the fully convertible debentures of equal number.

- The Company also issued 61,20,567 equity shares of ₹ 10 at ₹ 118 each on May 28, 2009 aggregating ₹ 7,222.27 lakhs to companies and parties covered under the Register maintained under section 301 of the Companies Act, 1956 against share warrants allotted in December 2007.

- During the year, the Company raised ₹ 13,713 lakhs through the QIP route as per Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and allotted 13,960,400 equity shares of ₹ 10 each at a premium of ₹ 88.23 each.

As on March 31, 2010, the promoter's holding in the Company stood at 55.52%

Reserves and surplus: Reserves and surplus increased 129.96% from ₹ 259.62 cr as on March 31, 2009 to ₹ 597.02 cr as on March 31, 2010, primarily owing to earnings retained in the business. The Company utilised the securities premium account to meet a deferred tax liability of ₹ 41.41 cr and share issue expenses of ₹ 5.43 cr The Company did not have any revaluation reserves on its books at the close of the financial year under review.

Borrowed funds

The Company's total debt portfolio comprised secured loan and unsecured loans. The total debt increased from ₹ 1,535.72 cr as on March 31, 2009 to ₹ 1,943.49 cr as on March 31, 2010.

Secured loans, comprising 87.30% of the debt portfolio as on March 31, 2010 (73.93% as on March 31, 2009) increased 49.44% from ₹ 1,135.37 cr as on March 31, 2009 to ₹ 1,696.70 cr as on March 31, 2010 owing to funds raised for the Company's ongoing expansion activities in subsidiary companies APNRL and OMML.

Unsecured loans, comprising 12.70% of the loan portfolio as on March 31, 2010 (26.07% as on March 31, 2009), declined 38.36% from ₹ 400.35 cr as on March 31, 2009 to ₹ 246.79 cr as on March 31, 2010, owing to debt repayment. The Company had a debt-equity ratio of 2.7 in 2009-10 (4.08 in 2008-09).

Interest cost: Interest charges increased from ₹ 120.08 cr in 2008-09 to ₹ 159.46 cr in 2009-10, an increase of 32.80%, owing to an increase in debt taken for business expansion (term loan) in subsidiary companies. The Company's average debt cost stood at 11%. The Company enjoyed an interest cover of 2.25 in 2009-10, against 1.60 in 2008-09.

Gross block

The Company's gross block increased 57.73% from ₹ 1,155.91 cr as on March 31, 2009 to ₹ 1,823.00 cr as on March 31, 2010, owing to the setting up of additional plant and machinery (coke oven plant and others) establishments and increase in freehold land. Return on gross block stood at 7.53% in 2009-10 against 3.98% in 2008-09, as the results of the gross block addition will reflect in the coming years.

Depreciation: The Company adopted the straight line method of depreciation on its fixed assets, as prescribed by

Schedule XIV of the Companies Act, 1956. On account of additions in gross block, depreciation increased 68.31% from ₹ 40.21 cr in 2008-09 to ₹ 67.67 cr in 2009-10. The accumulated depreciation, as a percentage of gross block, was 9.04%, indicating asset newness.

Investments

Investments fell from ₹ 20.09 cr as on March 31, 2009 to ₹ 0.09 cr as on March 31, 2010, accounted by the inter-company transfer. The parent Company invested ₹ 80.73 cr for subscribing 7,94,67,040 equity shares (including 3,67,25,140 bonus shares received during the year) of Adhunik Power & Natural Resources Ltd (APNRL).

Working capital

Working capital outlay decreased 9.75% from ₹ 476.54 cr as on March 31, 2009 to ₹ 430.07 cr as on March 31, 2010. Working capital, as a percentage of capital employed, declined from 24.93% in 2008-09, to 16.14% in 2009-10, owing to superior working capital management.

Liquidity ratios

	2008-09	2009-10
Current ratio	2.16	1.63
Quick ratio	1.18	0.86

Sundry debtors: Debtors constituted 19.83% of the total current assets as on March 31, 2010, and increased 40.02% from ₹ 157.56 cr as on March 31, 2009 to ₹ 220.62 cr as on March 31, 2010. Debtors outstanding for over six months comprised 2.97% of the total debt. The average debtor days declined from 55 to 48 days of turnover equivalent, which was possible owing to stringent receivables management in a challenging environment.

Inventory: Inventories constituted 47.26% of the total current assets and increased 30.74% from ₹ 402.12 cr as on March 31, 2009, to ₹ 525.75 cr as on March 31, 2010. The increase in inventory was due to an increase in finished goods, work in progress and traded goods. The inventory cycle stood at 117 days of turnover equivalent in 2009-10, against 100 days in 2008-09.

Cash and bank balance: The Company's cash and bank balance rose 30.07% from ₹ 137.33 cr in 2008-09 to ₹ 178.63 cr in 2009-10. The increase was owing to an increase in cash balance, drafts, current accounts and fixed deposit accounts.

Loans and advances: Loans and advances constituted 16.48% of the Company's current assets, increasing 6.05% from ₹ 172.9 cr as on March 31, 2009 to ₹ 183.36 cr as on March 31, 2010. This was owing to a rise in security deposits, loans given to corporate bodies and cash advances.

Creditors: Creditors comprised 38.52% of the total current liabilities and increased 53.40% from ₹ 194.53 cr in 2008-09 to ₹ 298.41 cr in 2009-10. This was on account of larger raw material requirement on the back of capacity expansion.

Taxation

Total tax (including current tax and provisions for the earlier year) increased 139.49% from ₹ 26.28 cr in 2008-09 to ₹ 62.94 cr in 2009-10. The surge in tax was owing to increase in pre tax profits. The Company enjoyed an average tax rate of 31.47% in FY 2009-10.

Foreign exchange management

During 2009-10, the Company imported raw materials worth ₹ 113.89 cr and components and spare parts worth ₹ 8.19 cr (both CIF value). The Company's exports declined from ₹ 66.23 cr in 2008-09 to ₹ 2.98 cr in 2009-10. The Company made a foreign currency exchange loss (net) of ₹ 2.76 cr during the year under review.

Risk management

Risk can be defined as an expression of uncertainty about events and their possible outcomes that could have a material impact on the performance and prospects of a company. Adhunik is committed to proactive awareness, appraisal and counter-action. At the heart of its risk management policy, there is a comprehensive and integrated risk management framework comprising prudential norms, structured reporting and control. Although the risk management approach is centrally initiated, it is also carefully decentralised and trickles down to the lower levels to enable line managers to mitigate risks at the transactional level.

Identification of risk	Risk mitigation
Economy risk Economic downturn could impact business prospects	▪ The Indian economy grew 7.4% in 2009-10 and is expected to grow around 8% in 2010-11 and 9% in 2011-12. ▪ The manufacturing sector recorded a growth of 10.8% in 2009-10 against 3.2% in 2008-09; the construction sector grew 6.5% in 2009-10 against 5.9% in 2008-09.
Industry risk Any downturn in the industry could hamper growth	▪ Steel consumption is expected to rise 6-9% owing to higher demand from the real estate, construction and automobile sector *(Source: Economic Survey, 2009-10)* ▪ The government increased export duty on iron ore lumps to 10% and fines to 5% to protect the domestic steel industry *(Source: Business Standard, March 21, 2010)*
Strategy risk The Company's foray into the engineered products and power segments may not bring the desired results	▪ The Company's impressive volume growth, high penetration and low-cost manufacturing base is attracting global auto majors' attention towards India. ▪ The Company anticipates a growth of 10-12% in the Indian auto sector in 2010 *(Source: Economic Times, January 18, 2010).* ▪ The country is suffering from a peak deficit of 15% in power.
Liquidity risk Inability to meet daily expenses could hamper operations	▪ The Company had a consortium of banks providing working capital loans. ▪ The Company's stringent debtor management system enabled it to reduce receivables from 50 days in 2008-09 to 45 days in 2009-10.

Identification of risk	Risk mitigation
Raw material risk Inability to source raw material at the right quantity and price could hamper operation.	▪ The Company's 100% subsidiary OMML provides 40% of its iron ore requirements. ▪ The Company entered into contracts for long-term coal supply. ▪ The Company invested in a 34-MW captive power plant which provides uninterrupted power supply. ▪ The Company sourced 90% of its raw material from within a 200-km radius of its manufacturing unit, facilitating timely delivery and reducing logistic cost. ▪ The Company's dependence on imported coke reduced as it commissioned a coke oven that provided 60% of its coke requirements.
Funding risk Failure to procure funds for expansion projects at competitive rates could affect prospects.	▪ The Company enjoys a long-standing relationship with its bankers. These bankers have always been ready to fund the Company's growth plan. ▪ The Company's debt-equity of 1.98 is improving with repayment. ▪ The Company achieved financial closure of all its expansion projects.
Product portfolio risk Dependence on a single product could dampen profitability owing to a decline in the product's demand	▪ The Company introduced engineered steel, especially in the automotive segment, to capture growing demand. ▪ The Company manufactures auto-grade steel including gearing steel, spring flat steel and free cutting and non-hardened and tempered steel, mainly used for crankshafts, shafts, connecting rods and front beams, among others. ▪ The Company's Rourkela plant manufactures value-added, customised products in conformance with various international standards and user choice. ▪ The Company developed other sectors like power, oil and gas for supplying finished steel, reducing dependency on one particular sector.
Business portfolio risk Dependence on a single business vertical could impact the Company's growth because of a demand slowdown	▪ The Company entered into merchant mining with the acquisition of OMML. ▪ The Company is foraying into merchant power through the three-phased establishment of a 1,080-MW power plant in Jharkhand. ▪ The Company signed an MoU with the state governments of Bihar, Orissa and Chattisgarh to set up a 1,000-MW power plant in each state.
Environment risk Non-conformance to environmental norms could affect business sustainability	▪ The Company installed electrostatic precipitators in its DRI kilns to reduce pollution. ▪ The Company installed sprinklers at material handling sites . ▪ The Company has adequate environment clearances for its plants and mines.

Corporate social responsibility

The Company has been engaged in healthcare, education, infrastructure, women empowerment and economic development of the people in and around its areas of operations through its social organisation Nav Nirman Sanstha (registered under the Societies Act). Accordingly, some areas - Kuarmunda (Sundergarh district) and Koira in Orissa and Sareikela-Kharsawan district and Ghatkuri in Jharkhand - were identified for the purpose while an amount of around ₹ 2.5 cr was spent for CSR activities in the last financial year.

The CSR activities comprise the following:

Women empowerment: Training on tailoring and fashion designing was held for women in Kuarmunda (Orissa) where Adhunik Metaliks Ltd's plant is located. This women empowerment programme was organised by Nav Nirman Sanstha (NNS) in association with Don Bosco Vocational Training Institute, Kuarmunda. Twenty-six girls from peripheral villages in Kuarmunda successfully completed the course and were given sewing machines. Training programmes on tailoring are also running under NNS at Kandra (Sareikela-Kharsawan district) and Ghatkuri in Jharkhand.

Village women are also given training on phenyl making which has helped them earn money by supplying phenyl for housekeeping at Adhunik Metaliks. Training, coupled with marketing assistance, on paper envelope making is also provided to women and girls of periphery villages.

A soap factory under the aegis of NNS is running at Ghatkuri to provide women with a regular income. Around 20 women were trained by the Company in soap-making and are now working in the soap factory.

Health: Regular health camps are organised in peripheral villages to contain ailments like scabies, anaemia, gynaecological problems, malaria, provide ante-natal and post-natal care, etc. Free treatment and medicines are provided to the weaker sections through mobile dispensary and door-to-door visits. Routine immunisation programme is also undertaken by in-house health team in assistance with the state health department.

Three doctors at PHC in Kuarmunda and Nuagaon blocks have been appointed by the Company and block level mega health camp for women and general public are held from time to time. Eye check-up camps for students are held from time to time while free medicines are distributed to control epidemic like diarrhoea. Veterinary camps are also organised with the help of government veterinary doctors.

The process of setting up a 6-bedded hospital in Kuarmunda (Orissa) is under way.

Education: Renovation of school buildings and arrangement of furniture are undertaken as and when the need arises, besides providing financial aid to poor students. Study materials are provided to students of various schools in the periphery villages of Kuarmunda and Ghatkuri. Teaching aid for Janata High School, Ratakhandi (Kuarmunda) has been provided. Anganwadi centres (where children below the age of five are taken care of) in Kuarmunda, Ghatkuri and Koira have been revamped.

Free bus service is provided to college girls at Kandra (Jharkhand).

Training and self-employment: NNS is providing training to women in hygiene, child care, first aid and kitchen gardening through self-help groups in periphery villages. Training on terracotta, computer skill, repairing of electrical and electronic home appliances, fitter and welding, driving, nursing, etc, are provided in different villages to provide the means of extra income to the villagers.

Infrastructure: Electricity connections have been provided in peripheral villages like Gobira and Lodosera (Kuarmunda). Effort is on to extend power connections to other villages. Roads have been built and renovated in

Koira (Orissa) and Kandra (Jharkhand). Drinking water facilities have been provided in Kuarmunda while tube-wells were installed / repaired at periphery villages in Jharkhand.

An initiative has also been taken to provide villagers in Kuarmunda with pure and safe drinking water through an international brand.

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

Commercial farming: A perspective plan to attract villagers towards commercial farming was implemented with the participation of local villagers. In line with the latest trend in agriculture marketing, hybrid plants, irrigation facilities coupled with on-farm training are being provided in Ghatkuri (Jharkhand).

A subsidised grocery shop for villagers has been opened in Padampur (Jharkhand).

Sports: Football and cricket tournaments are held twice a year at Ghatkuri (Jharkhand) while M.P. Memorial Football tournament (inter-panchayat) is held at Kuarmunda (Orissa). Sporting events for women are also held at Kuarmunda. Besides providing sports accessories to players, the Company also sponsors sportspersons.

Health, safety and environment

The Company's corporate policy includes a focus on the safety and health of every employee and preservation of the environment. By investing in elaborate safety measures, the Company ensures that its employees are assured a safe working environment and that its ecological footprint is minimal.

Adhunik invested proactively in securing employee and environment wellbeing. The Company aims to achieve a clean, healthy and safe environment, investing in air pollution control, waste management, drainage systems, road construction, landscaping and plant beautification. The Company imparted regular environment and safety training to employees, and appointed a well-experienced team to ensure an effective EHS management system. The Company also has doctors round the clock, on-site, to attend to emergencies. Additionally, the Company undertook the following measures:

Safety

The Company established a number of systems to ensure the safety of it's plants and personnel. The first line of defense remains prevention; systems and operations are therefore designed to prevent the smallest mishap that could potentially lead to accidents.

As part of safety protocol, AML laid down strict safety norms that employees, irrespective of their organisational position, have to follow. The following measures were further taken to monitor safety processes:

- Complied with all national and international safety standards
- Countered risks with suitable control measures
- Established a Central Safety Committee to review and upgrade safe working practices
- Devised an emergency management plan
- Arranged regular mock drills in units and mining sites
- Established systems to record and report any accident. All reported incidents are thoroughly investigated and corrective action is taken for preventing similar occurrences in the future
- Provided appropriate protective equipment and gear with strictly monitored usage to ensure safety
- Conducted regular safety training programmes to train employees

The Company maintains its own fire station, fully equipped with a fire tender, modern communication facilities, an elaborate fire hydrant system and fire extinguishers, among others, operated by trained experts. Additionally, fire training drills are periodically organised to provide hands-on training and create confidence among employees.

Health

At Adhunik, employee health is of paramount importance. The Company has a well-equipped occupational health centre at the factory with basic amenities and qualified, experienced medical and paramedical staff present at all times to meet any contingency. An ambulance is also available in case of an emergency.

Moreover, all employees are required to undergo annual medical check-ups for timely diagnosis of health problems.

Environment

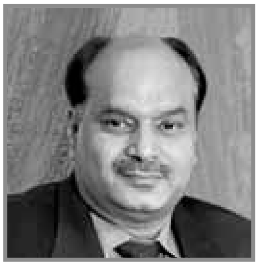
AML believes in the principle of good corporate citizenship, mandating the active contribution of companies towards preserving the environment. Accordingly, the Company invested in its operation systems to ensure minimal environmental impact.

The Company made substantial capital investments to ensure proper treatment of generated effluents to meet all relevant regulatory requirements. Additionally, the Company reduced pollution through the installation of control equipment on processing equipment, with the following:

- Electrostatic precipitators in DRI kilns, CPP, FAD and sinter plants, among others
- Well-designed bag houses at raw material conveying systems in DRI plants and furnaces in steel melting shops
- Sprinklers and dust suppression systems in the material-handling site to reduce fugitive emission
- Greenbelt development and tree plantation

The Company intends to achieve zero discharge through the following initiatives:

- Waste management by adopting the 3 Rs – reduce, recover, recycle/reuse
- Power generation through captive power plant through utilisation of rejects from coal washeries, char from DRI kilns and waste heat from DRI plants
- Waste heat/BF gas and coke oven gas utilisation in hot rolling mill and SMS



Mr. Ghanshyamdas Agarwal,
Chairman

Mr. Jugal Kishore Agarwal,
Director

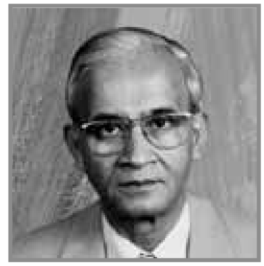
Mr. Nirmal Kumar Agarwal,
Director

Mr. Mohanlal Agarwal,
Director

Mr. Mahesh Kumar Agarwal,
Director

Mr. Nihar Ranjan Hota,
Director

Dr. Ram Gopal Agarwala,
Director



Mr. Lalit Mohan Chatterjee,
Director

Mr. Nandanandan Mishra,
Director

Mr. Makhan Lal Majumdar,
Director

Mr. Surendra Mohan Lakhotia,
Director

Mr. Manoj Kumar Agarwal,
Managing Director

Corporate information

Board of Directors

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

Company Secretary

Mr. Anand Sharma

Bankers

State Bank of India
Allahabad Bank
Canara Bank
HDFC Bank
ICICI Bank
IDBI
Indian Overseas Bank
Punjab National Bank
Standard Chartered Bank
State Bank of Mysore
UCO Bank
Union Bank of India

Auditor

S. R. Batliboi & Co.
Chartered Accountant

Registered office

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

Corporate office

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

Directors' Report - 2010

Dear Shareholders

Your Directors are pleased to present the ninth Annual Report and audited accounts for the financial year ended March 31, 2010.

Financial highlights

The financial performance of the Company for the year ended March 31, 2010 is summarised below

Financial highlights	2009-10		2008-09	
	₹ lakhs	$ mn	₹ lakhs	$ mn
Sales, services and job work	134,550	298	128,344	252
Less: Excise duty	8,691	19	11,775	23
	125,859	279	116,569	229
Profit Before Interest, Depreciation and Tax	26,414	58	18573	36
Less: Interest	13,802	30	11452	22
Depreciation	5,823	13	3,694	7
Profit Before Tax	**6,789**	**15**	**3,427**	**7**
Less: Provision for taxation				
Current tax	1,125	2	384	1
Income tax relating to earlier years/	273	1	(12)	(0)
(Excess provision for taxation written back)				
Deferred tax	–	–	–	–
Fringe benefit tax	–	–	40	0
Profit after taxation	**5,391**	**12**	**3,015**	**6**
Add: Balance brought forward from the previous year	18,391	40	16,610	32
Less: Adjustment of loss on amalgamation	581	1	–	–
Profit available for appropriation	**23,201**	**51**	**19,625**	**38**
Less: Transfer to General Reserve	135	0	–	–
Proposed dividend	1,544	3	1,055	2
Dividend tax	256	1	179	0
Profit carried to balance sheet	**21,266**	**47**	**18,391**	**36**

* 1$ = ₹ 45.14 exchange rate as on March 31, 2010 (1$ = ₹ 50.95 as on March 31, 2009)

Year in retrospect

Operations

During the year, your Company witnessed a robust growth in sales and profit figures, coupled with wider geographic extension of customer base and extension of the product mix to growing sectors. The production of billets increased from 2,48,811 MT in the last year to 3,32,254 MT in year 2010. The Company during the year commissioned 3rd ferro alloy plant and 2 kilns of 150 TPD having achieved the technical parameters of operation and stabilisation of production efficiency which culminates into reduction of production cost to a great extent and substantially benefits the operations by insulating from volatility.

M/s Sri M P Ispat and Power Private Ltd and M/s Vedvyas Ispat Ltd were amalgamated with your Company with effect from April 1, 2008 as per order dated September 16, 2010 of the Hon'ble Calcutta High Court and order December 16, 2010 of the Hon'ble Orissa High Court sanctioning the scheme of amalgamation respectively. M/s Sri M P Ispat and Power Private Ltd was setting up two set of coke oven batteries having capacity of 120,000 MT. The coke oven batteries have started commercial operation in last quarter of the financial year. M/s Vedvyas Ispat Ltd had two DRI kilns of 100 TPD each with total capacity of 60,000 MT of which 1 DRI kiln of 100 TPD started commercial operation in the last quarter of the financial year 2009-10. The amalgamation will result in backward integration of the operations of the Company and considerably reduce operational costs. The Company will be able to operate more economically and effectively resulting in better turnover and profits.

The Company is implementing one DRI kiln of 350 TPD along with CPP of 45 MW and 7 lakh tons coal washery in next couple of years' time to meet its increased metaliks and power requirement.

Transfer to reserves

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

Dividend

The board, for the year ended March 31, 2010 recommended a dividend of ₹ 1.25 per share (Re. 1 per share for the year ended March 31, 2009) subject to approval of the shareholders at the Annual General Meeting. The dividend will be paid on 12,34,99,536 Equity shares of the Company (10,55,05,814 Equity shares for the year ended March 31, 2009).

Deferred tax

In terms of Accounting Standard on 'Accounting for Taxes on Income' (AS-22) and in compliance with Hon'ble Calcutta High Court order dated May 07, 2007, and order dated March 29, 2010 the Securities Premium Account was utilised towards net deferred tax liability amounting to ₹ 3,545.32 lakhs for the year under review.

Management's Discussion and Analysis Report

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

Subsidiaries

During the year under review, the Company invested in Adhunik Power & Natural Resources Ltd (APNRL) which will be implementing 270MW X 2 thermal power project in the state of Jharkhand in line with the equity requirement of the project. Your Company also entered into a Shareholders Agreement with a private equity investor being India Infrastructure Fund (IIF), a domestic venture capital fund registered with SEBI and established as an irrevocable trust under the Indian Trusts Act, 1882, through a trust deed dated March 4, 2008, the trustee of which is IDFC Trustee Company Limited, acting through IDFC Project Equity Company Limited for infusion of upto ₹ 250 cr in share capital of the subsidiary APNRL in such tranches and in accordance with the business plan of such subsidiary.

Your Company made an application to Ministry of Corporate Affairs, Govt. of India to grant approval not to attach various documents in respect of subsidiary Companies, namely Orissa Manganese & Minerals Limited, Adhunik Power & Natural Resources Ltd, Neepaz V Forge (India) Limited and Unistar Galvanisers & Fabricators Ltd as set out in Sub-section (1) of Section 212 of the Companies Act, 1956. The Ministry of Corporate Affairs while sanctioning the approval vide its letter no. 47/177/2010-CL-III dated April 27, 2010 advised to attach the Consolidated Financial Statements of its subsidiaries. The Consolidated Financial Statements presented by the Company includes financial results of its subsidiaries. Accordingly, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not been attached with the Balance Sheet of the Company. Investors who wish to have a copy of annual accounts and detailed information on the subsidiaries may write to the Company. The annual accounts of the subsidiary companies will also be kept open for inspection by any investor at the Registered Office of the Company. The details of accounts of individual subsidiary Company will be available on the Company's website.

A statement as required under Section 212 of the Companies Act, 1956 relating subsidiaries alongwith a separate statement covering the information pertaining to each subsidiary as stipulated by the Ministry of Corporate Affairs vide its approval is disclosed in the Annual Report.

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.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules, 1975 is given in the annexure, attached hereto, and forming a part of this report.

Directors

In accordance with the provisions of the Companies Act, 1956 Mr. Jugal Kishore Agarwal, Mr. Nirmal Kumar Agarwal, Mr. Mahesh Kumar Agarwal and Dr. Ramgopal Agarwala, Directors of your Company, retire from the Board by rotation and being eligible, offer themselves for re-election at the ensuing Annual General Meeting.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm and state that:

(i) In the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards were followed and there were no material departures;

(ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit of the Company for that period;

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

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

Corporate Governance

Your Company has been practicing good Corporate Governance over the years and lays strong emphasis on transparency, accountability and integrity. A separate section on Corporate Governance is given in the Annual Report and a certificate from Mr. B. P. Dhanuka, Practicing Company Secretary regarding compliance of conditions and provisions of the Corporate Governance 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 is annexed in the Corporate Governance Report.

Code of Conduct

The Board laid down a Code of Conduct for all Board Members and Senior Management of the Company.

Board members and Senior Management Personnel affirmed compliance with the Code for the financial year 2009-10. A certificate from the CEO is annexed in this regard.

Statutory disclosures

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

Energy conservation, technology absorption and foreign exchange earnings and outgo

Information as required by 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 is given in the annexure attached hereto and forming part of this Report.

Consolidated financial statements and cash flow statement

As stipulated by the Clause 32 of the Listing Agreement, the Consolidated Financial Statements were prepared by your Company in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and the same together with the Auditor's Report thereof form a part of the Annual Report. The consolidated net profit of the Company and its subsidiary amounted to ₹ 13,707.09 lakhs as compared with ₹ 5,390.68 lakhs for the Company on standalone basis. The Cash Flow Statement for the year under reference is attached hereto.

Auditors

The Company received requisite certificate pursuant to Sec 224(1B) of the Companies Act, 1956 from M/s S. R. Batliboi & Co., Auditors of your Company regarding their eligibility for re-appointment as Auditors, who retire at the ensuing Annual General Meeting and we recommend their re-appointment.

The comments made by the Auditors in their report are self explanatory and hence do not require any further explanation and information.

Secretarial Audit Report

As a measure of good Corporate Governance practice, the Board of Directors of the Company appointed Mr. B. P. Dhanuka, Practicing Company Secretary (Past President of the Institute of Company Secretaries of India), to conduct independent Secretarial Audit of the Company. The Secretarial Compliance Certificate for the financial year ended March 31, 2010, is provided in the Annual Report.

The Secretarial Compliance Certificate confirms that the Company complied with all the applicable provisions of the Companies Act, 1956, Listing Agreements with the Stock Exchanges, Securities Contract (Regulation) Act, 1956, and all the Regulations of SEBI as applicable to the Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Company received certain show cause notices issued by Registrar of Companies, West Bengal for alleged offence /violation under the Companies Act, 1956 upon Inspection being carried out under direction of Ministry of Corporate Affairs, for which the Company took adequate steps to redress the same.

Appreciation

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

For and on behalf of the Board

Registered office
14 Netaji Subhas Road, Kolkata - 700001
Date: May 30, 2010

Ghanshyam Das Agarwal
Chairman

Annexure to the Directors' Report

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

a. Energy conservation measures taken;

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

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

Form A

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

Power and fuel consumption

Electricity	Standards, if any	Current year	Previous year
Purchased			
Unit (lakhs – kwh)		2,500.26	2,393.44
Total amount (₹ in lakhs)		8,196.02	8,115.97
Rate/unit (₹ in lakhs)		3.28	3.39
Own generation			
Through diesel generator			
Unit (lakhs – kwh)		0.28	1.99
Units per ltrs. of high speed diesel		0.10	3.65
Cost/unit (₹ in lakhs)		3.07	8.82
Through steam turbine/generator			
Units (lakhs – kwh)		2,098.11	630.12
Total amount (₹ in lakhs)		4,299.22	1,182.03
Cost/unit (₹ in lakhs)		2.05	1.88
Coal			
Quantity (tons)		6,62,243.00	4,84,314.00
Total cost		1,67,10,17,000.00	82,63,94,000.00
Average rate		2,523.27	1,706.32

Electricity	Standards, if any	Current year	Previous year
Furnace oil			
Quantity (k. ltrs)			
Total amount			
Average rate			
Light diesel oil			
Quantity (k. ltrs)			
Total amount (₹ in lakhs)			
Average rate (₹ per k. ltrs)			
High speed diesel oil			
Quantity (k. ltrs)		2,765	53,719
Total amount (₹ in lakhs)		0.86	1,752
Average rate (₹ per k. ltrs)		31.22	32.61
Consumption (in units) per ton of sponge iron			
Electricity		105.82	107.86
Coal			
Furnace oil			
Others			
Light diesel oil (litres)			
High speed diesel oil (litres)			
Consumption (in units) per ton of pig iron			
Electricity		150.03	162.05
Coal			
Furnace oil			
Others			
Light diesel oil (litres)			
High speed diesel oil (litres)			
Consumption (in units) per ton of billet			
Electricity		680.97	623.41
Coal			
Furnace oil			
Others			
Light diesel oil (litres)			
High speed diesel oil (litres)			
Consumption (in units) per ton of rolled product			
Electricity		70.86	144.63
Coal			
Furnace oil			
Others			

Electricity	Standards, if any	Current year	Previous year
Light diesel oil (litres)			
High speed diesel oil (litres)			
Consumption (in units) per ton of silico manganese and ferro chrome			
Electricity		4170.97	4,410.65
Coal			
Furnace oil			
Others			
Light diesel oil (litres)			
High speed diesel oil (litres)			

Form B

Form for disclosure of particulars with respect to absorption

Research & Development (R&D)	
Specific areas in which R&D carried out by the Company	R&D activities were carried out mainly for improvement of product inherent quality by optimisation of heating atmosphere before hot working, removal of hot working stresses by retarded cooling practice, among others. Activities were also extended to the manufacturing of creep resistant steel and various other new grades for the automotive applications.
Benefits derived as a result of the above R&D	The materials of the R&D activities were appreciated by the automotive users and accordingly approved. Most of these materials were validated successfully.
Future plan of action	- Manufacturing and supply of fully machined crankshafts for the 6-cylinder HCV.
	- Evaluation of creep properties of creep resistant steels made in AML.
Expenditure on R&D	All of the R&D activities being a part of operation cum project, the expenditures are of continuous in nature. There is no separate cell for R&D activities.
Capital	–
Recurring	–
Total	–
Total R&D expenditure as a percentage of total turnover	–

Technology absorption, adaptation and innovation

Efforts, in brief, made towards technology absorption, adaptation and innovation	Now AML has become a fully integrated steel plant thru both forward and backward integration. The Company made collaboration with world renowned steel company i.e. BSE (Germany), for the improvement in productivity. The culture of continuous learning is being ingrained through implementation of knowledge management, TPM and small group activities throughout the organisation.
Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development and import substitution, among others.	This collaboration did not only improve work practices but also imparted knowledge at all levels of employee in steel production. Various ideas of cost reduction and its accrued benefits were obtained thru the technology absorption and adaptation. Improved manufacturing practices upgraded the product quality and fetched customer delight. Lot many components critical for the automotive application which were being imported are now replaced with AML steel e.g. front wheel hub in all FORD vehicles, worldwide.
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	Sinter making technology from Chinese
Year of import	2007-08
Has technology been fully absorbed?	Yes
If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.	

Foreign exchange earnings and outgo

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

Total foreign exchange used and earned	Current year	Previous year
Foreign exchange earning (₹ in lakhs)	298.44	6623.26
Foreign exchange outgo (₹ in lakhs)	65.05	188.25

Report on Corporate Governance

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

The details of the Corporate Governance compliance by the Company as per Clause 49 of the listing agreement with Stock Exchanges are as under:

Company's philosophy on Corporate Governance

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and to dedicate itself for increasing long term shareholder's value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places high emphasis on business ethics.

The key elements of good Corporate Governance include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and a commitment to the organisation. The Corporate Governance framework of the Company ensures that timely and accurate disclosure is being made on all material matters regarding the Company, including the financial statements, performance, ownership and governance of the Company. The Board believes good Corporate Governance is voluntary and self-disciplining. The Board supports principles of good governance and lays appropriate emphasis on regulatory compliance, integrity and accountability.

Board of Directors

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the shareholders. The Company's Board comprises adequate blend of professional, executive and independent Directors.

Composition

During the year under review the Board had an optimum composition of 12 Directors including 6 Independent Directors. During the year under review, the Board met eight times on May 28, 2009, June 22, 2009, /June 29, 2009, July 29, 2009, August 31, 2009, October 21, 2009, November 27, 2009, January 27, 2010 and February 26, 2010. The constitution of the Board during the year ended March 31, 2010 and their attendance at the board meetings, last Annual General Meeting and the Directorship/ Chairmanship/Membership of Committee of each Director in other companies are as under

Serial number	Name of Director	Attendance		Category of Directors	Other Directorship	Other Committee Membership	Other Committee Chairmanship
		Board	Last AGM				
1	Shri Ghanshyamdas Agarwal	6	Yes	Non-Executive Chairman	12	02	X
2	Shri Jugal Kishore Agarwal	8	Yes	Non-Executive Director	11	01	X
3	Shri Nirmal Kumar Agarwal	4	No	Non-Executive Director	14	02	X
4	Shri Mohanlal Agarwal	5	No	Non-Executive Director	11	X	X
5	Shri Mahesh Kumar Agarwal	6	No	Non-Executive Director	14	X	X
6	Shri Surendra Mohan Lakhotia	7	Yes	Independent Director	01	X	01
7	Shri Nihar Ranjan Hota	7	Yes	Independent Director	X	X	X
8	Shri Lalit Mohan Chatterjee	6	No	Independent Director	01	01	X
9	Dr. Ramgopal Agarwala	3	Yes	Independent Director	01	X	X
10	Shri Makhan Lal Majumdar	5	No	Independent Director	03	X	X
11	Shri Nandanandan Mishra	6	Yes	Independent Director	04	07	X
12	Shri Manoj Kumar Agarwal	8	Yes	Managing Director	14	02	X

Notes

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

Board business

The normal business of the Board includes:

- Strategies for shaping of portfolio and direction of the Company and priorities, in corporate resource allocation;
- Corporate annual plan and operating framework;
- Quarterly business performance reports;
- Convening a meeting of shareholders of the Company, setting the agenda thereof, and ensuring that a satisfactory dialogue with shareholders takes place;
- Declaration / recommendation of dividend;
- Review of functioning of the Board and its Committees;
- Review of functioning of the subsidiary Companies;
- Annual review of accounts for adoption by shareholders;
- Quarterly and annual results announcements;
- Merger, acquisition, joint venture or disposal, if any;
- Recruitment and remuneration of senior management;
- Materially important show cause, demand, prosecution and penalty notices;
- Significant development in the human resources and industrial relations fronts;
- Risk evaluation and control;
- Compliance with all relevant legislations and regulations.

Board support

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

The Company Secretary of the Company attends all the meetings of Board and advises/assures the Board on compliance and governance principles.

Board independence

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 which is in conformity with Clause 49 of the Listing Agreement.

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

Board meetings

Scheduling and selection of agenda items for Board meetings

i) The Company holds minimum four Board meetings in each year, which are pre-scheduled after the end of each quarter. Apart from the four pre-scheduled Board meetings, additional Board meetings are convened by giving appropriate notice at any time to address the specific needs of the Company.

ii) All departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion / approval in the Board/ Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board/Committee meetings.

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

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

Board material distributed in advance

Agenda papers are circulated to the Directors, in advance. 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.

Recording minutes of proceedings at board/committee meetings

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

Post meeting follow up mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting committees thereof. The important decisions taken by the Board / Committee meetings are communicated to the respective departments / division concerned promptly. Action taken report on the decisions/

minutes of the previous meeting(s) is placed at the meeting of the Board/ Committee for their noting.

Committees of the Board

The Board committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas/activities which concern the Company and need a closer review. The Board committees are set up under the formal approval of the Board, to carry out the clearly defined role which is considered to be performed by members of the Board as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all the Committees are placed before the Board for review.

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

Audit Committee

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchange(s). The Company also complies with provisions of Section 292A of the Companies Act, 1956 pertaining to Audit Committee and its functioning.

The Audit Committee comprises four Independent Directors and the Managing Director is also a member. The terms of reference of this Committee encompass the whole of that content in the SEBI code as well as section 292A of the Companies Act 1956. The Committee comprises Shri Surendra Mohan Lakhotia as the Chairman of the Committee along with Shri N. R. Hota, Shri L. M. Chatterjee, Shri. Ramgopal Agarwala and Shri Manoj Kumar Agarwal as its members and is mandated to meet at least four times in a year.

Statutory auditors, internal auditors and Head of Finance & Accounts of the Company are permanent invitees to Audit Committee meetings.

The Company Secretary acts as the secretary to the Committee.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and inter alia performs the following functions

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment of any other services;
- Reviewing with management the annual financial statements before submission to the Board;
- Reviewing with the management the annual financial statements of the subsidiary companies;
- Reviewing with the management and external and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function;
- Discussing with internal auditors any significant findings and follow up on such issues;
- Discussing with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain area of concern, if any, and
- Reviewing the Company's financial and risk management policies.

Eight meetings were held during the financial year on June 22, 2009, June 29, 2009, July 29, 2009, August 31, 2009, October 21, 2009, November 27, 2009, January 21, 2010 and February 15, 2010/February 26, 2010.

Attendance record of Audit Committee members

Name of the Director	Number of meetings	Meetings attended
Shri Surendra Mohan Lakhotia	8	7
Shri Nihar Ranjan Hota	8	8
Shri Lalit Mohan Chatterjee	8	6
Dr. Ramgopal Agarwala	8	3
Shri Manoj Kumar Agarwal	8	8

Compensation Committee

This Committee comprises Independent Directors of the Company namely Shri L. M. Chatterjee (as Chairman of Compensation Committee), Shri N. R. Hota and Shri M. L. Majumdar. The Compensation Committee was set up to review the overall compensation structure and related policies of the Company with a view to attract, motivate and retain employees. The Committee determines the Company's policies on remuneration packages payable to Managing Director and also reviews the compensation levels vis-à-vis other companies and the industry in general. The Company Secretary acts as the Secretary to the Committee. No meetings were held during the financial year.

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

Details of remuneration paid to the Directors during 2009-10

(Figures in ₹)

Name of Director	Basic + Benefit	Board Meeting sitting fees	Committee meeting fees	Total
Shri Ghanshyamdas Agarwal	Nil	1,20,000	Nil	1,20,000
Shri Jugal Kishore Agarwal	Nil	1,60,000	Nil	1,60,000
Shri Nirmal Kumar Agarwal	Nil	80,000	Nil	80,000
Shri Mohan Lal Agarwal	Nil	1,00,000	Nil	1,00,000
Shri Mahesh Kumar Agarwal	Nil	1,20,000	Nil	1,20,000
Shri Surendra Mohan Lakhotia	Nil	1,40,000	70,000	2,10,000
Shri Nihar Ranjan Hota	Nil	1,40,000	80,000	2,20,000
Shri Lalit Mohan Chatterjee	Nil	1,20,000	60,000	1,80,000
Dr. Ram Gopal Agarwala	Nil	60,000	30,000	90,000
Shri Nandanandan Mishra	Nil	1,20,000	Nil	1,20,000
Shri Makhan Lal Majumder	Nil	1,00,000	Nil	1,00,000
Shri Manoj Kumar Agarwal	1,17,37,734	NIL	Nil	1,17,37,734

Shareholders/Investors' Grievances Committee

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

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

Two meetings were held during the financial year 2009-10 on May 4, 2009 and January 15, 2010.

Attendance record of Shareholders/ Investors' Grievances Committee

Name of the Director	Number of meetings	Meetings attended
Shri Ghanshyamdas Agarwal	2	2
Shri Mahesh Kumar Agarwal	2	2
Shri Lalit Mohan Chatterjee	2	0

Details of queries and grievances received and disposed off during 2009-10 (As per R&TA records)

Serial number	Nature of query/complaint	Received	Disposed off
1	Non-receipt of refund	3	3
2	Non-receipt of dividend	5	5
3	Non-receipt of electronic credit	7	7
4	Duplicate refund order	1	1
5	SEBI/Stock Exchange complaints	0	0
6	Duplicate dividend warrant*	54	54
	Total	70	70

* Includes duplicate/revalidation/correction of dividend warrant

No complaints were pending as on March 31, 2010.

Functional committees

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

Procedure at committee meetings

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

Code of Conduct

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

A declaration signed by the Managing Director of the Company is given below

All the members of the Board and Senior Management Personnel of the Company affirmed due observance of the Code of Conduct, framed pursuant to clause 49 of the Listing Agreement with Stock Exchanges, in so far as it is applicable to them and there is no non-compliance thereof during the year ended March 31, 2010.

Manoj Kumar Agarwal
Managing Director

Code for prevention of Insider Trading Practices

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations1992, a comprehensive code for prevention of Insider Trading is in place. The objective of the code is to prevent purchase and /or sale of shares of the Company by insider on the basis of unpublished price sensitive information. The said Code was revised in line with the recent amendment suggested by SEBI by the Board of Directors of the Company in their meeting held on October 21, 2009. The Code is available on Company's website.

CEO/CFO Certification

The CEO and CFO certification of the financial statements for the year is attached hereto.

Subsidiary companies

M/s Unistar Galvanisers & Fabricators Limited became a subsidiary of the Company from July 17, 2006. In 2007, Orissa Manganese & Minerals Limited and Neepaz V Forge (India) Limited became subsidiaries of the Company from April 5, 2007 and October 4, 2007 respectively. In the year 2008, Adhunik Power & Natural Resources Ltd became subsidiary of the Company from November 14, 2008.

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. Transactions with related parties are disclosed in Note No.31 (b) of Schedule 25 to the accounts in the Annual Report.

There was no non-compliance penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authorities, on any matter related to capital markets during last three years.

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.

Management Discussion and Analysis Report is a part of the Annual Report.

Means of communication

The quarterly results are normally published in Economic Times / Business Standard / Financial Express (English) and Aajkal (Bengali) newspaper. The results are also displayed on the Company's website www.adhunikgroup.com.

Shareholding of Directors in the Company as on March 31, 2010.

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

Details of previous Annual General Meeting and postal ballots

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

Year	Date	Time	Venue	Number of special resolutions passed
2008-09	September 11, 2009	11.00 AM	Kala Kunj 48, Shakespeare Sarani Kolkata – 700 017	1. Re-appointment of Managing Director 2. Adjustment of Deferred Tax 3. Increase in Authorised Capital
2007-08	September 09, 2008	11.30 am	Kala Kunj, 48, Shakespeare Sarani Kolkata – 700 017	1. Increase in remuneration of Managing Director 2. Alteration of AOA for increase in numbers of Directors to 14
2006-07	September 14, 2007	11.30 am	Kala Kunj, 48, Shakespeare Sarani Kolkata – 700 017	Nil

Postal ballot

No special resolution requiring a postal ballot is being proposed for the ensuing AGM.

During the financial year, the following resolutions were put through postal ballot and Mr. B. P. Dhanuka, Practising Company Secretary was scrutiniser on both occasions, the details whereof are given below

Serial number	Date of result	Particulars
1	August 18, 2009	Raising of funds through issue of appropriate securities u/s 81(1A) of the Companies Act, 1956 (99.99% of votes in favor of the resolution)
2(a)	February 2, 2010	a. Alteration of the main object clause of the Memorandum of Association of the Company u/s 17 of the Companies Act, 1956 (99.99% of votes in favor of the resolution)
2(b)		b. Investment in Subsidiary Company u/s 372A of the Companies Act, 1996. (99.99% of votes in favor of the resolution)

Compliance Certificate

The Compliance Certificate from Shri B. P. Dhanuka, Practicing Company Secretary that the Company complied with the conditions of Corporate Governance as were applicable as on March 31, 2010 and stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s) is annexed hereto.

General shareholders' information

AGM details

Day and date	Friday, September 10, 2010
Venue	"Kalakunj", 48 Shakespeare Sarani, Kolkata – 700017
Time	11.00 A.M.
Book closure dates	August 28, 2010 to September 10, 2010, (both days inclusive)
Dividend payment date	On or after September 15, 2010 (within statutory limit of 30 days) subject to approval of shareholders

Registrar & Share Transfer Agents

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

Share transfer system

The Registrars & Share Transfer Agent M/s Karvy Computershare Private Limited register the Share Transfer after the shares are lodged for transfer, within a period ranging from 10 to 15 days provided the documents lodged with the Registrars/Company are in order

Dematerialisation of shares and liquidity

As per SEBI requirement the Company enlisted its shares with NSDL and 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 annual custody fee for the financial year 2009-10 was paid by the Company to both the depositories.

As on March 31, 2010, 12,15,03,203 shares of the Company constituting 98.38% of the issued and subscribed share capital stood dematerialised.

Details of DEMAT and physical shares as on March 31, 2010

Description	Number of holders	Number of shares	% to equity
CDSL	7,084	39,07,344	3.16%
NSDL	19,493	11,75,95,859	95.22%
Physical	43	19,96,333	1.62%
Total	26,620	12,34,99,536	100.00%

Distribution of shareholding as on March 31, 2010

Shareholding of nominal value	Shareholders		Share amount	
₹	Number	% to total	₹	% to total
Up to 5000	23,807	89.43	3,00,66,640	2..43
5001-10000	1,455	5.47	1,21,23,100	0.98
10001-20000	657	2.46	1,02,94,210	0.83
20001-30000	205	0.77	53,89,490	0.44
30001-40000	79	0.30	28,67,670	0.23
40001-50000	103	0.39	49,10,330	0.40
50001-100000	122	0.46	94,29,960	0.76
100001 and above	192	0.72	1,15,99,13,960	93.92
Total	26,620	100.00	1,23,49,95,360	100.00

Categories of shareholders as on March 31, 2010

Serial number	Category	Number of holders	Number of shares	% to equity
1	Clearing members	119	3,21,026	0.26
2	Foreign corporate bodies	1	77,14,579	6.25
3	Foreign institutional investor	31	1,41,22,511	11.44
4	Mutual funds	21	1,44,04,310	11.66
5	Bodies corporate	723	68,14,682	5.52
6	HUF	528	3,22,847	0.26
7	Non-resident Indians	516	2.96.118	0.24
8	Overseas corporate bodies	1	1,000	0.00
9	Banks	1	1,850	0.00
10	Indian financial institutions	2	37,42,992	3.03
11	Persons acting in concert	7	39,99,840	3.24
12	Company promoters	16	6,45,63,461	52.28
13	Resident individuals	24,654	71,94,320	5.82
	Total	26,620	12,34,99,536	100.00

Global depository receipts

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

Listing of shares on stock exchanges with stock code

Stock Exchange			Stock code
National Stock Exchange of India Ltd, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051			ADHUNIK
Telephone nos: 022-2659 8100/14	Facsimile no.: 022-2659 8120	Website: www.nseindia.com	
Bombay Stock Exchange Ltd, Phiroz Jeejeebhoy Towers, Dalal Steel, Mumbai – 400001			5372727
Telephone nos: 022-2272 1233/34	Facsimile no.: 022-2272-1919	Website: www.bseindia.com	

The annual listing fee for the year 2010-11 has been paid by the Company to both the above Stock Exchanges.

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

	BSE			NSE		
Stock data	High	Low	Volume	High	Low	Volume
2009						
April	46.40	27.80	6888318	45.70	28.00	10416179
May	75.40	43.15	3347314	74.60	43.25	6360115
June	75.65	61.60	4477683	75.65	61.65	6559548
July	101.45	71.50	7544750	101.20	71.00	9075272
August	109.45	88.25	2145574	109.50	88.95	4702783
September	103.90	95.30	2469264	103.90	95.05	4002637
October	121.10	95.10	10957847	121.40	95.00	17430523
November	104.40	86.45	4000569	103.80	86.10	9326034
December	113.40	91.00	10528385	114.00	90.70	18580556
2010						
January	127.50	103.00	12178804	127.50	103.65	25147582
February	116.20	98.10	3355096	116.20	98.00	6907877
March	125.35	101.80	3757360	126.00	102.00	11883357

Dividend history

Financial year	Dividend per share (Rs.)	Total dividend (₹ in lakhs)
2009-10	1.25*	1,801
2008-09	1.00	1,234
2007-08	1.20	1,281
2006-07	1.00	1,067
2005-06	0.50	519

*Subject to approval of members

Equity shares in suspense account

In terms of requirements of Clause 5A of the Listing Agreement, with relation to shares issued to public issue or any other issue and remain unclaimed and lying in the suspense account, the details whereof, as provided by the Registrar & Transfer Agents, are as follows

Year	Opening balance as on April 1, 2009		Cases disposed off during the financial year 2009-10		Closing balance as on March 31, 2010	
	Number of cases	Number of shares	Number of cases	Number of shares	Number of cases	Number of shares
2009-10	12	5125	6	3,551	6	1,574

Financial calendar

Financial year 2010-11		
1	First quarter results	August 14, 2010
2	Second quarter and half-year results	November 15, 2010
3	Third quarter results	February 15, 2011
4	Fourth quarter and annual results	May 2011

Dedicated e-mail id

To enable its members to register their grievance, the Company designated an exclusive e-mail id, viz. investorsrelation@adhunikgroup.co.in.

Plant location

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

Investors correspondence

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

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

OR

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

For and on behalf of the Board

Ghanshyam Das Agarwal
Chairman

Registered office
14 Netaji Subhas Road, Kolkata - 700001
Date: May 30, 2010

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 year ended March 31, 2010 and confirm that to the best of our knowledge and belief :

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

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the Company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

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

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

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

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

Date: May 30,, 2010

Manoj Kumar Agarwal
Managing Director

Pawan Kumar Rathi
Head of Finance and Accounts

Secretarial
Compliance Certificate

To,
The members
Adhunik Metaliks Limited
Kolkata

I have examined the relevant secretarial records and compliance of various provisions of the Companies Act, 1956, (the Act) the guidelines and the instructions issued by the Securities and Exchange Board of India (SEBI) and the relevant clauses of the Listing Agreement with the Stock Exchanges where the shares of Adhunik Metaliks Limited (the Company) are listed for the year ended March 31, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I report that in respect of the aforesaid Financial Year:

1. The Company is having statutory records and registers as required to be maintained under various provisions of the Companies Act, 1956 and the Rules made there under.
2. The Company has filed Statutory Returns online with the Ministry of Corporate Affairs and has furnished the required documents / intimations to the Stock Exchanges and other authorities as required under various clauses of the Listing Agreement.
3. The Company has submitted shareholding pattern, Corporate Governance Report and financial results to Stock Exchanges in compliance with Clause 35, 49 and 41 of the Listing Agreement respectively.
4. The Company has submitted Quarterly Secretarial Audit Report and certificate from a Company secretary in practice under clause 47C of the Listing Agreement to the Stock Exchanges.
5. No amount was due to be deposited in Investor Education & Protection Fund under Section 205C of the Act.
6. The Company had issued 1,39,60,400 Equity Shares to QIB at a premium of ₹ 88.23 of an aggregate value of ₹ 137 crores on November 20, 2009 after complying with the statutory requirements which have been listed with the Stock Exchanges.
7. The Company has not bought back any shares during the financial year.
8. The Company had not issued any GDR / ADR during the year under report, which may have an impact on equity Capital Structure of the Company.
9. The Scheme of Amalgamation of Vedvyas Ispat Limited and Sri M.P. Ispat & Power Private Limited with the Company has been duly approved by the High Courts and the necessary shares so issued under the Scheme have been listed with the Stock Exchanges.
10. The Company has called, convened and conducted the Board Meetings and General Meetings in lines of the Secretarial Standards 1 and 2 respectively issued by the Institute of Company Secretaries of India.
11. The Company has complied with the requirements of Section 217 of the Act.
12. The Company has closed its Register of Members in compliance of Listing Agreement and section 154 of the Act.
13. The annual general meeting for the financial year ended on March 31, 2009 was held on September 11, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in

the Minutes Book maintained for the purpose.

14. No extra ordinary general meeting was held during the financial year.

15. The Company has passed resolutions by way of Postal Ballots 2 times during the year and complied with the provisions of section 192A of the Act and Rules made there under.

16. The Company has not advanced any loans to its Directors or persons or firms referred to under Section 295 of the Act.

17. The Company has not entered into any contract falling within the purview of section 297 of the Act.

18. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.

19. The appointment of Managing Director has been made in compliance with the provisions of the Act.

20. The Company has not appointed any sole selling agents during the financial year.

21. The Company has altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny and complied with the Act.

22. The Company has altered the provisions of the Memorandum with respect to share capital of the Company during the financial year under scrutiny and complied with the Act.

23. The Directors have disclosed their interest in other companies where they are on the Board of Directors, pursuant to Section 299 of the Act and rules made thereunder.

24. The total borrowings of the Company were within the limits of Section 293(1) (d) of the Act.

25. Loans to and investments made in other bodies corporate during the financial year, were within the limits of Section 372A of the Act.

26. The Company did not accept any Public Deposits under Companies (Acceptance of Deposits) Rules, 1975, during the year.

27. The Company has paid dividend by due date after its declaration and, wherever necessary, has kept in abeyance rights to dividend, pending registration of transfer of shares in compliance with the provisions of the Act.

28. The Company has complied with the requirements of the Secretarial Standard 3 regarding dividend, issued by the Institute of Company Secretaries of India.

29. The Company has complied with the requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

30. The Company's RTA M/s. Karvy Computershare Pvt. Limited processed the valid dematerialisation / rematerialisation requests of shares within 21 days from the date of receipt of physical documents from the DPs.

31. The Company has introduced a system to obtain a certificate of compliance of different statutes, governing the affairs of the Company.

32. So far the information provided to me, the Company and all its officers as defined in SEBI (prohibition of Insider Trading) Regulations, 1992, have complied with the restrictions imposed by the said Regulation.

33. So far the information provided to me, the Company has not received any show cause notice for alleged offence /violation under the Listing Agreements or SEBI guidelines and no fine, penalty or other punishment has been imposed on the Company in this regard during the year under review. Show Cause Notices were issued by the Registrar of Companies, West Bengal regarding non-compliance of certain provisions of the Act and Accounting disclosures for which the Company has taken the necessary steps.

Place: Kolkata
Date: May 30, 2010

B. P. Dhanuka
Practicing Company secretary
C.P.No.6041
FCS-615

Company Secretary Certificate regarding compliance of conditions of Corporate Governance

To,
The members
Adhunik Metaliks Limited
Kolkata

Re: Certificate regarding compliance of conditions of Corporate Governance

I have examined the compliance of conditions of Corporate Governance by ADHUNIK METALIKS LIMITED for the year ended on March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

I state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' / Investors' Grievances Committee.

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

Place: Kolkata
Date: May 30, 2010

B. P. Dhanuka
Practicing Company secretary
C.P.No.6041
FCS-615

Auditors' Report

To
The Members of
Adhunik Metaliks Limited

1. We have audited the attached Balance Sheet of **Adhunik Metaliks Limited** ('the Company') as at March 31, 2010 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Order'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

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

   v) On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

5. Without qualifying our opinion, we draw attention to Note no. 8(b) on Schedule 25 regarding utilisation of Securities Premium Account of ₹ 3545.74 lacs towards meeting the net deferred tax liability arisen during the year, pursuant to the Hon'ble High Court of Calcutta Order dated March 29, 2010. The above accounting treatment is not in line with the Accounting Standard 22 "Accounting for Taxes on Income" (AS-22) as notified by the Companies (Accounting Standards) Rules 2006 (as amended).

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

   a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

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

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

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

Per R. K. Agrawal
Partner
Membership No. 16667

22 Camac Street
Block 'C', 3rd Floor
Kolkata–700 016.
Date : May 30, 2010

Annexure to the Auditors' Report

(Referred to in our report of even date to the members of ADHUNIK METALIKS LIMITED as at and for the year ended 31st March, 2010)

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

b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

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

ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year. As regards material lying with outside parties, confirmation certificates have been obtained in most of the cases.

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

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

iii) a) As informed, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4(iii) (a) to (d) of the Order are not applicable.

b) As informed, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clauses 4(iii) (e) to (g) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company. The Company is not involved in sale of any services.

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

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

vi) The Company has not accepted any deposits from the public.

vii) In our opinion, the Company's internal audit system is commensurate with the size and nature of it's business.

viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

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

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

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

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

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Orissa Entry Tax	Entry tax on machinery & spares & Capital Goods	6.88	2002-04	Orissa Sales Tax Tribunal, Cuttack
Central Sales Tax (Orissa) Rules 57	Demand against transfer of stock to branches and consignment agents.	123.40	2003-04	Orissa Sales Tax Tribunal, Cuttack
Central Sales Tax	Demand against discrepancies identified during investigation	20.05	2003-04	Deputy Commissioner of Sales Tax, Rourkela
Central Sales Tax	Disallowance of sale against Form-H	90.53	2004-07	Orissa Sales Tax Tribunal, Cuttack, Deputy Commissioner of Sales Tax, Rourkela
Orissa Value Added Tax	Dispute on account of disallowance of Input Tax credit	140.15	2005-07	Orissa Sales Tax Tribunal & High Court, Orissa, Cuttack
Orissa Sales Tax	Dispute on gross turnover vis-à-vis taxable turnover	12.89	2003-05	Orissa Sales Tax Tribunal, Cuttack, Deputy Commissioner of Sales Tax, Rourkela
Orissa Sales Tax	Demand against discrepancies identified during investigation	12.06	2003-04	Deputy Commissioner of Sales Tax, Rourkela
Central Excise and Service Tax	Dispute on Cenvat credit on input, classification, excise duty on job work, transaction value for stock transfer, short production booking	1109.51	2003-05	CESTAT (Kolkata), Additional Commissioner (Adjudication) Bhubaneswar, Commissioner (Appeal), Bhubaneswar

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

xi) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks and debenture holders except for a delay of less the 30 days in repayment of dues to bank amounting to ₹ 10,389.85 lacs and that of 30 to 90 days in repaymet of dues of ₹ 11,292.16 lacs. However, there was no amount outstanding against such defaults as on the balance sheet date. Further as informed, there are no dues to the financial institution.

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

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

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

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

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

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

xviii) The Company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix) The Company in an earlier year had issued fully/ compulsorily convertible unsecured debentures of ₹ 10,000 lacs on which no security or charge was required to be created and the same have been fully converted into equity shares during the year.

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

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

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

Per R. K. Agrawal
Partner
Membership No. 16667

22 Camac Street
Block 'C', 3rd Floor
Kolkata–700 016.
Date : May 30, 2010

Balance Sheet As at March 31, 2010

(₹ in Lacs)

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
A. Shareholders' Funds			
Share Capital	1	12,349.95	9,123.12
Share Warrant		–	2,512.01
Reserves and Surplus	2	49,200.48	20,055.87
		61,550.43	**31,691.00**
B. Loan Funds			
Secured Loans	3	97,269.64	92,288.02
Unsecured Loans	4	24,578.59	39,832.83
		121,848.23	**132,120.85**
C. Deferred Tax Liabilities (Net)	5	13,423.99	9,941.19
		196,822.65	**173,753.04**
APPLICATION OF FUNDS			
A. Fixed Assets			
a) Gross Block	6	145,677.47	94,284.28
b) Less : Accumulated Depreciation/Amortisation		14,682.05	8,242.58
c) Net Block		**130,995.42**	**86,041.70**
d) Capital Work-in-Progress including Capital Advances	7	3,559.03	19,148.35
e) Capital expenditure on New Projects & Trial Run expenses	8	247.22	6,513.13
		134,801.67	**111,703.18**
B. Investment	9	20,606.99	17,811.00
C. Current Assets, Loans & Advances			
a) Inventories	10	44,695.01	37,235.22
b) Sundry Debtors	11	20,615.16	11,348.14
c) Cash & Bank Balances	12	9,953.88	8,550.11
d) Loans & Advances	13	14,858.66	19,024.78
e) Other Current Assets	14	232.35	1,329.44
		90,355.06	**77,487.69**
D. Less : Current Liabilities and Provisions	15		
a) Current Liabilities		46,821.47	31,835.93
b) Provisions		2,119.60	1,412.90
		48,941.07	**33,248.83**
Net Current Assets		**41,413.99**	**44,238.86**
E. **Miscellaneous expenditure** (To the extent not written off or adjusted)	16	–	–
		196,822.65	**173,753.04**
Accounting Policies and Notes on Accounts	25		

Schedules 1 to 16 and 25 referred to above form an integral part of the Balance Sheet
As per our report of even date

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

Per R. K. Agarwal
a Partner
Membership No. 16667

Place: Kolkata
Date: May 30, 2010

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Nirmal Kumar Agarwal
Director

Anand Sharma
Company Secretary

Profit and Loss Account For the year ended March 31, 2010

(₹ in Lacs)

	Schedule	2009-10	2008-09
INCOME			
Sales	17	134,550.12	128,344.25
Less: Excise Duty		8,691.17	11,774.79
		125,858.95	**116,569.46**
Other Income	18	3,695.02	3,477.58
Total Income		**129,553.97**	**120,047.04**
EXPENDITURE			
Decrease/(Increase) in Stocks	19	(7,621.27)	1,003.27
Excise Duty on Stocks (Refer Note no. 22 on Schedule 25)		1,204.22	(127.07)
Raw Materials Consumed	20	59,236.98	45,558.15
Purchase of Trading Goods		9,650.43	16,814.93
Manufacturing expenses	21	26,490.16	23,357.19
Personnel expenses	22	4,232.19	3,042.68
Selling & Administrative expenses	23	9,795.08	11,772.50
Interest	24	13,802.20	11,452.00
Preliminary expenditure Written Off		0.46	–
Share of (Profit)/Loss in Partnership Firm		(0.48)	(0.26)
Depreciation/ Amortisation		5,823.45	3,693.86
Prior Period expenses (Net) (Refer Note no. 28 on Schedule 25)		151.18	53.08
Total expenditure		**122,764.60**	**116,620.33**
Profit Before Taxation		**6,789.37**	**3,426.71**
Provision for Taxation -			
Current Tax		1,125.84	383.73
Income Tax relating to Earlier Years / (Excess Provision for Taxation Written Back)		272.85	(11.57)
Fringe Benefit Tax		-	39.83
Profit after Taxation		**5,390.68**	**3,014.72**
Add : Balance brought forward from previous year		18,391.23	16,610.88
Less : Adjustment of loss pertaining to the amalgamating Companies		580.94	-
Profit available for appropriation		**23,200.97**	**19,625.60**
Less - Transfer to General Reserve		134.77	-
Proposed Dividend		1,543.74	1,055.06
Dividend Tax		256.40	179.31
Profit Carried to Balance Sheet		**21,266.06**	**18,391.23**
Earning Per Share (Nominal Value of ₹ 10 each) (₹)			
Basic		4.80	3.30
Diluted		4.74	2.90
(Refer Note No. 15 on Schedule 25)			
Accounting Policies and Notes on Accounts	25		

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

As per our report of even date

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

Per R. K. Agarwal
a Partner
Membership No. 16667

Place: Kolkata
Date: May 30, 2010

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Nirmal Kumar Agarwal
Director

Anand Sharma
Company Secretary

Cash Flow Statement For the year ended March 31, 2010

(₹ in Lacs)

	2009-10		2008-09	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax		6,789.37		3,426.71
Adjustments for :				
Depreciation	5,823.45		3,693.86	
Gratuity & Leave Provision	140.93		108.02	
Interest Expenses	13,802.20		11,452.01	
Forex Fluctuation (unrealised)	(39.45)		68.83	
Surplus on Fixed Assets Sold	(0.15)		(44.64)	
Interest Income	(2,016.69)	17,710.29	(1,752.62)	13,525.46
Operating Profit Before Working Capital Changes		24,499.66		16,952.16
Adjustments for:				
(Increase)/Decrease in Trade and other Receivables	(3,335.85)		1,471.31	
(Increase)/Decrease in Inventories	(7,459.78)		(8,889.29)	
Increase/(Decrease) in Trade Payables and Other Payables	15,183.07	4,387.44	(3,240.99)	(10,658.97)
Cash Generated From Operations		28,887.10		6,293.19
Income Tax (Paid)/Refund		(787.89)		(1,087.96)
Net Cash Generated from Operating Activities .....(A)		28,099.21		5,205.23
B. CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of Fixed Assets (including interest capitalized ₹ 3,193.93 Lacs (₹ 3,878.49 lacs)		(28,945.34)		(28,228.17)
Loan to Body Corporate		(2,402.45)		(1,857.08)
Margin Money		980.05		(4,557.90)
Sale of fixed assets		23.57		85.92
Investment made in subsidiaries incl. share application money		(2,795.98)		(3,945.21)
Interest Received		3,140.35		(46.99)
Net Cash from/(used in) Investing Activities ..... (B)		(29,999.80)		(38,549.43)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Receipt of Share Warrant		–		1,201.00
Issue of equity Shares		28,871.86		–
Receipt on Amalgamation :				–
Securities Premium		1,094.40		
General Reserve		(151.67)		
Deferred Tax Liabilities		(62.93)		
Borrowings :				
Secured Loan :				
Term Loan (Net)		7,299.11		5,147.38
Working Capital Loan (Net)		(1,660.43)		20,241.42
Deferred Payment Credit From Banks (Net)		(657.05)		267.72
Unsecured Loan :				
Conversion of Debentures		(10,000.07)		–
Short Term Loan (Net)		(5,254.18)		17,503.63
Dividend Paid		(1,234.37)		(1,280.83)
Interest Paid		(13,960.29)		(10,542.40)
Net Cash from Financing Activities.....(C)		4,284.41		32,537.92
Net Increase in Cash and Cash Equivalents (A+B+C)		2,383.82		(806.28)
Cash and Cash Equivalents at the beginning of the year		1,834.37		2,640.65
Cash and Cash Equivalents at the end of the year		4,218.19		1,834.37

Cash Flow Statement For the year ended March 31, 2010

(₹ in Lacs)

	2009-10		2008-09	
Notes:				
1. Cash & Cash Equivalents* represent the following:				
Cash, Cheques / Drafts in hand		173.46		76.04
Balance with Scheduled Banks:				
In Current Account		2,012.51		739.81
In unclaimed dividend and unclaimed application money account**		10.09		10.21
In Fixed Deposits		2,022.13		1,008.31
		4,218.19		1,834.37
* Excludes Margin Money ₹ 5,735.69 Lacs (₹ 6,715.74 Lacs), having a maturity period of greater than 90 days				
** Represents Bank Balance with restrictive use				
2. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.				

As per our report of even date

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

Per R. K. Agarwal
a Partner
Membership No. 16667

Place: Kolkata
Date: May 30, 2010

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Nirmal Kumar Agarwal
Director

Anand Sharma
Company Secretary

Schedules forming part of the Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 1 SHARE CAPITAL		
Authorised		
14,520,00,000 (12,50,00,000) Equity Shares of ₹ 10 each	14,518.00	12,500.00
2,000 (Nil) Preference Shares of ₹ 100 each	2.00	–
	14,520.00	12,500.00
Issued, Subscribed and Paid Up		
12,34,99,536 (91,231,247) Equity Shares of ₹ 10 each fully paid up	12,349.95	9,123.12
Note :		
Issued, Subscribed and Paid Up Capital includes:		
1. 12,59,590 and 27,73,732 Equity Shares of ₹ 10 each issued to the shareholders of Vedvyas Ispat Limited and Sri M.P. Ispat & Power Private Limited respectively under scheme of amalgamation approved by the court dated December 16, 2009 and September 16, 2009 respectively.		
2. 8,545,152 shares issued & allotted as fully paid up Bonus shares by capitalisation of Securities Premium and 4,000,000 shares issued for consideration other than cash.		
	12,349.95	9,123.12

	31.03.2010	31.03.2009
Schedule - 2 RESERVES AND SURPLUS		
Capital Reserve		
As Per Last Account	–	–
Add: Arisen on account of forfeiture of share warrants (Refer Note no. 24 on Schedule 25)	588.78	–
	588.78	–
Securities Premium		
As Per Last Account	780.20	4,366.22
Add : Received on Amalgamation	1,094.40	–
Add: Received during the year	28,112.16	–
	29,986.76	4,366.22
Less: Share Issue expenses	543.86	–
Less: Adjustment of Deferred Tax Liability (Refer Note no. 8 (b) on Schedule 25)	3,545.74	3,586.02
	25,897.16	780.20
General Reserve		
As Per Last account	884.44	884.44
Add : Transferred from Profit & Loss Account	134.77	–
Add : Received on Amalgamation (Refer Note no. 27 on Schedule 25)	429.27	–
	1,448.48	884.44
Profit & Loss Account Balance	21,266.06	18,391.23
	49,200.48	20,055.87

	31.03.2010	31.03.2009
Schedule - 3 SECURED LOANS*		
(Refer Note No. 5 of Schedule 25)		
Rupee Term Loan From Banks	62,671.01	55,371.90
Working Capital Finance From Banks		
- In Indian Currency	28,534.24	30,507.08
- In Foreign Currency	4,947.55	4,635.15
Deferred Payment Credits		
- From Banks	437.99	418.50
- From Others	678.85	1,355.39
* Including Interest Accrued & Due ₹ 822.43 Lacs (₹ 516.25 Lacs)		
	97,269.64	92,288.02

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 4 UNSECURED LOANS		
Debentures		
Nil (8,154,000) Non Transferable Fully Convertible Debenture of ₹ 122.64 each	–	10,000.07
Short Term Loan from -		
- Bodies Corporate	200.49	47.00
- Banks *(Refer Note No. 5(f) on Schedule 25)	24,183.87	29,719.58
- Others	194.23	66.18
* Including Interest Accrued & Due ₹ 150.45 lacs (₹ 147.97 lacs)		
	24,578.59	39,832.83

	31.03.2010	31.03.2009
Schedule - 5 DEFERRED TAX LIABILITIES (NET)		
(Refer Note No. 8 (c) on Schedule 25)		
As Per Last account	9,941.19	6,355.17
Add : For the year	3,545.73	3,586.02
	13,486.92	9,941.19
Less: Transfer on Amalgamation (Refer Note no. 27 on Schedule 25)	62.93	–
	13,423.99	9,941.19

Schedule - 6 FIXED ASSETS

	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK	
Particulars	As at 01.04.2009	Received on Amalgamation	Additions/ Adjustments	Sales/ Adjustments	As at 31.03.2010	As at 01.04.2009	Received on Amalgamation	For the Year	Sales/ Adjustments	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible Assets												
Freehold Land (Including Site Development Expenses)	218.33	71.31	97.43	14.03	373.04	–	–	–		–	373.04	218.33
Leasehold Land	453.75	3.59	7.99		465.33	2.43	0.26	5.50		8.19	457.14	451.32
Buildings	3,589.47	218.06	2,072.64		5,880.17	344.52	82.01	97.65		524.18	5,355.99	3,244.95
Plant & Machinery	81,973.63	907.33	45,320.43	11.25	128,190.14	6,865.87	487.99	5,061.27	1.86	12,413.27	115,776.87	75,107.76
Vehicles	973.69	273.90	73.64		1,321.23	373.40	35.41	135.10		543.91	777.32	600.29
Computers	241.04	4.97	36.08		282.09	92.45	4.58	41.29		138.32	143.77	148.59
Furniture & Fixtures	193.94	5.44	59.07	–	258.45	79.85	3.03	11.88		94.76	163.69	114.09
Office Equipments	189.73	11.37	81.83	–	282.93	41.06	4.60	10.15		55.81	227.12	148.67
Rolling Stock	2,487.64	–	62.71	–	2,550.35	325.49	–	250.71		576.20	1,974.15	2,162.15
Railway Siding	3,655.87	–	2,110.68	–	5,766.55	62.38	–	170.18		232.56	5,533.99	3,593.49
Intangible Assets												
Net Present Value for Forest Restoration	210.63	–	–	–	210.63	2.55	–	7.66	–	10.21	200.42	208.08
Computer Software	96.56	–	–	–	96.56	52.58	–	32.06	–	84.64	11.92	43.98
Total	94,284.28	1,495.97	49,922.50 (a)	25.28	145,677.47	8,242.58	617.88	5,823.45 (b)	1.86	14,682.05	130,995.42	86,041.70
Previous Year's Total	54,124.73	–	40,205.15	45.60	94,284.28	4,548.72	–	3,693.86	–	8,242.58	86,041.70	49,576.01

Note:-

a) Includes ₹ 5,407.09 Lacs (₹ 3,531.31 Lacs) being the amount of Borrowing Costs capitalized during the year.

b) Includes ₹ 313.76 Lacs being the amount of depreciation written back due to change in the method of depreciation from Written Down Value Method to Straight Line Method in respect of Ved Vyas Ltd, which merged during the year with the Company.

Schedules forming part of the Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 7 CAPITAL WORK-IN-PROGRESS (AT COST)		
Civil Construction and Structural Works	11,420.66	11,807.18
Plant & Machinery and other assets*	22,286.93	31,653.81
Capital Goods in Stock	35.97	317.26
	33,743.56	43,778.26
Less: Transfer to Fixed Assets	30,184.53	24,629.91
* Includes advances against Capital goods ₹ 1,244.93 Lacs (₹ 4,382.13 lacs)		
	3,559.03	19,148.35

	31.03.2010	31.03.2009
Schedule - 8 CAPITAL EXPENDITURE ON NEW PROJECTS & TRIAL RUN EXPENSES		
Opening Balance Brought Forward	6,513.13	5,188.70
Add : Acquired on Amalgamation		
Vedvays Ispat Ltd	646.21	–
Sri. M P Ispat & Power Pvt. Ltd	721.32	–
EXPENDITURE		
Raw Materials Consumed	7,531.59	9,918.13
Manufacturing Expenses		
Power & Fuel	3,348.38	2,122.38
Labour Charges	399.70	455.07
Consumption of Stores & Consumable	800.73	236.06
Personnel Expenses		
Salaries & Bonus etc.	409.60	474.43
Staff Welfare	4.57	–
Selling & Administrative Expenses		
Professional & Consultancy Charges	54.05	45.97
Travelling & Conveyance	13.74	3.75
Selling & Distribution Expenses	24.93	25.51
Miscellaneous Expenses	166.59	342.03
Interest		
To Banks on Term Loans	3,127.59	3,800.00
To Banks & Others on Other Loans	66.34	78.49
Sub-Total (A)	23,828.47	22,690.52
LESS: INCOME		
Sales	4,370.59	2,280.30
Less: Excise Duty	308.13	228.04
	4,062.46	2,052.26
Add: Increase / (Decrease) in Stock		
Opening Stock		
Finished Goods	103.08	–
Work in Progress	–	290.00
By - Product	24.87	–
	127.95	290.00
Less: Trial Run Stocks Transferred (Refer Schedule 19)		
Finished Goods	1,222.37	1,072.51
Work in Progress	676.57	–
By - Product	469.03	23.42
	2,367.97	1,095.93
Closing Stock		
Finished Goods	–	103.07
By - Product	–	24.87
	–	127.94
Add : Stock acquired on Amalgamation		
Finished Goods	32.06	–
Sub-Total (B)	6,270.42	2,986.13
Total (A-B)	17,558.05	19,704.39
Less: Transfer to Fixed Assets	17,310.83	13,191.26
	247.22	6,513.13

Schedules forming part of the Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	Number of Shares	Face value per Share (₹)	As at 31.03.2010	As at 31.03.2009
Schedule - 9 INVESTMENT (AT COST)				
Long Term, Unquoted (Other than Trade)				
Fully Paid Equity Shares				
Company under the same management				
- Adhunik Meghalaya Steels Private Limited	76,500	10	7.65	7.65
Subsidiary Companies -				
- Unistar Galvanisers & Fabricators Limited	27,28,350	10	961.58	961.58
- Neepaz V Forge (India) Limited	36,90,000	10	2,352.86	2,352.86
- Orissa Manganese & Minerals Limited (Refer Note no. 6 on Schedule 25)	20,00,000	10	6,309.60	6,309.60
- Adhunik Power & Natural Resources Ltd.	7,94,67,040 *	10	8,073.12	4,732.62
	('93,36,900)			
Share Application Money				
- Adhunik Power & Natural Resources Ltd. (Shares Allotted During The Year)			–	545.00
- Neepaz V Forge (India) Limited			2,892.10	2,892.10
Investment in Capital of Partnership Firm				
United Minerals (Refer Note no. 29 on Schedule 25)			10.08	9.59
* Includes 3,67,25,140 nos Bonus Shares received during the year				
			20,606.99	17,811.00

Schedule - 10 INVENTORIES*		
At Lower of Cost and Net Realisable Value		
- Raw Materials	12,181.62	15,261.23
- Finished Goods **	13,920.49	9,587.93
- Work in Progress	11,192.71	7,060.20
- Stores & Spares,Consumables and Packing Materials	2,059.96	1,631.36
- Trading Goods	163.35	76.32
- By-Products**	5,176.88	3,618.18
* Including materials in transit of Raw Materials ₹ 45.27 Lacs (₹ 1,263.71 Lacs), Finished Goods ₹ 992.15 Lacs (₹ 462.31 Lacs) and with Consignment Agents/Conversion Agents ₹ 1,293.98 Lacs (₹ 306.75 Lacs).		
** Includes Trial Run Stock of finished goods Nil (₹ 103.08 lacs) and by-product Nil (₹ 24.87 lacs).		
	44,695.01	37,235.22

Schedule - 11 SUNDRY DEBTORS *		
(Unsecured, considered good except otherwise stated)		
Debts Outstanding for More Than Six Months **	562.35	1,479.57
Other Debts	20,060.73	9,984.24
	20,623.08	11,463.81
Less : Provision for Doubtful Debts	7.92	115.67
* Refer Note no. 11 on Schedule 25		
** Includes considered doubtful ₹ 7.92 Lacs (₹ 115.67 Lacs).		
	20,615.16	11,348.14

Schedules forming part of the Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 12 CASH AND BANK BALANCES		
Cash on Hand [Including Cheques / Drafts in hand ₹ 138.12 Lacs (₹ 51.09 Lacs)]	173.46	76.04
Balance with Scheduled Banks on:		
a) Current Accounts	2,012.51	739.81
b) Fixed Deposit Accounts *	2,022.13	1,008.31
c) Margin Money Account	5,735.69	6,715.74
d) Unclaimed Application Money Account **	3.61	3.61
e) Unclaimed Dividend Account **	6.48	6.60
* Includes ₹ 8.31 Lacs (₹ 8.31 Lacs) and ₹ 0.06 Lacs (₹ 0.06 Lac) pledged with Deputy Director of Mines, Orissa and Sales Tax Authority, Orissa respectively.		
** Represents Bank Balance with restrictive use		
	9,953.88	8,550.11

	31.03.2010	31.03.2009
Schedule - 13 LOANS AND ADVANCES		
(Unsecured, considered good, except otherwise stated)		
Advances recoverable in cash or in kind for value to be received or pending adjustments* (Refer note no. 19 on Schedule 25)	8,567.86	14,186.49
Less: Provision for Doubtful Advance	61.30	118.36
	8,506.56	14,068.13
Loans to Bodies Corporate	3,467.46	1,065.01
Security Deposits	1,731.17	1,684.47
Advance Income Tax (Net of Provisions)	148.80	759.61
Balance with Excise, Custom & Other Government Departments (Including payments under appeal)	587.14	934.66
Sales Tax / VAT and Other refunds receivable (Including payments under appeal)	417.53	512.90
* Includes considered doubtful ₹ 61.30 Lacs (₹ 118.36 Lacs) and ₹ 6.72 Lacs (₹ 5.46 lacs) due from the Directors. Maximum amount due from the Directors at any time during the year ₹ 38.30 Lacs (₹ 26.74 Lacs)		
	14,858.66	19,024.78

	31.03.2010	31.03.2009
Schedule - 14 OTHER CURRENT ASSETS		
(Unsecured, considered good, except otherwise stated)		
Interest Receivable on loans, deposits etc.	198.73	1,322.39
Export Benefits Receivable	31.65	1.44
Insurance & Other Claims Receivable	1.97	5.61
	232.35	1,329.44

Schedules forming part of the Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 15 CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Acceptances	23,333.13	15,786.90
Sundry Creditors for goods, services, expenses etc.		
- Due to Micro & Small Enterprises (Refer Note no. 23 on Schedule 25)	203.66	183.27
- Due to Others *	17,835.66	13,769.26
Advances against Sales / Orders	2,469.12	709.24
Interest accrued but not due on loans	0.03	158.11
Book Overdraft from Banks	200.29	206.71
Trade Deposits	10.00	10.00
Other Liabilities	2,759.49	1,002.23
Investor Education & Protection Fund**		
Unpaid Dividend Account	6.48	6.44
Unpaid Share application Money	3.61	3.77
* Includes due to United Minerals ₹ 10.59 Lacs (Nil), the Joint Venture Partnership Firm		
** Amount not yet due for deposit.		
	46,821.47	31,835.93
B. Provisions		
Gratuity	215.03	120.72
Leave Liability	104.43	57.81
Proposed Dividend	1,543.74	1,055.06
Dividend Tax	256.40	179.31
	2,119.60	1,412.90
	48,941.07	33,248.83

Schedule - 16 MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary expenses:		
Opening Balance Brought Forward	–	–
Add : Transferred on Amalgamation	0.46	–
Less: Written Off During the year	0.46	–
	–	–

Schedules forming part of the Profit and Loss Account

For the year ended March 31, 2010

(₹ in Lacs)

	2009-10	2008-09
Schedule - 17 SALES		
Finished Goods	111,459.87	108,392.50
Trading Goods	10,541.77	18,501.30
By-Products	2,811.92	1,260.23
Raw Materials	9,736.56	190.22
	134,550.12	128,344.25

	2009-10	2008-09
Schedule - 18 OTHER INCOME		
Interest Income on deposits, advances etc., [Tax at source ₹ 185.42 Lacs (₹ 337.79 Lacs)]	2,016.69	1,752.61
Unspent liabilities and provisions no longer required written back	441.92	435.63
Surplus on Fixed Assets Sold	0.15	44.64
Insurance & Other Claims	12.40	21.28
Export Benefits	7.30	1.44
Rent & Hire Charges	1,106.72	448.70
Miscellaneous Income	109.84	773.28
	3,695.02	3,477.58

	2009-10	2008-09
Schedule - 19 DECREASE/(INCREASE) IN STOCK		
Closing Stock		
Finished Goods	13,920.48	9,484.86
Work in Progress	11,192.71	7,060.20
Trading Goods	163.35	76.32
By Products	5,176.88	3,593.31
	30,453.42	20,214.69
Less: Opening Stock		
Finished Goods	9,484.86	7,289.66
Work in Progress	7,060.20	10,188.02
Trading Goods	76.32	20.75
By Products	3,593.31	2,623.61
	20,214.69	20,122.04
Add : Stock Transferred on Amalgamation		
Finished Goods	69.20	–
Trading Goods	55.55	–
By Products	124.74	–
Add : Trial-run Stock Transferred on Commencement of Commercial Production		
Finished Goods	1,222.37	1,072.50
Work in Progress	676.57	–
By Products	469.03	23.42
	22,832.15	21,217.96
	(7,621.27)	1,003.27

	2009-10	2008-09
Schedule - 20 RAW MATERIALS CONSUMED		
Opening Stock	15,261.23	5,928.10
Add: Received on Amalgamation	523.52	–
Add: Purchases including Procurement Expenses	55,633.85	54,891.28
	71,418.60	60,819.38
Less: Closing Stock	12,181.62	15,261.23
	59,236.98	45,558.15

Schedules forming part of the Profit and Loss Account

For the year ended March 31, 2010

(₹ in Lacs)

		2009-10	2008-09
Schedule - 21 MANUFACTURING EXPENSES			
Power and Fuel		6,539.56	6,485.34
Stores and Spares Consumed		11,591.18	10,647.11
Packing expenses		74.71	67.15
Repair & Maintenance			
- Plant & Machinery		1,359.24	1,017.96
- Buildings		112.91	60.07
- Others		65.78	43.96
Conversion Charges		2,055.23	1,354.00
Operation & Maintenance Charges (Refer Note no. 10 on Schedule 25)		4,691.55	3,681.60
		26,490.16	23,357.19
Schedule - 22 PERSONNEL EXPENSES			
Salaries & Bonus		3,776.29	2,693.45
Contribution to Provident Fund (Refer Note no. 14 of Schedule 25)		116.36	93.85
Gratuity		99.12	71.48
Workmen & Staff Welfare Expenses		123.04	83.43
Managing Directors' Remuneration (Refer Note no. 13 of Schedule 25)		117.38	100.47
		4,232.19	3,042.68
Schedule - 23 SELLING & ADMINISTRATIVE EXPENSES			
Rent [Including Land Lease Rent ₹ 0.29 Lac (₹ 0.29 Lac) to Directors]		294.11	167.62
Rates & Taxes		200.11	54.19
Insurance		99.41	113.10
Postage & Communication Expenses		179.74	132.58
Freight & Forwarding Expenses [Net of recovery ₹ 1,190.18 lacs (₹ 1,013.65 lacs)]		4,949.36	4,118.30
Commission to other than Sole Selling Agents		74.88	48.59
Selling Expenses		737.22	714.04
Export Duty		–	784.71
Motor Vehicle Expenses		379.93	280.49
Security Charges		119.59	101.31
Travelling & Conveyance Expenses		272.23	167.52
Directors' Travelling & Conveyance Expenses		23.49	37.02
Auditors' Remuneration			
- Audit Fees		30.00	23.00
- Limited Review Fee		18.75	15.00
- In Other Capacities for Certificates etc.		9.25	7.12
- Travelling & Out of Pocket Expenses .		2.12	2.78
Provision for doubtful Debts & Advances		61.30	–
Bad & Doubtful Debts/Advances written off	₹ 454.13 lacs		
Less : Adjusted against provision	₹ 226.10 lacs	228.03	404.47
Foreign Exchange Loss (Net)		276.03	3,089.68
Bank Charges		1,140.10	966.54
Miscellaneous Expenses		699.43	544.44
		9,795.08	11,772.50
Schedule - 24 INTEREST			
To Banks on Term Loans		5,375.97	3,845.14
On Debentures		40.30	213.33
To Banks on Cash Credit, Letter of Credit & Others		8,385.93	7,393.53
		13,802.20	11,452.00

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

Schedule - 25 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 NATURE OF OPERATIONS :

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

2 STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES :

I) Basis of Preparation :

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

II) Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

III) Revenue Recognition :

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

b) Revenue from sale of goods and services rendered is recognized upon passage of title and rendering of services, to the customers. Excise duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

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

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

IV) Fixed Assets :

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

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

c) Expenditure on New Projects and Substantial Expansion:

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

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

V) Intangibles:

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

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

VI) Foreign Currency Transactions :

a) Initial Recognition:

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

b) Conversion:

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

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

c) Exchange differences:

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

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

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

VII) Depreciation :

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

b) Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.

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

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

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

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

VIII) Fixed Assets acquired under leases:

a) Finance Lease:

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

ii) Leased assets capitalized, if any, are depreciated over the shorter of the estimated useful life of the asset or the lease term.

b) Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term

IX) 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 recognize a decline other than temporary in the value of the investments.

X) Inventories :

a) Raw Materials, Stores & Spares, Packing Materials and Trading Goods are valued at lower of cost computed on moving weighted average basis and net realisable value.

b) Work in Progress and Finished Goods are valued at lower of cost computed on annual weighted average basis and net realisable value. Cost of finished goods include direct materials, labour and proportion of manufacturing overheads based on normal operating capacity.

c) By-products are valued at lower of cost computed on annual weighted average basis and net realisable value.

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

e) Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

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

XI) Cash and Cash Equivalents:

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand (including cheques / drafts in hand), balance lying with banks in current account and fixed deposit with banks and post office with an original maturity of three months or less.

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

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

XII) Excise Duty & Custom Duty:

Excise Duty on Finished Goods stock lying at the factories is accounted for at the point of manufacture of goods and is accordingly considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date, Similarly, Custom Duty on Imported Materials in transit / lying in Bonded Warehouse is accounted for at the time of import / bonding of materials.

XIII) Employees Benefits :

a) Provident Fund is a defined contribution scheme and the contributions are charged to Profit and Loss Account of the year when the contributions are due. The company has no obligations other than the contributions payable to the Fund / Statutory Authority.

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

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

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

XIV) Borrowing Costs :

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

XV) Provisions :

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

XVI) Taxation :

a) Tax expenses comprise of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

b) Deferred tax is accounted for using the tax rates and laws that have been substantially enacted as of the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

XVII) Derivative Instrument :

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

XVIII) Segment Reporting :

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

XIX) Contingencies :

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of Notes to the Accounts.

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

XX) Earning per share :

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

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

XXI) Impairment of Assets :

a) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

NOTES ON ACCOUNTS (₹ in Lacs)

			31.03.2010	31.03.2009
3	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)		2,931.90	6,336.78
4	Contingent Liabilities not provided for in respect of:			
	a)	Claims & Government demands against the Company not acknowledged as debt		
		Excise	1,109.88	38.71
		Sales Tax	596.29	511.24
		Income Tax	–	61.95
		The company does not expect any major impact to arise out of the above claims/demands		
		Against the above claims/demand, payments have been made under protest to the extent of ₹ 203.09 lacs		
	b)	Outstanding Bank Guarantees	1,362.06	1,280.83

c) Regional PF Commissioner, Rourkela has initiated proceedings u/s 7 of Employees' Provident Fund & Miscellaneous Provisions Act,1952, against the management of the company for determination and recovery of PF contribution from the employer in respect of contractors establishment since F.Y 2003-04 to February 2008. An amount of ₹ 29.57 Lacs was demanded by the PF authorities on PF dues for Mar'03 to Feb'08 in respect of 24 Contractors which had been paid by the Company in May 2009 and adjusted against the retention money of the respective Contractors. As no demand has been raised by the PF authorities for penalty and/or charges for damage u/s 7(q) and 14 (b) of PF Act which remains not quantified, no provision thereof has been made in the books. Further, the management intends to recover from the contractors any demand made by the PF authorities in this regard in future.

5 a) The Rupee Term Loans from banks are secured by way of equitable mortgage by deposit of title deeds of the Company's immovable properties both owned and leasehold and building at Chadrihariharpur Kuarmunda, Sundargarh, Orissa and a first charge by way of hypothecation of the Company's moveable assets (save and except book debts) including machinery, machinery spares, tools and accessories, present and future subject to prior charges created and/or to be created in favour of the Company's bankers for securing working capital facilities except loan facility of ₹ 150 crores under Structured Mezzanine Credit Facility, which is secured by second charge on all movable and immovable fixed assets and pledge of 300,000 shares of its subsidiary Orissa Manganese and Minerals Limited.

b) The working capital facility from banks are secured by first charge by way of hypothecation of consumable stores, raw materials, finished goods, process stock , book debts (both present and future).

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

c) Both Rupee Term Loans and working capital facility from banks (as specified in 5 (a) & (b) above) are further secured by personal guarantee of all the promoter directors of the Company.

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

e) Term loans & Equipment/Vehicle Finance loans aggregating to ₹ 11,853.84 lacs (₹ 9,006.76 lacs) are payable within one year.

f) Short term loans from Banks are secured by personal guarantees of one or more promoter Directors of the Company.

6 The Company has given undertakings to Banks not to dispose off its 50% shareholding in Orissa Manganese and Minerals Ltd, a 100% subsidiary, till its loan is repaid in full.

7 The 17 MW Captive Power Plant, 9 MVA Ferro Alloy Plant, 1 Kiln of 100 TPD, 2 Kilns of 150 TPD, 20 Ton Induction Furnace, two sets of Coke Oven Batteries, Railway Siding, Water Distribution System and Rolling Mill extension having achieved the technical parameters of operation and stabilization of production efficiency, have commenced commercial operations. Accordingly, assets aggregating to ₹ 47,495.36 lacs (including proportionate allocation of preoperative and trial run expenditure of ₹ 17,310.83 lacs) have been capitalized during the year.

8 a) In terms of Section 115JB of the Income Tax Act, 1961, Minimum Alternate Tax (MAT) amounting to ₹ 1,125.84 lacs for the year ended March 31, 2010 have been provided in the accounts. Further, in terms of accounting policy 2(XVI)(c) above and because of the fact that

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

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

the Company is not likely to have taxable income in the relevant period, MAT credit of ₹ 1,972.87 lacs (₹ 646.03 lacs) has not been recognized in the books of accounts.

b) The Hon'ble Kolkata High Court vide its Order dated March 29, 2010 has allowed the Company to utilize the Securities Premium Account shown under the head 'Reserves and Surplus' towards meeting the Net Deferred Tax liability. Accordingly, the Securities Premium Account has been utilized towards meeting the net deferred tax liability arisen during the year amounting to ₹ 3,545.74 lacs (₹ 3,586.02 lacs). The above accounting treatment is not in line with Accounting Standard 22 "Accounting for Taxes on Income" (AS-22) notified by the Companies (Accounting Standards) Rules 2006 (as amended).

c) The break up of Deferred Tax Liability/(Assets) as on March 31, 2010 is as follows:

(₹ in Lacs)

	31.03.2010	31.03.2009
i) Timing Difference in Depreciable Assets	13,553.11	10,081.42
ii) Timing Difference due to non payment of gratuity and leave encashment	(106.13)	(60.68)
iii) Timing Difference due to Disallowance of provision for doubtful debts & advances	(22.99)	(79.55)
	13,423.99	9,941.19

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

a) **Forward Contract**

USD 2,75,93,802.13 (USD 1,25,00,000) have been used for hedging exposure to interest outflow on loans.

b) **Unhedged foreign Currency Exposure:**

Sundry Creditors amounting to Nil (₹ 57.12 lacs).

10 Operation & Maintenance Charges consist of the following expenses:

(₹ in Lacs)

	2009-10	2008-09
Contract Payment	2,252.77	1,788.40
Testing and Inspection Charges	355.67	202.66
Refractory Management Charges	755.26	552.51
Labour Charges	521.16	469.62
Machine Hire and Heavy Vehicle Expenses	640.46	560.52
Plot Rent Charges	26.39	30.67
Packing & Forwarding Charges	36.48	16.64
Miscellaneous	103.36	60.58
	4,691.55	3,681.60

11 Debtors includes the following amounts due from the subsidiaries and companies under the same management:

(₹ in Lacs)

	2009-10	2008-09
A) Subsidiaries		
Unitsar Galvanisers and Fabricators Limited	2.10	0.84
Neepaz V-Forge (I) Limited	2,232.89	99.07
Orissa Manganese & Minerals Limited	130.93	–
Adhunik Power & Natural Resources Limited	5.37	–
B) Companies under the same management		
Adhunik Industries Limited	442.80	608.65
Adhunik Corporation Limited	125.79	23.24
Adhunik Alloys & Power Limited	1,803.04	149.59
Sri M P Ispat & Power Private Limited	–	0.39
Zion Steels Limited	559.69	427.87
	5,302.61	1,309.65

12 Based on the breakup value as per the audited accounts for the year ended March 31, 2010, there is a shortfall in the value of unquoted investment in the subsidiary Neepaz V Forge (India) Limited, which having regard to the long term strategic nature of the investments and being temporary in nature has not been provided for.

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

13 Directors' Remuneration:

(₹ in Lacs)

	2009-10	2008-09
Paid to Managing Director:		
Salary, Allowances etc.	117.29	100.38
Contributions to Provident Fund	0.09	0.09
	117.38	100.47
Directors' Fees	15.00	7.95
	132.38	108.42

Note:

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

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

a) Defined Contribution Plan

(₹ in Lacs)

	2009-10	2008-09
Contribution to Provident Fund	116.36	93.85

b) Defined Benefit Plan

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

Gratuity

(₹ in Lacs)

	2009-10	2008-069
I Net Employee Expense/(benefit)		
1) Current Service Cost	43.13	50.00
2) Interest cost on benefit obligation	8.87	6.84
3) Expected Return on plan assets	–	–
4) Past Service Cost	9.44	–
5) Net Actuarial (gain) / loss recognized in the year	37.68	14.65
6) Total employer expense recognized in Profit & Loss Account	99.12	71.48
II Actual return on plan assets	–	–
III Benefit Asset/(Liability)		
1) Defined benefit obligation	215.03	120.72
2) Fair Value of Plan Assets	–	–
3) Benefit Asset/(Liability)	(215.03)	(120.72)
IV Movement in benefit liability		
1) Opening defined benefit obligation	120.73	50.30
2) Interest cost	8.87	6.84
3) Current Service Cost	43.13	50.00
4) Benefits paid	(4.81)	(1.06)
5) Past Service Cost	9.44	
6) Actuarial (gains) / losses on obligation	37.68	14.65
7) Closing benefit obligation	215.03	120.72

	2009-10	2008-09
V The Principal actuarial assumptions are as follows		
1) Discount Rate	8.00%	7.50%
2) Salary increase	8.00%	5.00%
3) Withdrawal Rate	Varying between 5% & 2% per annum depending upon duration and age of the employees.	
4) Expected rate of return on Plan assets	–	–

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

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

(₹ in Lacs)

	2009-10	2008-09	2007-08	2006-07
VI Amounts for the current and earlier years are as follows.				
1) Defined benefit obligation	215.03	120.72	50.30	26.89
2) Plan Assets	–	–	–	–
3) Surplus/(Deficit)	(215.03)	(120.72)	(50.30)	(26.89)
4) Experience adjustments on Plan Assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5) Experience adjustments on Plan Liabilities.	22.09	14.65	0.00	0.00

Notes:

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

b) The information in respect of defined benefit obligation prior to 2006-07 (the year in which the company had early adopted AS-15 (Revised)) is not available and hence not furnished

15 Earnings per Share (EPS)

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

	2009-10	2008-09
Profit after taxation as per Accounts (₹ in lacs) used for Basic EPS	5,390.68	3,014.72
Debenture Interest net of tax	33.60	189.16
Profit after taxation as per Accounts but before Debentures Interest net of tax (₹ in lacs) used for Diluted EPS	5,424.28	3,203.88
Weighted average No. of Equity Shares outstanding for Basic EPS	112,205,659	91,231,247
Weighted average No. of equivalent Equity Shares on account of Fully Convertible Debentures for Diluted EPS	–	8,154,000
Weighted average No. of equivalent Equity Shares on account of Share Warrants for Diluted EPS	114,434,838	11,110,249
Weighted average number of equity shares for Diluted EPS	226,640,497	110,495,496
Nominal value of Shares (₹)	10.00	10.00
Basic EPS (₹)	4.80	3.30
Diluted EPS (₹)	4.74	2.90

16 Expenditure in foreign currency to the extent charged to Profit & loss Account

(₹ in Lacs)

Particulars	2009-10	2008-09
Professional and Consultancy Fees	5.49	64.76
Interest	29.84	109.62
Others	29.72	13.87
Total	**65.05**	**188.25**

17 Earnings in foreign exchange (to the extent credited to Profit & Loss Account):

(₹ in Lacs)

Particulars	2009-10	2008-09
FOB Value of Exports	298.44	6623.26

18 Operating Lease

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

(₹ in Lacs)

Particulars	2009-10	2008-09
Lease payment for the year	312.00	260.00
Minimum Lease payment :		
Not later than one year	312.00	312.00
Later than one year but not later than five years	1248.00	1248.00
Later than five years	988.00	1300.00

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

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

(₹ in Lacs)

	Maximum Amount due during the year 2009-10	Maximum Amount due during the year 2008-09	As at 31.03.2010	As at 31.03.2009
A) Subsidiaries				
Unistar Galvanisers & Fabricators Ltd.	1,748.65	1,294.69	964.05	999.70
Neepaz V Forge (India) Ltd.	115.08	–	–	115.08
Orissa Manganese & Minerals Ltd.	16,879.37	14,308.38	4,077.12	10,779.05
B) Partnership Firm				
United Minerals	21.03	70.35	–	21.03
C) Companies under the same management				
Adhunik Corporation Ltd.	102.41	1,158.15	–	102.41
Adhunik Alloys & Power Ltd.	367.39	1,192.89	–	367.39
Adhunik Infotech Limited	–	414.19	–	–
Adhunik Industries Ltd.	395.59	608.65	–	395.59
Adhunik Meghalaya Steels Pvt. Ltd.	6.00	450.44	–	6.00
Adhunik Steels Ltd.	902.00	1,580.64	–	–
Futuristic Steel Ltd.	450.22	442.00	–	450.22
Vedvyas Ispat Ltd.	–	1,590.20	–	1,590.20
Vasundhra Recourses Limited	10.00	10.00	–	10.00
Zion Steel Ltd.	609.17	2,184.79	–	609.17

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

(₹ in Lacs)

	2009-10	2008-09
i) Raw Materials	11,389.61	8,059.31
ii) Components & Spare Parts	819.09	597.67

21 a) Store & Spares amounting to ₹ 1,360.56 lacs (₹ 802.40 lacs) are included under other heads in the Profit & Loss Account.

b) Salaries & Wages relating to repairs have not been segregated but are charged to the relevant account heads.

22 Excise duty on sales amounting to ₹ 8,691.17 Lacs (₹ 11,774.79 Lacs) has been reduced from sales in Profit and Loss Account and excise duty on stocks amounting to ₹ 1,204.22 Lacs (₹ -127.07 Lacs) represents differential excise duty on opening & closing stock of finished goods.

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

(₹ in Lacs)

	2009-10	2008-09
i) Principal amount remaining unpaid to any supplier at the end of accounting year	153.85	154.71
ii) Interest due on above	12.44	3.64
Total of (i) & (ii)	166.29	158.35
iii) Amount of interest paid by the Company to the suppliers	NIL	NIL
iv) Amounts paid to the suppliers beyond the respective due date	441.58	804.50
v) Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	NIL	NIL
vi) Amount of interest accrued and remaining unpaid at the end of accounting year	37.37	24.92
vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this act.	NIL	NIL

24 Certain promoters of the Company were allotted 49,89,682 nos. of equity warrants, on preferential basis, during the year 2007-08, pursuant to the then applicable SEBI (Disclosure and Investor Protection) Guidelines, 2000. The said promoters have not exercised the right to apply for equity shares within the stipulated period of 18 months from the date of allotment of Equity Warrants. Consequently, in accordance with the said SEBI Guidelines, the entitlement of the warrant holders to apply for equity shares has expired on May 28, 2009 and the aggregate amount of ₹ 588.78 lacs received towards the issue of equity warrants has been forfeited and credited to capital reserve account.

25 a) During the year the Company has allotted to Clearwater Capital Partners (Cyprus) Ltd (CCP) 81,54,000 nos. of fully paid equity shares of

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

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

₹ 10 @ ₹ 122.64 each aggregating to ₹ 10,000.00 Lacs against the Fully Convertible Debentures of equal numbers.

b) The Company has also issued 61,20,567 equity shares of ₹ 10 @ ₹ 118 each on May 28, 2009 aggregating to ₹ 7,222.27 Lacs to the Companies and the Parties covered under Register maintained under Section 301 of the Companies Act, 1956 against share warrants allotted in December 2007.

c) The money so received has been utilized on overall basis as set out below: -

	₹ in Lacs
Working Capital Purposes	5,594.55
Purchase of Capital Goods	503.47
Investments	1,713.03
Total	**7,811.05**

26 a) During the year, the Company has raised money amounting to ₹ 13,713 lacs, through QIP route as per Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and has allotted 13,960,400 no. of equity share of ₹ 10 each at a premium of ₹ 88.23 each.

b) The money so received has been utilized on overall basis as set out below: -

	₹ in Lacs
Repayment of Short Term Loan	5,000.00
Repayment of Cash Credit & Bank overdrafts	8,169.14
Payment of Share Issue Expenses	543.86
Total	**13,713.00**

27 Amalgamation of Sri M P Ispat & Power Private Limited and Vedvyas Ispat Limited with the Company

a) Pursuant to scheme of Amalgamation as approved by the Hon"ble Hight Court of Kolkata vide its Order dated September 16, 2009 for the merger of Sri M P Ispat & Power Private Limited (SMPIPPL) with the Company and as approved by the Hon'ble High Court of Orissa vide its Order dated December 16, 2009 for merger of Vedvyas Ispat Limited (VIL) with the Company, the businesses of erstwhile SMPIPPL and VIL along with related assets and liabilities have been transferred to and vested with the Company from the appointed date April 1, 2008. The principal business of Sri M P Ispat & Power Private Ltd and Vedvyas Ispat Ltd is manufacturing of Coke and Sponge Iron respectively. From April 1, 2009 the company has carried out the business of erstwhile SMPIPPL and VIL as trustee. All transactions during the year 2009-10 relating to erstwhile SMPIPPL and VIL (after eliminating profit in inter unit transaction) have been incorporated in the books of Accounts of the Company. As per aforesaid scheme of amalgamation, difference of ₹ 429.27 lacs arisen between the net assets transferred as of April 1, 2009 and the equity share issued as (computed below) has been credited to General Reserve.

(₹ in Lacs)

Particulars	SMPIPPL	VIL	Total
Fixed Assets & Capital Work in Progress	5,838.07	2,705.03	8,543.09
Deferred Tax Assets	111.98	–	111.98
Net Current Assets	195.55	-1,329.42	-1,133.87
Profit & Loss Account Debit Balance	213.97	–	213.97
Misc. Expenditure	0.46		0.46
Total (A)	**6,360.03**	**1,375.60**	**7,735.63**
Less : Secured Loans	3,028.94	227.17	3,256.12
Unsecured Loans	962.08	442.00	1,404.08
Deferred Tax Liabilities		49.05	49.05
Share Application Money	1,000.00	–	1,000.00
Reserves & Surplus	1,094.40	99.38	1,193.78
Amount of Equity Share issued to the Shareholders of erstwhile SMPIPPL & VIL	277.37	125.96	403.33
Total (B)	**6,362.80**	**943.56**	**7,306.36**
General Reserve (A-B)	**-2.77**	**432.04**	**429.27**

b) The amalgamation has been accounted for under "Pooling of Interest Method" as prescribed by Accounting Standard -14 "Accounting for amalgamations" issued by the Institute of Chartered Accountants of India.

c) As provided in the scheme, the company has to allotted 27,73,732 shares of ₹ 10 each in share swap ratio of 0.99:1 to the shareholders of Sri M.P.Ispat & Power Private Limited and 12,59,590 shares of ₹ 10 each in share swap ratio of 4.43:1 to the shareholders of Vedvyas Ispat Limited.

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

d) Certain leasehold rights, Building, Licenses, Agreements, Loan documents etc are in process of being transferred in the name of the Company. In term of the Scheme, all employees in the service of erstwhile SMPIPPL & VIL have become employees of the Company without any break or interruption of service. All rights, duties, power and obligation of erstwhile SMPIPPL and VIL in relation to PF, Gratuity Fund etc are in the process of being transferred in the name of the Company.

28 Prior Period Adjustments comprises of :

(₹ in Lacs)

	2009-10	2008-09
Income		
Rent & Hire Charges	134.74	–
Operation & Maintenance Charges	7.30	–
Rates & Taxes	48.11	–
Total (A)	**190.15**	**–**
Expenses		
Stores and Spares Consumed	57.67	–
Selling Expenses	41.37	3.00
Security Charges	21.50	–
Interest	205.55	–
Miscellaneous Expenses	15.24	50.08
Total (B)	**341.33**	**53.08**
Total (B-A)	**151.18**	**53.08**

29 Interest in Partnership Firm

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

(₹ in Lacs)

	31.03.2010	31.03.2009
Total Capital of the Partrnership firm	20.15	19.19

The Profit & loss sharing ratio between the Partners under aforesaid Partnership firm is as under :

	31.03.2010	31.03.2009
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 March 31, 2010 are as follows :

(₹ in Lacs)

Particulars	2009-10	2008-09
Assets	29.26	30.59
Liabilities	15.75	17.55
Capital Reserves	3.44	3.44
Revenue	11.23	25.71
Depreciation	0.80	0.94
Others Expenses	9.74	24.30
Profit / (Loss) after tax	0.48	0.26
Capital Commitment	–	–
Contingent Liability	–	–

30 Segment Information

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

b) Geographical Segments

(₹ in Lacs)

	2009-10	2008-09
Revenue (Gross Sales)		
Domestic	134,251.68	121,720.99
Overseas	298.44	6,623.26
Total	**134,550.12**	**128,344.25**

There are no assets related to overseas segment. All assets pertain to domestic segment.

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

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

31 Related Party Disclosures :

a) Name of the related parties :

Subsidiary Companies	Unistar Galvanisers & Fabricators Ltd.
	Neepaz V Forge (India) Ltd.
	Orissa Manganese & Minerals Ltd.
	Adhunik Power & Natural Resources Ltd.
Partnership Firm (Joint Venture)	United Minerals
Key Management Personnel	Mr. Ghanshyam Das Agarwal (Chairman)
	Mr. Manoj Kumar Agarwal (Managing Director)
	Mr. Jugal Kishore Agarwal (Director)
	Mr. Nirmal Kumar Agarwal (Director)
Relatives of Key Management personnel	Mr. Mohan Lal Agarwal (Brother of Mr Manoj Kumar Agarwal)
	Mr. Mahesh Kumar Agarwal (Brother of Mr Manoj Kumar Agarwal)
	Mrs. Sonika Agarwal (Wife of Mr. Manoj Kumar Agarwal)
	Mrs. Pramila Agarwal (Wife of Mr. Jugal Kishore Agarwal)
	Mrs. Anita Agarwal (Wife of Mr. Nirmal Kumar Agarwal)
	Mrs. Meena Agarwal (Wife of Mr. G. D. Agarwal)
	Mrs. Rita Agarwal (Wife of Mr. Mohan Lal Agarwal)
	Mrs. Chandrakanta Agarwal (Wife of Mr. Mahesh Agarwal)
	Mr. Naveen Agarwal (Son of Mr. Jugal Kishore Agarwal)
	Mrs. Ekta Agarwal (Wife of Mr. Naveen Agarwal)
	Mr. Sachin Agarwal (Son of Mr. Jugal Kishore Agarwal)
Enterprises over which Key Management Personnel / Relatives have significant influence	Adhunik Alloys & Power Ltd.
	Adhunik Corporation Ltd.
	Adhunik Cement Ltd.
	Adhunik Cement (Assam) Ltd.
	Adhunik Infotech Ltd.
	Adhunik Industries Ltd. (w.e.f. 05.01.2010)
	Adhunik Meghalaya Steels (Private) Ltd.
	Adhunik Shristi Ltd
	Adhunik Steels Ltd.
	Futuristic Steels Ltd.
	Gajeshwar Ispat Pvt. Ltd.
	Ganges Enterprises
	Ganga Power & Natural Resources Ltd
	Mahananda Suppliers Ltd.
	Neepaz Power Ltd.
	Performance Marketing Limited
	Pragati Ispat Udyog
	Ribhoi Mining and Minerals Pvt Ltd
	Shivalik Transport Co.
	Sungrowth Shares & Stock Limited
	Swarnarekha Steel Industries Ltd
	Sonapahar Natrural Resources Pvt Ltd
	Vasundhra Resources Limited
	West Kashi Minerals & Mining Pvt Ltd
	Zion Steel Ltd.

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

31 b) Aggregated Related Party Disclosures for the period ended March 31, 2010

(₹ in Lacs)

Name of the Related Party	Advance against Sale	Advance for Purchase	Purchase of goods	Sales of goods	Conversion Charges, Hire charges, Accounting & Maintenance charges and Rent	Hire charges/ Interest received	Finance - equity contributions	Purchase of Fixed Assets	Purchase of Investment	Warrants	Sale of Investment	Sale of Land	Remuneration to Managing Director	Guarantee Taken	Balance outstanding as at the end of period - Debit	Balance outstanding as at the end of period - Credit
Subsidiary Companies																
Adhunik Power & Natural	–	–	–	302.21	–	–	–	–	2,795.50	–	–	–	–	–	5.37	–
Resources Ltd.	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(3179.95)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Unistar Galvanisers &	–	51.76	141.19	4.02	0.60	91.80	–	–	–	–	–	–	–	–	966.15	–
Fabricators Ltd.	(–)	(999.70)	(205.30)	(0.99)	(0.15)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(999.70)	(–)
Orissa Manganese & Minerals Ltd	–	22,368.57	4,741.87	130.93	–	(710.85)	–	–	–	–	–	10.18	–	–	4,208.05	–
	(–)	(29334.87)	(5002.24)	(–)	(–)	(621.07)	(–)	(–)	(–)	(–)	(–)	(954.78)	(–)	(–)	(10779.05)	(–)
Neepaz V Forge (India) Ltd.	–	–	0.41	3,929.14	–	–	–	–	–	–	–	–	–	–	2,232.89	–
	(–)	(69.01)	(–)	(1426.52)	(–)	(–)	(–)	(–)	(765.00)	(–)	(–)	(–)	(–)	(–)	(115.08)	(–)
Partnership Firm (Joint Venture)																
United Minerals	–	–	23.46	–	–	–	–	–	–	–	–	–	–	–	–	10.59
	(–)	(21.03)	(26.09)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(21.03)	(–)
Key Management Personnel																
Manoj Kumar Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	117.29	–	6.72	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(53.10)	(–)	(–)	(100.47)	(–)	(5.46)	(–)
Jugal Kishore Agarwal	–	–	–	–	0.14	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(0.05)	(–)	(–)	(–)	(–)	(53.10)	(–)	(–)	(–)	(–)	(–)	(0.05)
Nirmal Kumar Agarwal	–	–	–	–	0.11	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(53.10)	(–)	(–)	(–)	(–)	(–)	(–)
Ghanshyamdas Agarwal	–	–	–	–	0.21	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(53.10)	(–)	(–)	(–)	(–)	(–)	(–)
Relatives of Key Management Personnel																
Mohan Lal Agarwal	–	–	–	–	0.36	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(53.10)	(–)	(–)	(–)	(–)	(–)	(–)
Mahesh Kr. Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(0.12)	(–)	(–)	(–)	(–)	(53.10)	(–)	(–)	(–)	(–)	(–)	(–)
Anita Agarwal	–	–	–	–	0.24	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(0.24)	(–)	(–)	(–)	(–)	(53.10)	(–)	(–)	(–)	(–)	(–)	(–)
Sonika Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(53.10)	(–)	(–)	(–)	(–)	(–)	(–)
Meena Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(50.10)	(–)	(–)	(–)	(–)	(–)	(–)
Chandrakanta Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(53.10)	(–)	(–)	(–)	(–)	(–)	(–)
Rita Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(48.50)	(–)	(–)	(–)	(–)	(–)	(–)
Naveen Kr Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(26.55)	(–)	(–)	(–)	(–)	(–)	(–)
Sachin Kr Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(26.55)	(–)	(–)	(–)	(–)	(–)	(–)

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

31 b) Aggregated Related Party Disclosures for the period ended March 31, 2010

(₹ in Lacs)

Name of the Related Party	Advance against Sale	Advance for Purchase	Purchase of goods	Sales of goods	Conversion Charges, Hire charges, Accounting & Maintenance charges and Rent	Hire charges/ Interest received	Finance - equity contributions	Purchase of Fixed Assets	Purchase of Investment	Warrants	Sale of Investment	Sale of Land	Remuneration to Managing Director	Guarantee Taken	Balance outstanding as at the end of period - Debit	Balance outstanding as at the end of period - Credit
Enterprises over which key management personnel / relatives have significant influence																
Adhunik Corporation Ltd	–	–	61.00	–	–	59.01	–	–	–	–	–	–	–	–	125.79	–
	(–)	(19.00)	(0.57)	(1705.10)	(–)	(58.81)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(102.41)	(–)
Adhunik Steels Ltd	–	902.00	14.75	–	0.36	–	–	–	–	–	–	–	–	–	–	–
	(–)	(7458.96)	(–)	(–)	(23.89)	(78.92)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(23.53)
Adhunik Alloys & Power Ltd	–	1,040.46	168.13	2,651.68	–	65.72	–	–	–	–	–	–	–	–	1,803.04	–
	(–)	(–)	(261.58)	(172.49)	(12.44)	(392.68)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(367.39)	(–)
Adhunik Meghalaya Steels Pvt. Ltd.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(20.35)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(6.00)	(–)
Futuristic Steels Ltd	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(558.18)	(–)	(–)	(–)	(8.22)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(450.22)	(–)
Adhunik Infotech Limited	–	–	–	–	171.09	–	–	–	–	–	–	–	–	–	–	0.39
	(–)	(400.00)	(–)	(–)	(109.25)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(4.43)
Adhunik Industries Ltd	–	–	271.94	2,293.58	–	–	–	–	–	–	–	–	–	–	442.80	–
	(–)	(444.00)	(309.11)	(1355.59)	(–)	(2.85)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(395.59)	(–)
Swarnrekha Steel Industries Ltd.	–	53.61	–	–	–	–	–	–	–	–	–	–	–	–	–	34.55
	(–)	(–)	(133.93)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(5.31)
Sri M P Ispat & Power Pvt Ltd	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(1537.55)	(–)	(–)	(0.39)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.01)
Ganges Enterprises	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(6.50)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Ved Vyas Ispat Ltd.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(1590.20)	(1966.68)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(1590.20)	(–)
Zion Steel Ltd.	–	–	762.03	628.89	–	–	–	–	–	–	–	–	–	–	559.69	
	(–)	(181.30)	(75.10)	(3207.73)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(609.17)	(–)
Sungrowth Shares & Stock Ltd.	–	–	–	–	–	–	–	–	1,016.00	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(281.90)	(–)	(–)	(–)	(–)	(–)	(–)
Vasundhra Resources Limited	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(10.00)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(10.00)	(–)
Mahananda Suppliers Ltd.	–	–	–	–	–	–	–	–	455.00	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(289.50)	(–)	(–)	(–)	(–)	(–)	(–)
Grand Total	–	24,416.40	6,184.78	9,940.45	173.11	-494.32	–	–	4,266.50	–	–	10.18	117.29	–	10,350.50	45.53
	(–)	(23181.90)	(9518.16)	(7868.41)	(146.13)	(1084.02)	(–)	(–)	(3944.95)	(1201.00)	(–)	(954.78)	(100.47)	(–)	(15451.29)	(33.24)

Note:

The above is excluding personal guarantee given by promoter directors towards availing secured loans by the Company.

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

32 Details of Raw Materials Consumed:

(₹ in Lacs)

	Unit	2009-10 Quantity	2009-10 Amount	2008-09 Quantity	2008-09 Amount
Iron Ore	M/T	665,225	14,146.95	606,012	15,978.58
Coal	M/T	662,243	16,710.17	491,869	8,386.70
Coke	M/T	151,140	21,539.97	104,145	17,588.63
Scrap	M/T	29,135	4,943.56	16,136	3,477.32
Sponge Iron	M/T	27,612	3,316.63	7,209	1,146.69
Manganese Ore	M/T	75,440	3,288.44	249,103	7,891.53
Others *			2,822.85		1,006.83
			66,768.57		55,476.28

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

Note:

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

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

(₹ in Lacs)

	Raw Materials				Stores and Spares			
	2009-10		2008-09		2009-10		2008-09	
	Amount	%	Amount	%	Amount	%	Amount	%
Indigenous	57,384.37	86	47,956.63	86	13,035.88	95	11,245.82	96
Imported	9,384.20	14	7,519.65	14	716.58	5	439.75	4
	66,768.57	100	55,476.28	100	13,752.47	100	11,685.57	100

Note:

The above figures are inclusive of transit losses and shortages.

34 Quantitative Information:

Installed Capacity, Production, Stocks & Sales of Goods Produced / Traded during the period

(₹ in Lacs)

Sl. No.	Class of Goods	Unit	Installed Capacity	Production/ Purchases (In MT)	Opening Stock Quantity (In MT)	Opening Stock Amount	Closing Stock (d), (e)) Quantity (In MT)	Closing Stock Amount	Sales (including excise duty) (f) Quantity (In MT)	Sales Amount
1	Sponge Iron	Tonnes	300000	199,658	2,086	283.10	9,808	1,128.03	3,328	491.83
			(150000)	(124,969)	(2,347)	(277.53)	(2,086)	(283.10)	–	–
2	Pig Iron/Hot Metal	Tonnes	213792	170,310	4,541	801.55	4,858	755.80	46,103	8,736.46
			(178160)	(145,493)	(1,862)	(328.68)	(4,541)	(801.55)	(42,712)	(11,497.20)
3	Billets	Tonnes	445400	332,254	11,152	3,199.58	15,621	3,813.24	166,823	44,378.05
			(400000)	(248,811)	(16,639)	(4,155.04)	(11,152)	(3,199.58)	(176,474)	(59,351.12)
4	Rolled Product	Tonnes	220000	152,266 ('c)	9,885	3,462.21	16,402	4,843.88	134,057	52,843.82
			(220000)	(73,789)	(6,059)	(2,066.91)	(9,885)	(3,462.21)	(64,506)	(33,370.22)
5	Silcon and Ferro Alloys	Tonnes	46880	26,848	2,921	1,167.30	4,805	2,277.41	18,237	8,418.66
			(46880)	(14,903)	(842)	(461.49)	(2,921)	(1,167.30)	(7,526)	(5,462.03)
6	Oxygen Gas	M. Cu.	35972000	26,225,625	107,318	–	131,189	–	3,123,404	518.57
			(9792000)	(18,273,986)	–	–	(107,318)	–	(3,119,905)	(179.81)
7	Sinter	Tonnes	267300	209,526	23,352	674.20	48,757	1,102.12	–	–
			(267300)	(152,115)	(8,477)	–	(23,352)	(674.20)	–	–

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

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

(₹ in Lacs)

Sl. No.	Class of Goods	Unit	Installed Capacity	Production/ Purchases (In MT)	Opening Stock Quantity (In MT)	Opening Stock Amount	Closing Stock (d), (e)) Quantity (In MT)	Closing Stock (d), (e)) Amount	Sales (including excise duty) (f) Quantity (In MT)	Sales (including excise duty) (f) Amount
8	By- Products	Tonnes		531,107	200,837	3,106	226,571	4,552	206,106 (g)	2,811.92
				(451,602)	(128,506)	(2,624)	(236,837)	(3,105)	(140,513)	(1,260)
10	Trading Goods	Tonnes		41,227	277	76.32	635	163.35	40,869	10,541.77
				(110,239)	(56)	(20.75)	(277)	(76.32)	(110,018)	(18,501.31)
11	Miscellaneous	Rupees		–	–	512.68	–	624.81	–	10,179.61
				–	–	–	–	(512.68)	–	(812.42)
	Total					13,282.44		19,260.72		138,920.71
						(9,934.01)		(13,282.44)		(130,434.34)

Notes:

a) Licensed capacity is not applicable as the industry is delicensed

b) Installed Capacity is as certified by the Management and relied upon by the Auditors.

c) Include Production 45,134 MT (18,397 MT) of Conversion Agent

d) After adjusting shortages

e) Include Trial Run Stock

f) Excludes materials captively consumed

g) Excluding own consumption / transferred to Raw Material after rescreening

35 Previous year's figures including those given in brackets have been regrouped / rearranged wherever considered necessary. Further, figures for the current year are inclusive of the figures relating to Vedvyas Ispat Ltd. and Sri M .P. Ispat & Power Pvt. Ltd. which have merged with the company with effect from 1.4.2009 and thus, are not comparable with the previous year's figures.

Signatories to SAchedules 1 to 25

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

Per R. K. Agarwal
a Partner
Membership No. 16667

Place: Kolkata
Date: May 30, 2010

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Nirmal Kumar Agarwal
Director

Anand Sharma
Company Secretary

Balance Sheet Abstract

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

I. Registration Details

Registration No.	9 3 9 4 5	State Code	2 1
Balance Sheet Date	3 1 (Date) / 0 3 (Month) / 2 0 1 0 (Year)		

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

Public Issue	N I L	Bonus Issue / Right Issue	N I L
Private Placement (QIP)	1 3 9 6 0 4	Others	1 8 3 0 7 9

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

Total Liabilities	2 4 5 7 6 3 7 2	Total Assets	2 4 5 7 6 3 7 2

Sources of Funds

Paid–up Capital	1 2 3 4 9 9 5	Reserves & Surplus	4 9 2 0 0 4 8
Share Warrant	N I L	Unsecured Loans	2 4 5 7 8 5 9
Secured Loans	9 7 2 6 9 6 4	Deferred Tax Liability (Net)	1 3 4 2 3 9 9

Application of Funds

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

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

Turnover	1 3 4 5 5 0 1 2	Total Expenditure	1 2 2 7 6 4 6 0
Profit/Loss before Tax	6 7 8 9 3 7	Profit/Loss after Tax	5 3 9 0 6 8
Earning per share in ₹	4 . 8 0	Dividend Rate (%)	1 2 . 5

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

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

As Approved
For and on behalf of the Board of Directors

Ghanshyam Das Agarwal
Chairman

Manoj Kumar Agarwal
Managing Director

Nirmal Kumar Agarwal
Director

Place: Kolkata
Date: May 30, 2010

Section 212

Statement pursuant to Section 212 of the Companies Act, 1956

Name of the subsidiary	Financial Year ending of the subsidiary.	Number of equity share held	Extent of holding	For financial year of the subsidiary		For the previous financial years since it became a subsidiary	
				Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in Col. 6).	Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company.	Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in Col. 8).	Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Orissa Manganese & Minerals Ltd	31.03.2010	20,00,000	100%	9,062.72	–	4,092.77	–
Unistar Galvanisers & Fabricators Ltd	31.03.2010	27,28,350	82.78%	26.71	–	533.63	–
Neepaz V Forge (India) Ltd.	31.03.2010	36,90,000	73.80%	(68.73)	–	(245.19)	–
Adhunik Power & Natural Resources Ltd.	31.03.2010	7,94,67,040	99.38%	–	–	–	–

Details as per MCA direction under Section 212 of the Companies Act, 1956 as on 31.03.2010

Particulars	Orissa Manganese & Minerals Ltd.	Unistar Galvanisers & Fabricators Ltd.	Neepaz V Forge (India) Ltd.	Adhunik Power and Natural Resources Ltd.
Authorized Capital	35,000,000	35,000,000	250,000,000	1,400,000,000
Paid-up Capital	20,000,000	32,960,000	50,000,000	1,028,483,710
Reserves	1,324,421,507	150,997,878	(43,371,583)	11,290
Total Assets	4,853,071,631	626,238,487	2,508,978,073	5,471,520,516
Total liabilities	3,505,805,014	442,280,610	1,776,051,056	4,363,691,697
Investments	237,500,000	–	100,000	–
Turnover	2,535,369,793	307,402,436	317,574,319	–
Profit Before Taxation	1,381,500,881	4,500,824	869,003	–
Provision for Taxation	475,229,127	810,559	13,488,184	–
Profit after Taxation	906,271,754	3,690,265	(12,619,181)	–
Proposed Dividend	–	–	–	–

As Approved
For and on behalf of the Board of Directors

Ghanshyam Das Agarwal
Chairman

Manoj Kumar Agarwal
Managing Director

Nirmal Kumar Agarwal
Director

Place: Kolkata
Date: May 30, 2010

Consolidated Auditors' Report

To the Board of Directors of

Adhunik Metaliks Limited on the Consolidated Financial Statements of Adhunik Metaliks Limited, its Subsidiaries and Joint Venture

1. We have audited the attached consolidated balance sheet of Adhunik Metaliks Limited (the Company), its subsidiaries and joint venture as at March 31, 2010 and the consolidated profit and loss account and the consolidated cash flow statement for year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 71,911.90 lacs as at March 31, 2010, total revenue of ₹ 6,249.76 lacs and cash flows amounting to ₹ (-)12,72.35 lacs for the year then ended. We also did not audit the financial statements of joint venture partnership firm whose financial statements reflects total assets of ₹ 27.03 lacs as at March 31, 2010 and total revenues of ₹ 22.45 lacs and cash flows amounting to ₹ (-)4.56 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and joint venture partnership firm, is based solely on the reports of the other auditors.

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

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

6. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. in the case of consolidated balance sheet, of the consolidated state of affairs of the Company, its subsidiaries and joint venture as at March 31, 2010;

   b. in the case of consolidated profit and loss account, of the consolidated profit of the Company, its subsidiaries and joint venture for the year ended on that date; and

   c. in the case of consolidated cash flow statement, of the consolidated cash flows of the Company, its subsidiaries and joint venture for the year ended on that date.

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

22 Camac Street
Block 'C', 3rd Floor
Kolkata–700 016.
Date : May 30, 2010

per R. K. Agrawal
a Partner
Membership No. 16667

Consolidated Balance Sheet As at March 31, 2010

(₹ in Lacs)

	Schedule	31.03.2010	31.03.2009
SOURCES OF FUNDS			
A. Shareholders' Funds			
Share Capital	1	12,349.95	9,123.12
Share Warrants		–	2,512.01
Reserves and Surplus	2	59,702.15	25,962.02
		72,052.10	37,597.15
B. Minority Interest		5,428.11	9,244.19
C. Loan Funds			
Secured Loans	3	169,670.03	113,537.13
Unsecured Loans	4	24,678.53	40,034.52
		194,348.56	153,571.65
D. Deferred Tax Liabilities (Net)	5	14,589.15	10,510.53
		286,417.92	210,923.52
APPLICATION OF FUNDS			
A. Fixed Assets	6		
a) Gross Block		182,317.76	115,591.19
b) Less : Accumulated Depreciation / Amortisation		16,485.98	9,012.51
c) Net Block		165,831.78	106,578.68
d) Capital Work-in-Progress including Capital Advances	7	63,551.87	41,264.99
e) Capital Expenditure on New Projects & Trial Run Expenses	8	13,949.34	13,390.88
f) Proportionate Share in Joint Venture Partnership Firm		14.40	12.06
		243,347.39	161,246.61
B. Investments	9	8.65	2,008.65
C. Current Assets, Loans & Advances			
a) Inventories	10	52,574.58	40,212.30
b) Sundry Debtors	11	22,061.69	15,755.94
c) Cash & Bank Balances	12	17,862.81	13,733.07
d) Loans & Advances	13	18,335.93	17,289.84
e) Other Current Assets	14	417.48	1,834.20
		111,252.49	88,825.35
D. Less : Current Liabilities and Provisions	15		
a) Current Liabilities		63,633.20	39,461.68
b) Provisions		4,612.37	1,709.21
		68,245.57	41,170.89
Net Current Assets		43,006.92	47,654.46
E. Miscellaneous Expenditure (To the extent not written off or adjusted)	16	54.96	13.80
		286,417.92	210,923.52
Accounting Policies and Notes on Accounts	25		

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

As per our report of even date

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

Per R. K. Agarwal
a Partner
Membership No. 16667

Place: Kolkata
Date: May 30, 2010

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Nirmal Kumar Agarwal
Director

Anand Sharma
Company Secretary

Consolidated Profit and Loss Account For the year ended March 31, 2010

(₹ in Lacs)

	Schedule	2009-10	2008-09
INCOME			
Sales	17	153,950.77	139,312.51
Less: Excise Duty		8,986.06	12,097.02
		144,964.71	**127,215.49**
Other Income	18	4,480.14	2,816.26
Total Income		**149,444.85**	**130,031.75**
EXPENDITURE			
Decrease/(Increase) in Stocks	19	(12,604.78)	1,339.39
Excise Duty on Stocks (Refer Note no.17 on Schedule 25)		1,218.73	(156.51)
Raw Materials Consumed	20	52,429.13	44,287.42
Purchase of Trading Goods		9,650.95	16,504.61
Manufacturing Expenses	21	35,130.02	26,843.66
Personnel Expenses	22	5,734.08	3,954.23
Selling & Administrative Expenses	23	14,965.73	13,933.96
Interest	24	15,945.50	12,007.51
Preliminary Expenditure Written Off		0.46	–
Depreciation/ Amortisation		6,767.08	4,020.55
Prior Period Expenses (Net) [Refer Note No. 24 on Schedule 25]		206.67	69.93
Total Expenditure		**129,443.57**	**122,804.75**
Profit Before Taxation		**20,001.28**	**7,227.00**
Provision For Taxation			
Current Tax		5,442.04	2,251.86
Income Tax relating to Earlier Years / (Excess Provision for Taxation Written Back)		256.33	(16.65)
Deferred Tax		595.82	318.20
Fringe Benefit Tax		–	74.69
Net Profit after tax but before minority interest		**13,707.09**	**4,598.90**
Minority Interest		(28.42)	(6.94)
Profit after Taxation and Minority Interest		**13,735.51**	**4,605.84**
Add: Balance brought forward from previous year		20,205.35	16,833.85
Less : Adjustment of loss pertaining to the amalgamating Companies		580.94	–
Profit available for appropriation		**33,359.92**	**21,439.69**
Less : Transferred to General Reserve		134.77	–
Proposed Dividend		1,543.74	1,055.06
Dividend Tax		256.40	179.31
Balance carried to Balance Sheet		31,425.01	20,205.35
		33,359.92	**21,439.72**
Earning Per Share: (Nominal Value Per Share ₹ 10 each) (₹)			
Basic		12.24	5.05
Diluted		12.03	4.17
(Refer Note no. 13 on Schedule 25)			
Accounting Policies And Notes On Accounts	25		

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

As per our report of even date

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

Per R. K. Agarwal
a Partner
Membership No. 16667

Place: Kolkata
Date: May 30, 2010

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Nirmal Kumar Agarwal
Director

Anand Sharma
Company Secretary

Cash Flow Statement For the year ended March 31, 2010

(₹ in Lacs)

	2009-10		2008-09	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Taxation		**20,001.28**		**7,227.00**
Adjustments for :				
Depreciation & Amortisation	6,767.08		4,020.55	
Gratuity & Leave Provision	203.40		134.11	
Interest Expenses	15,945.50		12,007.51	
Preliminary Expenses W/off	0.46		–	
Forex Fluctuation	266.57		98.37	
Loss on Sale of fixed assets from Continuing Operations	–		2.78	
(Surplus) on Sale of fixed assets from Dis-continuing Operations	–		(271.63)	
(Surplus) on Sale of Shares	(200.00)			
Prior Period Income	–		(63.27)	
Investments written off	–		8.75	
Share of Minority Interest in Profit	28.42		6.94	
Interest Income	(2,482.47)	20,528.96	(1,619.86)	14,324.25
Operating Profit Before Working Capital Changes		**40,530.24**		**21,551.25**
Adjustments for Movement in Working Capital :				
(Increase) in Sundry Debtors and Loans & Advances	(5,373.22)		(277.64)	
(Increase) in Inventories	(12,362.27)		(10,371.16)	
Increase/(Decrease) in Current Liabilities & Provisions	24,068.80	6,333.31	2,641.68	(8,007.12)
Cash Generated From Operations		**46,863.55**		**13,544.13**
Income Tax (Paid)/Refund		(3,570.12)		(2,105.96)
Net Cash from Operating Activities .....(A)		**43,293.43**		**11,438.17**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of Fixed Assets [including interest capitalised ₹ 7,984.70 lacs (₹ 6,343.02 lacs) and Goodwill Nil (₹ 4,042.75 lacs)]		(92,767.27)		(57,202.53)
Loan to Bodies Corporate		(2,001.65)		(1,048.04)
Sale of fixed assets from Continuing Operations		3,899.05		70.39
Sale of fixed assets from Dis-continuing Operations		–		847.31
Sales of Investments		2,200.00		2,106.44
Margin Money		685.98		(4,604.12)
Interest Received		3,922.24		122.04
Net Cash used in Investing Activities ..... (B)		**(84,061.65)**		**(59,708.51)**

(₹ in Lacs)

	2009-10	2008-09
C. CASH FLOW FROM FINANCING ACTIVITIES		
Receipt of Share Warrant Money	–	1,201.00
Issue of Share Capital	20,335.00	–
Receipt of Share Application Money and issue of shares in subsidiary	445.80	9,309.57
Receipt on Amalgamation :		
Securities Premium	1,094.40	–
General Reserve	(212.90)	–
Deferred Tax Liabilities	(62.93)	–
(Increase) in Preliminary Expenditure	(41.62)	–
Forfeiture of Equity Share Application money	588.78	–
Borrowings		
Secured Loan :		
Term Loan (Net)	58,240.92	15,196.20
Working Capital Loan (Net)	(1,159.07)	21,290.94
Deferred Payment Credit From Banks (Net)	(948.96)	836.71
Unsecured Loan :		
Conversion of Debentures	(10,000.07)	–
Short Term Loan (Net)	(5,355.94)	17,455.14
Dividend Paid including Dividend Tax	(1,234.02)	(1,280.48)
Share of Minority Interest	(1.88)	57.19
Interest Paid	(16,103.58)	(12,007.61)
Net Cash from Financing Activities.....(C)	**45,583.95**	**52,058.66**
Net Increase in Cash and Cash Equivalents (A+B+C)	**4,815.73**	**3,788.33**
Cash and Cash Equivalents at the beginning of the year	**6,827.23**	**3,038.90**
Cash and Cash Equivalents at the end of the year	**11,642.95**	**6,827.23**
Notes:		
Cash & Cash Equivalents* represent the following:		
Cash, Cheques / Drafts in hand	320.20	168.65
Balance with Scheduled Banks:		
In Current Account	6,130.17	3,845.25
In Unclaimed Application Money & Dividend Account**	10.09	10.21
In Fixed Deposits	5,182.49	2,803.12
* Excludes Margin Money ₹ 6,219.86 Lacs (₹ 6,905.84 Lacs), having a maturity period of greater than 90 days		
** Represents Bank Balance with restrictive use	**11,642.95**	**6,827.23**

As per our report of even date

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

Per R. K. Agarwal
a Partner
Membership No. 16667

Place: Kolkata
Date: May 30, 2010

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Nirmal Kumar Agarwal
Director

Anand Sharma
Company Secretary

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 1 SHARE CAPITAL		
Authorised		
1,45,20,00,000 (125,000,000) Equity Shares of ₹ 10 each	14,518.00	12,500.00
2,000 (Nil) Preference Shares of ₹ 100 each	2.00	–
	14,520.00	12,500.00
Issued, Subscribed and Paid Up		
12,34,99,536 (91,231,247) Equity Shares of ₹ 10 each fully paid up	12,349.95	9,123.12
Note: The above includes :		
1. 12,59,590 and 27,73,732 Equity Shares of ₹ 10 each issued to the shareholders of Vedvyas Ispat Limited and Sri M.P. Ispat & Power Private Limited respectively under scheme of amalgamation approved by the Hon'ble High Courts vide their Orders dated December 16, 2009 and September 16, 2009 respectively.		
2. Includes 8,545,152 shares issued & allotted as fully paid up Bonus shares by capitalisation of Securities Premium and 4,000,000 shares issued for consideration other than cash.		
	12,349.95	9,123.12
Schedule - 2 RESERVES AND SURPLUS		
Capital Reserve		
As per Last Account	53.75	53.75
Add: Arisen on account of forfeiture of share warrants (Refer note No 19 on Schedule 25)	588.78	–
	642.53	53.75
Securities Premium		
As Per Last Account	4,858.90	4,713.30
Add : Received on Amalgamation	1,094.40	3,731.62
Add: Received during the year	28,155.60	–
	34,108.90	8,444.92
Less: Capitalization by issue of fully paid up Bonus shares	3,731.51	–
Less: Share Issue Expenses	543.86	–
Less: Adjustment of Deferred Tax Liability (Refer Note no. 7 (b) on Schedule 25)	3,545.74	3,586.02
	26,287.79	4,858.90
Investment Allowance Reserve		
As Per Last Account	–	1.31
Less: Written off during the year	–	1.31
	–	–
General Reserve		
As Per Last account	844.02	844.02
Add : Transferred from Profit and Loss Accounts	134.77	–
Add : Received on Amalgamation (Refer Note no. 22 on Schedule 25)	429.27	–
	1,408.06	844.02
Less : Unrealised Profit on Opening Stock on Amalgamation	61.24	–
	1,346.82	844.02
Profit & Loss Account Balance	31,425.01	20,205.35
	59,702.15	25,962.02
Schedule - 3 SECURED LOANS*		
(Refer Note no. 4 on Schedule 25)		
Rupee Term Loan From Banks	130,965.51	72,724.59
Working Capital Finance From Banks		
- In Indian Currency	32,325.20	33,592.75
- In Foreign Currency	4,947.55	4,839.07
Deferred Payment Credits		
- From Banks	437.99	418.50
- From Others	993.78	1,962.22
*Including Interest Accrued & Due ₹ 1,002.82 Lacs (₹ 2,111.18 Lacs)		
	169,670.03	113,537.13

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 4 UNSECURED LOANS		
Debentures	–	10,000.07
Nil (8,154,000) Unsecured, Non Transferable Fully Convertible Debenture of @ ₹ 122.64 each.		
Short Term Loans from-		
- Bodies Corporate	200.48	47.00
- Banks* (Refer Note no. 4 (g) on Schedule 25)	24,183.87	29,719.58
- Others	294.18	267.87
* Including Interest Accrued & Due ₹ 150.45 lacs (₹ 147.97 lacs)		
	24,678.53	40,034.52

	31.03.2010	31.03.2009
Schedule - 5 DEFERRED TAX LIABILITIES (NET)		
(Refer Note No 7 ('c) on Schedule 25)		
As Per Last account	10,510.53	6,606.31
Add: For the year	4,141.55	3,904.22
	14,652.08	10,510.53
Less: Transfer on Amalgamation (Refer Note No 22 on Schedule 25)	62.93	–
	14,589.15	10,510.53

Schedule - 6 FIXED ASSETS

Description of Assets	GROSS BLOCK As at 01.04.2009	Addition on Amalgamation	Additions/ Adjustments	Sales/ Adjustments	As at 31.03.2010	DEPRECIATION/AMORTISATION As at 01.04.2009	Add: on Amalgamation	For the Year	Less: Sales/ Adjustments	As at 31.03.2010	NET BLOCK As at 31.03.2010	As at 31.03.2009
Tangible Assets												
Freehold Land (Including Site Development Expenses)	1,340.36	71.31	1,641.08	14.03	3,038.72	–	–	–	–	–	3,038.72	1,340.36
Leasehold Land	711.41	3.59	411.01	–	1,126.01	8.56	–	37.12	–	45.68	1,080.33	702.85
Buildings	4,573.30	218.06	4,839.91	–	9,631.27	437.62	0.26	174.74	1.86	610.76	9,020.51	4,135.68
Plant & Machinery	84,546.07	907.33	56,080.85	165.30	141,368.95	7,302.89	82.02	5,416.32	10.47	12,790.76	128,578.19	77,243.18
Vehicles	1,414.22	273.90	1,527.84	0.54	3,215.42	414.14	487.99	187.16	–	1,089.29	2,126.13	1,000.08
Computers	370.86	4.97	335.59	–	711.42	131.38	35.42	75.32	–	242.12	469.30	239.48
Furniture & Fixtures	475.81	5.44	228.85	–	710.10	101.50	4.59	41.02	–	147.11	562.99	374.31
Office Equipments	285.02	11.37	170.49	–	466.88	53.19	3.04	19.88	–	76.11	390.77	231.83
Rolling Stock	2,487.64	–	62.71	–	2,550.35	325.49	4.60	250.71	–	580.80	1,969.55	2,162.15
Railway Siding	3,655.87	–	2,110.69	–	5,766.56	62.38	–	170.18	–	232.56	5,534.00	3,593.49
Intangible Assets												
Net Present Value of Forest Restoration	3,259.92	–	1,648.02	–	4,907.94	57.96	–	400.82	–	458.78	4,449.16	3,201.96
Goodwill	12,346.49	–	–	3,731.51	8,614.98	46.53	–	36.76	–	83.29	8,531.69	12,299.96
Computer Software	124.22	–	84.94	–	209.16	70.87	–	57.85	–	128.72	80.44	53.35
	115,591.19	1,495.97	69,141.98 (a)	3,911.38	182,317.76	9,012.51	617.92	6,867.88 (b)	12.33	16,485.98	165,831.78	106,578.68
Add: Proportionate Share in Joint Venture Partnership Firm	–	–	–	–	–	–	–	0.79	–	–	–	–
Total	115,591.19	1,495.97	69,141.98	3,911.38	182,317.76	9,012.51	617.92	6,868.67 (c)	12.33	16,485.98	165,831.78	106,578.68
Previous Year's Total	66,239.96	589.19	50,159.28	808.05	115,591.19	5,122.83	–	4,049.81	159.20	9,012.51	106,578.68	

Note:-

a) Includes ₹ 5,407.09 Lacs (₹ 3,531.31 Lacs) being the amount of Borrowing Costs capitalized during the year.

b) After adjusting ₹ 313.76 Lacs being the amount of depreciation written back due to change in the method of depreciation from Written Down Value Method to Straight Line Method in respect of Ved Vyas Ltd, which merged with the Company during the year.

c) Includes ₹ 101.59 Lacs (₹ 29.26 Lacs) transferred to Pre-operative & Trial Run Expenses

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 7 CAPITAL WORK-IN-PROGRESS (AT COST)		
Land & Site Development Expenses	38.35	661.84
Civil Construction and Structural Works	24,778.97	22,125.54
Plant & Machinery *	72,315.17	42,960.09
Capital Goods in Stock	1,407.80	288.28
	98,540.29	**66,035.75**
Less: Transfer to Fixed Assets	34,988.42	24,770.76
*Includes advances against capital goods ₹ 24,910.75 lacs (₹ 10,665.37 lacs)		
	63,551.87	**41,264.99**

Schedule - 8 CAPITAL EXPENDITURE ON NEW PROJECTS & TRIAL RUN EXPENSES	31.03.2010	31.03.2009
Opening Balance Brought Forward	13,390.88	7,899.17
On acquisition of Adhunik Power & Natural Resources Ltd	–	534.38
Add : Acquired on Amalgamation		
Vedvays Ispat Ltd	646.21	–
Sri. M P Ispat & Power Pvt.Ltd	721.32	–
EXPENDITURE		
Raw Materials Consumed	8,574.97	10,796.50
Manufacturing Expenses		
Power & Fuel	3,818.81	2,319.48
Labour Charges	520.48	544.17
Repair & Maintenance		
Plant & Machinery	9.73	6.91
Others	31.04	3.73
Stores and Spares Consumed	1,093.00	460.62
Personnel Cost		
Salaries and Bonus	1,837.37	1,187.68
Contribution to Provident Fund	15.11	–
Gratuity	20.05	15.77
Staff Welfare	6.19	3.44
Selling & Administrative Expenses		
Rent & Hire Charges	229.99	80.78
Rates & Taxes	0.32	0.63
Insurance	18.71	6.52
Bank Commission & Charges	327.69	54.99
Professional Consultancy Fees & Expenses	2,803.43	646.96
Motor Vehicle Expenses	22.01	24.56
Depreciation	101.59	29.26
Travelling & Conveyance	229.29	124.53
Selling Expenses	55.72	25.51
Miscellaneous Expenses	807.16	540.24
Interest & Finance Charges		
To Bank on Term Loans	7,760.41	4,667.87
To Bank & Others on Other Loans	224.29	1,675.15
Provision For Income Tax	8.46	6.54
Sub Total (A)	**43,274.23**	**31,655.39**

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 8 CAPITAL EXPENDITURE ON NEW PROJECTS & TRIAL RUN EXPENSES *(Contd...)*		
LESS:		
INCOME		
Sales	6,659.60	3,620.99
Less: Excise Duty	273.11	216.78
	6,386.49	3,404.21
Interest on Deposits [Tax at source ₹ 11.98 lacs (₹ 4.21 lacs)]	70.55	46.40
Foreign Exchange Difference	1.76	23.74
Add: Increase / (Decrease) in Stock		
Opening Stock		
Finished Goods	563.38	408.72
Work-in-progress	697.93	458.87
By Products	32.27	4.08
	1,293.58	871.67
Less: Trial Run Stocks Transferred (Refer Schedule No 19)		
Finished Goods	1,584.53	1,072.51
Work-in-progress	1,222.26	–
By Products	480.34	23.42
	3,287.13	1,095.93
Closing Stock		
Finished Goods	1.69	563.38
Work-in-progress	148.46	697.93
By Products	–	32.27
	150.15	1,293.58
Add: Stock Transferred on Amalgamation		
Finished Goods	32.06	–
	32.06	–
Sub-Total (B)	**8,570.44**	**4,992.19**
Total (A-B)	**34,703.79**	**26,663.20**
Less: Transfer to:		
Fixed Assets	20,754.45	13,191.26
Charged to profit and loss account	–	81.06
	13,949.34	13,390.88

	Number of Shares	Face value per Share (₹)	As at 31.03.2010	As at 31.03.2009
Schedule - 9 INVESTMENT (AT COST)				
Long Term, Unquoted (Other than Trade)				
Fully Paid Equity Shares				
- Adhunik Meghalaya Steels Private Limited	76,500	10	7.65	7.65
- Adhunik Alloys & Power Limited.	–	10	–	2,000.00
	(400,000)			
- Cosmos Bank Limited.	1,000	10	1.00	1.00
			8.65	2,008.65

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 10 INVENTORIES*		
At Lower of Cost and Net Realisable Value		
Raw Materials	12,882.59	16,066.44
Finished Goods**	15,490.10	10,642.87
Work-in-Progress**	16,137.72	7,768.99
Stores & Spares Consumables and Packing Materials	2,573.27	2,025.11
Trading Goods	163.36	76.32
By-Products**	5,327.54	3,632.57
* Including materials in transit of Raw Materials ₹ 45.27 Lacs (₹ 1,300.82 Lacs), Finished Goods ₹ 992.15 Lacs (₹ 462.31 Lacs) and with Consignment Agents/Conversion Agents ₹ 1,293.98 Lacs (₹ 306.75 Lacs).		
** Includes Trial Run Stock of Finished goods ₹ 1.69 lacs (₹ 563.38 lacs), Work in Progress ₹ 148.46 lacs (₹ 697.93 lacs) and By-Products Nil (₹ 32.27 lacs) .		
	52,574.58	**40,212.30**

	31.03.2010	31.03.2009
Schedule - 11 SUNDRY DEBTORS *		
(Unsecured, considered good except otherwise stated)		
Debts Outstanding for More Than Six Months**	654.13	1,654.36
Other Debts	21,418.66	14,217.25
	22,072.79	15,871.61
Less : Provision for Doubtful Debts	11.10	115.67
*Refer note no 11 on Schedule 25		
** Includes considered doubtful ₹ 11.10 lacs (₹ 115.67 lacs).		
	22,061.69	**15,755.94**

	31.03.2010	31.03.2009
Schedule - 12 CASH AND BANK BALANCES		
Cash on Hand [Including Cheques / Drafts in hand ₹ 138.12 lacs (₹ 51.09 lacs)]	320.20	168.65
Balance with Scheduled Banks on:		
a) Current Accounts	6,130.17	3,845.25
b) Fixed Deposit Accounts *	5,182.49	2,803.12
c) Margin Money Account	6,219.86	6,905.84
d) Unclaimed Application Money Account **	3.61	3.61
e) Unclaimed Dividend Account**	6.48	6.60
* includes ₹ 8.31 lacs (₹ 8.31 lacs) and ₹ 0.06 lacs (₹ 0.06 lacs) pledged with Deputy Director of Mines, Orissa and Sales Tax Authority, Orissa respectively.		
** Represents Bank Balance with restrictive use		
	17,862.81	**13,733.07**

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2010

(₹ in Lacs)

	31.03.2010	31.03.2009
Schedule - 13 LOANS AND ADVANCES		
(Unsecured, considered good, except otherwise stated)		
Advances recoverable in cash or in kind for value to be received or pending adjustments*		
(Refer note no 15 on Schedule 25)	10,160.09	11,046.08
Less: Provision for Doubtful Advances	73.51	128.25
	10,086.58	10,917.83
Loans to Bodies Corporate	3,467.46	1,465.81
Security Deposits	2,166.62	2,559.93
Balance with Excise, Custom & Other Government Departments (Including payments under appeal)	1,445.57	1,773.49
Sales Tax / VAT and Other refunds receivable (Including payments under appeal)	1,169.70	572.78
* Includes considered doubtful ₹ 73.51 lacs (₹ 128.25 lacs) and ₹ 6.72 lacs (₹ 5.46 lacs) due from the Directors. Maximum amount due from the Directors and Officers at any time during the year ₹ 38.30 lacs (₹ 26.74 lacs) and ₹ 0.57 Lacs (₹ 21.82 Lacs) respectively.		
Add : Proportionate Share in Joint Venture Partnership Firm		
	18,335.93	17,289.84

Schedule - 14 OTHER CURRENT ASSETS		
(Unsecured, considered good, except otherwise stated)		
Interest Receivable on Loans, Deposits etc.	383.86	1,823.63
Export Benefits Receivable	31.65	4.96
Insurance & Other Claims Receivable	1.97	5.61
	417.48	1,834.20

Schedule - 15 CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Acceptances	24,305.16	16,719.06
Sundry Creditors for goods, services, expenses etc.		
- Due to Micro & Small Enterprises (Refer Note No. 18 on Schedule 25)	203.66	183.27
- Due to Others	29,637.68	19,269.98
Advances against Sales / Orders	4,205.16	1,416.48
Interest accrued but not due on Loans	0.03	158.11
Book Overdraft from Banks	1,433.17	319.73
Trade Deposits	10.00	10.00
Other Liabilities	3,828.25	1,374.84
Investor Education & Protection Fund**		
Unpaid Dividend Account	6.48	6.44
Unpaid Share application Money	3.61	3.77
** Amount not yet due for deposit.		
	63,633.20	39,461.68
B. Provisions		
Mine Restoration Charges	21.50	15.75
Gratuity	291.86	148.70
Leave	135.59	75.36
Taxation (Net of advance payment and tax at source)	2,363.62	235.38
Proposed Dividend	1,543.40	1,054.71
Dividend Tax	256.40	179.31
	4,612.37	1,709.21
	68,245.57	41,170.89

Schedules forming part of the Consolidated Balance Sheet

As at March 31, 2010

(₹ in Lacs)

Schedule - 16 MISCELLANEOUS EXPENDITURE	31.03.2010	31.03.2009
(To the extent not written off or adjusted)		
Preliminary Expenses:		
Opening Balance Brought Forward	13.80	–
Add: During the Year	50.22	13.80
Add: Transferred on Amalgamation	0.46	–
	64.48	13.80
Less: Written off during the year	9.52	–
	54.96	13.80

Schedules forming part of the Consolidated Profit and Loss Account

For the year ended March 31, 2010

(₹ in Lacs)

Schedule - 17 SALES	31.03.2010	31.03.2009
Finished Goods	130,801.96	119,287.04
Trading Goods	10,541.77	18,501.31
By-Products	2,811.92	1,260.24
Raw Materials	9,736.55	190.22
Conversion Charges [Tax at source ₹ 1.51 lacs (₹ 2.87 lacs)]	58.57	73.70
	153,950.77	139,312.51

Schedule - 18 OTHER INCOME	31.03.2010	31.03.2009
Interest Income on deposits, advances etc., [Tax at source ₹ 113.69 Lacs (₹ 485.63 Lacs)]	2,482.47	1,619.86
Commission Received	231.66	–
Unspent liabilities and provisions no longer required written back	465.93	454.07
Surplus on Sale of Fixed Asset	–	268.85
Surplus on Sale of Long Term Non-Trade Investments	200.00	–
Insurance & Other Claims	12.40	21.28
Export Benefits	7.30	1.44
Rent & Hire Charges	969.79	448.70
Miscellaneous Income	110.59	2.06
	4,480.14	2,816.26

Schedules forming part of the Consolidated Profit and Loss Account

For the year ended March 31, 2010

(₹ in Lacs)

		31.03.2010	31.03.2009
Schedule - 19 DECREASE/(INCREASE) IN STOCK			
Closing Stock			
Finished Goods		15,488.41	10,079.49
Work-in-Progress		15,989.26	7,071.06
Trading Goods		163.36	76.32
By Products		5,327.54	3,600.30
		36,968.57	**20,827.17**
Less: Opening Stock			
Finished Goods		10,079.49	8,039.71
Work-in-Progress		7,071.06	10,381.86
Trading Goods		76.32	20.75
By Products		3,600.30	2,628.31
		20,827.17	**21,070.63**
Add : Stock Transferred on Amalgamation			
Finished Goods		69.20	–
Trading goods		55.55	–
By Products		124.74	–
Add : Stock transferred on Commencement of Commercial Production :			
Finished Goods		1,584.53	1,072.51
Work in Progress		1,222.26	–
By Products		480.34	23.42
		24,363.79	**22,166.56**
		(12,604.78)	**1,339.39**
Schedule - 20 RAW MATERIALS CONSUMED			
Opening Stock		16,066.44	6,442.04
Add: Received on Amalgamation	₹ 523.52 lacs		
Less : Unrealized Profit	₹ 61.24 Lacs	462.28	–
Add: Purchases including Procurement Expenses		48,783.00	53,911.82
		65,311.72	**60,353.86**
Less: Closing Stock		12,882.59	16,066.44
Less: Sales		–	–
		52,429.13	**44,287.42**
Schedule - 21 MANUFACTURING EXPENSES			
Cost of Raising, Excavation & Drilling Expenses		5,421.91	2,423.57
Royalty		1,779.34	466.30
Power and Fuel		6,808.84	6,542.37
Stores and Spares Consumed		12,039.24	10,816.12
Packing Expenses		74.71	67.15
Repair & Maintenance			
- Plant & Machinery		1,421.31	1,022.30
- Buildings		113.27	60.54
- Others		65.78	59.25
Conversion Charges		2,055.23	1,354.00
Operation & Maintenance Charges (Refer note no 10 on Schedule 25)		5,350.39	4,032.06
		35,130.02	**26,843.66**

Schedules forming part of the Consolidated Profit and Loss Account

For the year ended March 31, 2010

(₹ in Lacs)

		31.03.2010	31.03.2009
Schedule - 22 PERSONNEL EXPENSES			
Salaries & Bonus		5,166.77	3,553.13
Contribution to Provident Fund (Refer note no 12 of schedule 25)		148.59	114.01
Gratuity		122.12	71.48
Workmen & Staff Welfare Expenses		179.22	115.14
Managing Directors' Remuneration		117.38	100.47
		5,734.08	3,954.23

		31.03.2010	31.03.2009
Schedule - 23 SELLING & ADMINISTRATIVE EXPENSES			
Rent [Including Land Lease Rent ₹ 0.29 lac (₹ 0.29 lac) to Directors]		470.27	275.70
Rates & Taxes		207.38	91.62
Insurance		102.25	116.47
Postage & Communication Expenses		205.27	161.69
Freight & Forwarding Expenses [Net of recovery ₹ 1,431.13 lacs (₹ 1013.65 lacs)]		7,839.10	4,338.58
Commission to other than Sole Selling Agents		78.55	69.02
Selling Expenses		771.12	791.96
Export duty		–	784.72
Motor Vehicle Expenses		539.60	445.25
Security Charges		281.96	234.39
Travelling & Conveyance Expenses		377.54	384.72
Directors' Travelling & Conveyance Expenses		127.12	67.21
Auditors' Remuneration			
- Audit Fees		43.06	32.25
- Limited Review Fee		30.75	20.62
- In Other Capacities for Certificates etc.		9.25	7.12
- Travelling & Out of Pocket Expenses .		4.98	3.02
Bad & Doubtful Debts/Advances written off	₹ 486.19 lacs		
Less : Adjusted against provision	₹ 226.10 lacs	260.09	524.73
Provision for Doubtful Debts & Advances		63.63	9.89
Foreign Exchange Loss (Net)		266.57	3,118.42
Bank Charges		1,493.99	1,018.68
Loss on sale of Fixed Assets		41.85	–
Mine Restoration Charges		5.75	14.00
Investments written off		–	8.75
Miscellaneous Expenses		1,745.65	1,415.15
		14,965.73	13,933.96

	31.03.2010	31.03.2009
Schedule - 24 INTEREST		
To Banks on Term Loans	6,991.52	3,938.98
On Debentures	40.30	213.33
To Banks on Cash Credit, Letter of Credit & Others	8,913.68	7,855.20
	15,945.50	12,007.51

Schedule - 25 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 ACCOUNTING POLICIES :

I) Basis of Accounting:

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

II) Principles of Consolidation:

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

a) In terms of Accounting Standard 21 – 'Consolidated Financial Statements', the financial statements of the Company and its Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of asset, liabilities, income and expenditure, after fully eliminating intra-group balances, intra-group transactions and any unrealized profit/loss included therein.

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

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

Name of the Subsidiary	Country of Incorporation	Proportion of ownership Interest as at	
		31.03.2010	31.03.2009
Unistar Galvanisers & Fabricators Ltd.	India	82.78%	87.42%
Orissa Manganese & Minerals Ltd.	India	100.00%	100.00%
Adhunik Power & Natural Resources Ltd.	India	99.38% *	98.6% *
Neepaz V Forge India Ltd.	India	73.80%	73.80%

* Includes Share of Orissa Manganese & Minerals Ltd of 22.11% (1.60%)

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

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

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

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

g) The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are presented, to the extent possible, in the same manner as the Company's separate financial statements.

III) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

IV) Revenue Recognition:

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

b) Revenue from sale of goods and services rendered is recognized upon passage of title and rendering of services, to the customers. Excise duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

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

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

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

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

V) Fixed Assets :

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

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

c) Expenditure on New Projects and Substantial Expansion:

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

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

VI) Goodwill:

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

VII) Intangibles:

a) Acquired computer software and licenses are capitalised on the basis of costs incurred to bring the specific intangibles to its intended use. These cost are amortised on a straight line basis over their estimated useful life of three years except for gross value of ₹ 0.37 lacs of a subsidiary which has been amortised on estimated useful life of four years.

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

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

VIII) Foreign Currency Transactions :

a) Initial Recognition:

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

b) Conversion:

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

c) Exchange differences:

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

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

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

IX) Depreciation :

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

b) Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.

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

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

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

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

f) Depreciation on insurance spares / standby equipments is provided over the useful lives of the respective mother assets.

X) Fixed Assets acquired under leases:

a) Finance Lease:

i) Assets acquired under lease agreements which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalised 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.

ii) Leased assets capitalised, if any, are depreciated over the shorter of the estimated useful life of the asset or the lease term.

b) Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

XI) 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.

XII) Inventories :

a) Raw Materials, Stores & Spares ,Packing Materials and Trading Goods are valued at lower of cost computed on moving /annual weighted average basis and net realisable value.

b) Work-in-Progress and Finished Goods are valued at lower of cost computed on annual weighted average basis and net realisable value. Cost of finished goods include direct materials, labour and proportion of manufacturing overheads based on normal operating capacity.

c) By-products are valued at lower of cost computed on annual weighted average basis and net realisable value.

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

e) Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

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

XIII) Cash and Cash Equivalents :

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand (including cheques/drafts in hand), balance lying with banks in current account and fixed deposit with banks and post office with an original maturity of three months or less.

XIV) Excise Duty & Custom Duty:

Excise Duty on Finished Goods stock lying at the factories is accounted for at the point of manufacture of goods and is accordingly 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.

XV) Employees Benefits :

a) Provident Fund is a defined contribution scheme and the contributions are charged to Profit and Loss Account of the year when the contributions are due.

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

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

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

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

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

XVI) Borrowing Costs :

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

XVII) Provisions :

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on the management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

XVIII) Taxation :

a) Tax expenses comprise of current, diferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income for the year and reversal of timing differences of earlier years.

b) Deferred tax is accounted for using the tax rates and laws that have been substantially enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

   At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

c) 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 recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

XIX) Derivative Instrument :

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

XX) Segment Reporting :

a) Identification of Segment

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

b) Inter Segment transfer

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

c) Unallocable Items

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

XXI) Contingencies :

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent and disclosed by way of Notes to the Accounts.

XXII) Earning per share :

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

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

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

XXIII) Impairment of Assets :

a) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

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

NOTES ON ACCOUNTS (₹ in Lacs)

			31.03.2010	31.03.2009
2	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)		164,808.07	16,823.53
3	Contingent Liabilities not provided for in respect of:			
	a)	Claims & Government demands against the Company not acknowledged as debt		
		Excise	1,109.88	38.71
		Sales Tax	596.29	511.24
		Provident Fund	9.00	–
		Income Tax	–	61.95
		The company does not expect any major impact to arise out of the above claims/demands		
		Against the above claims/demand, payments have been made under protest to the extent of ₹ 203.09 lacs		
	b)	Outstanding Bank Guarantees	8,708.75	1,824.36

c) Regional PF Commissioner, Rourkela has initiated proceedings under Section 7 of Employees' Provident Fund & Miscellaneous Provisions Act, 1952, against the management of the company for determination and recovery of PF contribution from the employer in respect of contractors establishment since F.Y 2003-04 to February 2008. An amount of ₹ 29.57 Lacs was demanded by the PF authorities on PF dues for March 2003 to February 2008 in respect of 24 Contractors which had been paid by the Company in May 2009 and adjusted against the retention money of the respective Contractors. As no demand has been raised by the PF authorities for penalty and/or charges for damage under Section 7(q) and 14 (b) of PF Act which remains not quantified, no provision thereof has been made in the books. Further, the management intends to recover from the contractors any demand made by the PF authorities in this regard in future.

4 a) i) The Rupee Term Loans from banks are secured by way of equitable mortgage by deposit of title deeds of the Company's immovable properties both owned and leasehold and building at Chadrihariharpur Kuarmunda, Sundargarh, Orissa and a first charge by way of hypothecation of the Company's moveable assets (save and except book debts) including machinery, machinery spares, tools and accessories, present and future subject to prior charges created and/or to be created in favour of the Company's bankers for securing working capital facilities.

The long term working capital loan facility of ₹ 150 crores under Structured Mezzanine Credit Facility is secured by second charge on all movable and immovable fixed assets and pledge of 300,000 shares of its subsidiary Orissa Manganese and Minerals Limited

ii) In case of Unistar Galvanisers and Fabricators Ltd, a subsidiary, Term Loans from the Banks together with interest and other charges thereon, are secured by a mortgage of land with other immovable assets thereon, both present and future and by way of a hypothecation charge over all the movable assets including book debts of the subsidiary.

iii) In case of its subsidiary, Adhunik Power & Natural Resources Ltd, Rupee Term Loans from Banks are secured by way of first pari passu charge on all movable and immovable assets, both present and future, first charge on book debts and cash flows, assignment of all projects related documents, contracts, rights, interest, insurance contracts and all benefits incidental to project activities of the subsidiary.

iv) In case of another subsidiary, Neepaz V Forge (India) Ltd. Term Loans from the Banks together with interest and other charges thereon, are secured by way of equitable mortgage by deposit of title deed of the immovable properties both owned and leasehold at Aurangabad, Maharashtra and a first charge on pari passu basis by way of hypothecation of fixed assets (existing and proposed), equipments, furniture and other movable assets and a second charge on pari passu basis on the subsidiary's stock and receivables.

b) i) In case of Company, working capital finance from banks are secured by first charge by way of hypothecation of consumable stores, raw materials, finished goods, process stock , book debts (both present and future)

ii) In case of Unistar Galvaniser & Fabricators Ltd, a subsidiary, working capital finance from the Banks together with interest and other charges thereon, are secured by a mortgage of a part of the land together with other immovable assets thereon, both present and future and by way of a hypothecation charge over all the movable assets including book debts of the subsidiary.

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

iii) In case of another subsidiary, Neepaz V Forge (India) Ltd. Cash Credit facility from Banks together with interest and other charges thereon are secured by the hypothecation of the current assets, namely stock of raw materials, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivables and book debts and all other

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

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

movables of the subsidiary, both present and future excluding such movable as may be permitted by the Banks from time to time and also by way of second charge on the fixed assets (existing and proposed) at Aurangabad unit, consumable stores, raw materials, finished goods, process stock and book debts (both present and future).

c) Rupee Term Loans and working capital facility from banks (as specified in 4(a)(i) & (ii) and 4(b)(i) & (ii)) are further secured by personal guarantee of all the promoter directors of the Company and the subsidiary respectively.

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

e) Term loan & Equipments/Vehicle Finance loans aggregating to ₹ 23,405.68 lacs (₹ 11,660.45 lacs) are payable within one year.

f) Short term loans from Banks are secured by personal guarantees of one or more promoter Directors of the Company.

5 The 17 MW Captive Power Plant, 9 MVA Ferro Alloy Plant, 1 Kiln of 100 TPD, 2 Kilns of 150 TPD, 20 Ton Induction Furnace, two sets of Coke Oven Batteries, Railway Siding, Water Distribution System and Rolling Mill Extention of the Company and three numbers of Forging Press of 1000 MT, 2500 MT and 4000 MT of Neepaz V Forge India Ltd., a subsidiary, having achieved the technical parameters of operation and stabilization of production efficiency, have commenced commercial operations. Accordingly, assets of ₹ 55,742.87 lacs (including proportionate allocation of preoperative and trial run expenditure of ₹ 20,754.45 lacs) have been capitalised during the year.

6 The activities of one of the subsidiary involve mining of land taken under lease. In terms of the provisions of relevant statutes and lease deeds, the mining areas would require restoration at the end of the mining lease. The future restoration expenses are affected by a number of uncertainties, such as, technology, timing etc. As per the requirement of Accounting Standard - 29 the subsidiary's management has estimated such future expenses on best judgments basis and the provision thereof has been made in the accounts as follows.

Particulars	Balance as on 01.04.2009	Addition during the year	Amount used during the year	Balance as on 31.03.2010
Mines Restoration Expenses (₹ in lacs)	15.75	5.75	–	21.50
	(1.75)	(14.00)	–	(15.75)

7 a) In terms of Section 115JB of the Income Tax Act, 1961, Minimum Alternate Tax (MAT) amounting to ₹ 1,125.84 lacs for the year ended March 31, 2010 have been provided in the accounts of the Company. Further, in terms of accounting policy 1(XVIII)(c) above and because of the fact that the Company is not likely to have taxable income in the relevant period, MAT credit of ₹ 1,972.87 lacs (₹ 646.03 lacs) has not been recognized in the books of accounts.

b) The Hon'ble Kolkata High Court vide its Order dated March 29, 2010 has allowed the Company to utilize the Securities Premium Account shown under the head 'Reserves and Surplus' towards meeting the Net Deferred Tax liability. Accordingly, the Securities Premium Account has been utilized towards meeting the net deferred tax liability arisen during the year amounting to ₹ 3,545.74 lacs (₹ 3,586.02 lacs). The above accounting treatment is not in line with Accounting Standard 22 "Accounting for Taxes on Income" (AS-22) notified by the Companies (Accounting Standards) Rules 2006 (as amended).

c) The break up of Deferred Tax Liability as on March 31, 2010 is as follows:

(₹ in Lacs)

	31.03.2010	31.03.2009
i) Timing Difference in Depreciable Assets	14758.65	10672.88
ii) Other Timing Difference	(169.50)	(162.35)
	14589.15	**10510.53**

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

a) Forward Contract

USD 2,75,93,802.13 (USD 1,25,00,000) has been used for hedging exposure to interest outflow on loans and creditors.

USD 54,24,860 (Nil) and EURO 1,93,00,248 (Nil) has been hedged against purchase of Capital Goods.

b) Unhedged foreign Currency Exposure:

Loans and Sundry creditors amounting to Nil (₹ 261.04 lacs).

9 In case of one of the subsidiary, Orissa Manganese & Minerals Limited:

i) The Mining Leases pertaining to the mines have already expired and subsidiary's applications for renewal thereof are pending with the concerned authorities. The subsidiary has filed application for renewal of leases 12 months before the expiry of the respective lease period. However, as per the provisions under MCR (Mineral Concession Rules), 1960, Rule 24A(1) & Rule 24A(5) the periods of said lease are deemed to have been extended by a further period till the State Government passes an order thereon. As such the management is hopeful of the renewal of the leases. Keeping in view of the above, the accounts of the subsidiary have been prepared on a going concern basis.

ii) During the extraction of manganese ore incidentally, high-grade iron ore of 42107 Mt extracted from the Patmunda & Orahuri Manganese Mines the said ore has been considered for valuation purposes. The Subsidiary has already applied to the state government for inclusion of iron ore in the mining leases.

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

iii) a) It has entered into a 10 years agreement for raising of manganese ore with Adhunik Steels Limited (ASL) and M/s BK Coal fields Pvt. Ltd. (BKCPL) on May 14, 2003 and March 6, 2006 respectively. The aforesaid agreements were terminated by the subsidiary on November 11, 2003 and June 22, 2007 respectively stating that these agreements were in violation of Rule 37 of Mineral Concession Rules, 1960. The agreement with BKCPL contained a clause that the agreement would come into force only on mutual abandonment of their contract with ASL. ASL had filed an arbitration petition under Section 9 of Arbitration & Conciliation Act 1996 against the subsidiary for the pre-mature termination of the Contract. Finally, the sole arbitral tribunal passed an award against the subsidiary on August 1, 2008 upholding the raising contract dated May 14, 2003. The subsidiary has filed a petition against the said order. BKCPL has also filed a Section 9 application under Arbitration & Conciliation Act 1996. Arbitration proceedings are currently going on between the parties. The subsidiary is of opinion that agreement with BKCPL is null and void based on the aforesaid facts.

b) It has entered into a 10 years agreement for sale of manganese ore with Futuristic Steels Pvt. Ltd. (FSPL) and M/s Monnet Ispat & Energy Limited (MIEL) on May 14, 2003 and March 6, 2006 respectively. The aforesaid agreements were terminated by the subsidiary on November 11, 2003 and June 22, 2007 respectively stating that these agreements were in violation of Rule 37 of Mineral Concession Rules, 1960. The agreement with MIEL contained a clause that the agreement would come into force only on mutual abandonment of their contract with FSPL. Both the parties aggrieved by the termination of the aforesaid agreements have filed arbitration against the subsidiary. The final award has been pronounced by the arbitral tribunal in favour of FSPL wherein the contract has been upheld. The subsidiary has filed an appeal against the said order.

c) It has entered into a 10 years agreement in respect of Raising of iron ore with ASL, Synergy Ispat Pvt. Ltd. (SIPL) & BKCPL and selling of iron ore with FSPL, Metsil Energy Pvt. Ltd. (MEPL) & MIEL on May 14, 2003, February 27, 2005 and March 6, 2006 respectively. The aforesaid agreements were terminated by the subsidiary on November 11, 2003, June 22, 2007 and June 22, 2007 respectively stating that these agreements were in violation of Rule 37 of Mineral Concession Rules, 1960. The agreement with BKCPL & MIEL contained a clause that the agreement would come into force on mutual abandonment with ASL & FSPL. None of the Companies namely BKCPL, SIPL, MEPL or MIEL have moved any proceeding for enforcement of their contract. The arbitration petitions of both ASL & FSPL have been dismissed on the ground that these contracts are not violative of Rule 37 of Mineral Concession Rule 1960. Based on this arbitration award, the subsidiary is of the opinion that all such contracts are null & void in law and hence no provision is required with respect to these contracts.

10 Operation & Maintenance Charges consist of the following expenses:

(₹ in Lacs)

	2009-10	2008-09
Contract Payments	2,252.77	1,788.46
Testing and Inspection Charges	356.77	202.66
Refractory Management Charges	755.26	552.51
Labour Charges	780.65	668.24
Machine Hire and Heavy Vehicle Expenses	940.42	582.06
Plot Rent Charges	26.39	30.67
Packing & Forwarding Charges	36.48	16.64
Miscellaneous	201.66	190.82
	5,350.39	4,032.06

11 Debtors includes the following amounts due from the companies under the same management:

(₹ in Lacs)

	2009-10	2008-09
Adhunik Industries Limited	442.80	608.65
Adhunik Corporation Limited	129.81	1.63
Adhunik Alloys & Power Limited	3,235.60	160.60
Sri M P Ispat & Power Private Limited*	–	1,260.53
Swarnrekha Steel Industries	–	1,058.81
Ved Vyas Ispat Ltd*	–	506.02
Zion Steels Limited	559.69	427.87
	4,367.90	4,024.11

* Merged with the Company during the year.

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

a) Defined Contribution Plan

(₹ in Lacs)

	2009-10	2008-09
Contribution to Provident Fund	163.70	114.01

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

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

b) Defined Benefit Plan

The Company and its subsidiaries have 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 summarises (to the extent applicable) the components of net benefits / expenses recognised in Profit & Loss account and amount recognised in the balance sheet.

Gratuity

(₹ in Lacs)

	2009-10	2008-069
I Net Employee Expense/(benefit)		
1) Current Service Cost	90.47	77.06
2) Interest cost on benefit obligation	13.03	8.57
3) Expected Return on plan assets	–	–
4) Past Service Cost	9.44	–
5) Net Actuarial (gain) / loss recognised in the year	29.23	1.62
6) Total employee expenses recognised in Profit & Loss Account	142.17	87.25
II Actual return on plan assets	–	–
III Benefit Asset/(Liability)		
1) Defined benefit obligation	291.86	148.70
2) Fair Value of Plan Assets	–	–
3) Benefit Asset/(Liability)	(291.86)	(148.70)
IV Movement in benefit liability		
1) Opening defined benefit obligation	154.50	68.31
2) Interest cost	13.03	8.57
3) Current Service Cost	90.47	77.06
4) Benefits paid	(4.81)	(1.06)
5) Past Service Cost	9.44	–
6) Actuarial (gains) / losses on obligation	29.23	1.62
7) Closing benefit obligation	291.86	154.50

	2009-10	2008-09
V The Principal actuarial assumptions are as follows		
1) Discount Rate	8.00%	7.50%
2) Salary increase	8.00%	5.00%
3) Withdrawal Rate	Varying between 5% & 2% per annum depending upon duration and age of the employees.	
4) Expected rate of return on Plan assets	–	–

(₹ in Lacs)

	2009-10	2008-09	2007-08	2006-07
VI Amounts for the current and earlier years are as follows.				
1) Defined benefit obligation	291.86	154.50	68.31	28.69
2) Plan Assets	–	–	–	–
3) Surplus/(Deficit)	(291.86)	(154.50)	(68.31)	(28.69)
4) Experience adjustments on Plan Assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5) Experience adjustments on Plan Liabilities.	22.09	14.65	–	–

Notes:

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

b) Defined benefit obligation for subsidiaries prior to 2007-08 not available and hence not furnished.

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

13 Earnings per Share (EPS)

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

	2009-10	2008-09
Profit after taxation as per Accounts (₹ in lacs) used for Basic EPS	13735.51	4605.84
Debenture Interest net of tax	33.60	189.16
Profit after taxation as per Accounts but before Debentures Interest net of tax (₹ in lacs) used for Diluted EPS	**13769.11**	**4795.00**
Weighted average No. of Equity Shares outstanding in calculating Basic EPS	112205659	91231247
Weighted average No. of equivalent Equity Shares on account of Fully Convertible Debentures for Diluted EPS	1273364	8154000
Weighted average No. of equivalent Equity Shares on account of Share Warrants in calculating Diluted EPS	955815	11110249
Weighted average number of equity shares in calculating Diluted EPS	**114434838**	**110495496**
Nominal value of Shares (₹)	10.00	10.00
Basic EPS (₹)	12.24	5.05
Diluted EPS (₹)	12.03	4.17

14 Operating Lease

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

(₹ in Lacs)

Particulars	2009-10	2008-09
Lease payment for the year	312.00	260.00
Minimum Lease payment :		
Not later than one year	312.00	312.00
Later than one year but not later than five years	1248.00	1248.00
Later than five years	988.00	1300.00

15 Advances recoverable in cash or kind for value to be received or pending adjustments includes the following amount due from the companies under the same management.

(₹ in Lacs)

	Maximum Amount due during the year 31.03.2010	Maximum Amount due during the year 31.03.2009	As at 31.03.2010	As at 31.03.2009
Adhunik Corporation Ltd.	102.41	1,158.15	–	106.43
Adhunik Alloys & Power Ltd.	1,309.73	1,405.22	17.84	1,405.22
Adhunik Infotech Limited	–	471.97	–	471.97
Adhunik Industries Ltd.	418.52	608.65	22.93	433.51
Adhunik Meghalaya Steels Pvt. Ltd.	6.00	450.44	–	6.00
Adhunik Steels Ltd.	12,123.23	1,781.99	5,239.73	1,781.99
Futuristic Steel Ltd.	477.86	442.00	–	220.22
Gajeshwar Ispat Ltd	–	–	–	–
Pragati Ispat Udyog	–	1.60	–	1.60
Manohar Management Ltd.	–	–	–	–
Neepaz Infrastructure Development Ltd	–	1,052.32	–	1,052.32
Sri M. P. Ispat & Powers Pvt. Ltd.*	–	14,308.38	–	1,262.22
Swarnrekha Steel Industries	113.37	1,195.37	113.37	1,195.37
United Ukraine Technology (P) Ltd.	–	–	–	–
Vasundhra Resources Ltd	10.00	10.00	–	10.00
Ved Vyas Ispat Ltd *	–	2,096.22	–	2,096.22
Zion Steel Ltd.	611.33	2,184.79	–	611.33

* Merged with the Company during the year

16 a) Store & Spares amounting to ₹ 1,360.56 lacs (₹ 802.40 lacs) are included under other heads of expenses in the Profit & Loss Account.

b) Salaries & Wages relating to repairs have not been segregated but are charged to the relevant account heads.

17 Excise duty on sales amounting to ₹ 8,986.06 Lacs (₹ 12,097.02 Lacs) has been reduced from sales in Profit and Loss Account and excise duty

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

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

on stocks amounting to ₹ 1,218.73 Lacs (₹ -156.51 Lacs) represents differential excise duty on opening and closing stock of finished goods.

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

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

(₹ in Lacs)

		2009-10	2008-09
i)	Principal amount remaining unpaid to any supplier at the end of accounting year.	153.85	154.71
ii)	Interest due on above	12.44	3.64
	Total of (i) & (ii)	**166.29**	**158.35**
iii)	Amount of interest paid by the Company to the suppliers	NIL	NIL
iv)	Amounts paid to the suppliers beyond the respective due date	441.58	804.50
v)	Amount of interest due and payable for the period of delay in payments but without adding the interest specified under the Act	NIL	NIL
vi)	Amount of interest accrued and remaining unpaid at the end of accounting year.	37.37	24.92
vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this act.	NIL	NIL

19 Certain promoters of the Company were allotted 49,89,682 nos. of equity warrants, on preferential basis, during the year 2007-08, pursuant to the then applicable SEBI (Disclosure and Investor Protection) Guidelines, 2000. The said promoters have not exercised the right to apply for equity shares within the stipulated period of 18 months from the date of allotment of Equity Warrants. Consequently, in accordance with the said SEBI Guidelines, the entitlement of the warrant holders to apply for equity shares has expired on May 28, 2009 and the aggregate amount of ₹ 588.78 lacs received towards the issue of equity warrants has been forfeited and credited to capital reserve account.

20 a) During the year the Company has allotted to Clearwater Capital Partners (Cyprus) Ltd. (CCP) 81,54,000 nos. of fully paid equity shares of ₹ 10 @ ₹ 122.64 each aggregating to ₹ 10,000.00 Lacs against the Fully Convertible Debentures of equal numbers.

b) The Company has also issued 61,20,567 equity shares of ₹ 10 @ ₹ 118 each on May 28, 2009 aggregating to ₹ 7,222.27 Lacs to the Companies and the Parties covered under Register maintained under Section 301 of the Companies Act, 1956 against share warrants allotted in December 2007.

c) The money so received has been utilized as given below -

	₹ in Lacs
Working Capital Purposes	5,594.55
Purchase of Capital Goods	503.47
Investments	1,713.03
Total	**7811.05**

21 a) During the year, the Company has raised money amounting to ₹ 13,713 lacs, through QIP route as per Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and has allotted 13,960,400 no. of equity share of ₹ 10 each at a premium of ₹ 88.23 each.

b) The money so received has been utilized as given below -

	₹ in Lacs
Repayment of Short Term Loan	5,000.00
Repayment of cash credit & Bank overdraft	8169.14
Payment of share issue expenses	543.86
Total	**13713.00**

22 a) Pursuant to scheme of Amalgamation as approved by the Hon"ble Hight Court of Kolkata vide its Order dated September 16, 2009 for the merger of Sri M P Ispat & Power Private Limited (SMPIPPL) with the Company and as approved by the Hon'ble High Court of Orissa vide its Order dated December 16, 2009 for merger of Vedvyas Ispat Limited (VIL) with the Company, the businesses of erstwhile SMPIPPL and VIL along with related assets and liabilities have been transferred to and vested with the Company from the appointed date April 1, 2008. The principal business of Sri M P Ispat & Power Private Ltd. and Vedvyas Ispat Ltd. is manufacturing of Coke and Sponge Iron respectively. From April 1, 2009 the company has carried out the business of erstwhile SMPIPPL and VIL as trustee. All transactions during the year 2009-10 relating to erstwhile SMPIPPL and VIL (after eliminating profit in inter unit transaction) have been incorporated in the books of Accounts of the Company. As per aforesaid scheme of amalgamation, difference of ₹ 429.27 lacs arisen between the net assets

transferred as of April 1, 2009 and the equity share issued (as computed below) has been credited to General Reserve.

(₹ in Lacs)

Particulars	SMPIPPL	VIL	Total
Fixed Assets & Capital Work in Progress	5838.07	2705.03	8543.09
Deferred Tax Assets	111.98	0.00	111.98
Net Current Assets	195.54	-1329.42	-1133.88
Profit & Loss Account Debit Balance	213.98	0.00	213.98
Misc. Expenditure	0.46		0.46
Total (A)	**6360.03**	**1375.60**	**7735.63**
Less : Secured Loans	3028.94	227.17	3256.12
Unsecured Loans	962.08	442.00	1404.08
Deferred Tax Liabilities		49.05	49.05
Share Application Money	1000.00	0.00	1000.00
Reserves & Surplus	1094.40	99.38	1193.78
Amount of Equity Share issued to the Shareholders of erstwhile SMPIPPL & VIL	277.37	125.96	403.33
Total (B)	**6362.80**	**943.56**	**7306.36**
General Reserve (A-B)	**-2.77**	**432.04**	**429.27**

b) The amalgamation has been accounted for under " Pooling of Interest Method" as prescribed by Accounting Standard -14 " Accounting for amalgamations" issued by the Institute of Chartered Accountants of India.

c) As provided in the scheme, the company has to allotted 2773732 shares of ₹ 10 each in share swap ratio of 0.99:1 to the shareholders of Sri M.P.Ispat & Power Private Limited and 1259590 shares of ₹ 10 each in share swap ratio of 4.43:1 to the shareholders of Vedvyas Ispat Limited.

d) Certain leasehold rights, Building, Licenses, Agreements, Loan documents etc are in process of being transferred in the name of the Company. In term of the Scheme, all employees in the service of erstwhile SMPIPPL & VIL have become employees of the Company without any break or interruption of service. All rights, duties, power and obligation of erstwhile SMPIPPL and VIL in relation to PF, Gratuity Fund etc are in the process of being transferred in the name of the Company.

23 Interest in Partnership Firm

The Company's share of the assets, liabilities, income and expenses of United Minerals, a Partnership firm (jointly controlled entity) as per the audited accounts as at and for the year ended March 31, 2010 are as follows :

(₹ in Lacs)

Particulars	2009-10	2008-09
Assets	29.26	30.59
Liabilities	15.75	17.55
Capital Reserves	3.44	3.44
Revenue	11.23	25.71
Depreciation	0.80	0.94
Others Expenses	9.74	24.30
Profit / (Loss) after tax	0.48	0.26
Capital Commitment	–	–
Contingent Liability	–	–

24 Prior Period Adjustments comprises of :

(₹ in Lacs)

	2009-10	2008-09
Income		
Rent & Hire Charges	134.74	0.00
Operation & Maintenance Charges	7.30	0.00
Rates & Taxes	48.11	
Total (A)	**190.15**	**0.00**
Expenses		
Stores and Spares Consumed	57.67	
Selling Expenses	41.37	3.00
Security Charges	21.50	0.00
Interest	205.55	
Miscellaneous Expenses	70.73	66.93
Total (B)	**396.82**	**69.93**
Total (B-A)	**206.67**	**69.93**

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

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

25 The Company's segmental information as at and for the year ended March 31, 2010 are as below : (₹ in Lacs)

	2009-10				2008-09			
	Iron & steel	Mining	Power	Total	Iron & steel	Mining	Power	Total
A. Revenue *								
External sales	128,472.10	25,364.92	–	153,837.02	123,867.65	8,086.21	–	131,953.86
Inter Segment Sales	1,387.55	7,484.76	–	8,872.31	–	4,738.36	–	4,738.36
Total Revenue				144,964.71				127,215.49
B. Results								
Segment Results	21,139.04	14,732.60	–	35,871.64	13,194.65	6,072.11	–	19,266.76
Unallocated Income / (Expenses) (Net of unallocated expenses / income)				(75.13)				32.24
Operating Profit				35,946.77				19,234.52
Interest Expenses				15,945.50				12,007.51
Provision for Taxation				5,442.04				2,251.86
Excess Provision written back				256.33				(16.66)
Fringe Benefit Tax				–				74.68
Deferred tax				595.82				318.20
Net Profit				13,707.07				4,598.91
Other Information								
A. Total Assets								
Segment Assets	230,680.09	53,993.90	54,717.09	339,391.08	192,478.80	25,489.69	19,108.72	237,077.21
Unallocated Corporate / other assets				15,272.41				15,017.21
				354,663.49				252,094.42
B. Total Liabilities								
Segment Liabilities	201,072.30	28,315.11	43,622.37	273,009.78	198,801.39	4,173.64	798.48	203,773.51
Unallocated Corporate / other liabilities				4,173.52				1,479.57
				277,183.30				205,253.08
C. Capital Expenditure	34,788.33	21,333.36	37,361.53	93,483.22	35,173.56	7,739.23	14,378.40	57,291.19
D. Depreciation / Amortisation	6,145.76	621.32	–	6,767.08	3,857.34	163.20	–	4,020.55
E. Geographical Segment								
i) Revenue *								
India				153,538.58				125,274.28
Overseas				298.44				6,679.58
				153,837.02				131,953.86
ii) Segment Assets								
India				354,663.49				252,094.42
Overseas				–				–
				354,663.49				252,094.42
iii) Capital Expenditure								
India				93,483.22				57,291.19
Overseas				–				–
				93,483.22				57,291.19

* Net of Excise Duty and Sales Tax

Notes:

i) **Business Segment:** The Company is primarily engaged in the business of manufacturing and sale of iron and steel products. However, besides Iron and Steel, the Company has also identified Mining and Power as reportable segment, in terms of Accounting Standard 17 on 'Segment Reporting'.

The Power Segment consists of the subsidiary Adhunik Power and Natural Resources Limited, which is under pre-operative stage, hence no segment revenue and results are appearing in the segment disclosure.

ii) **Geographical Segment:** The group primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas Operations.

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

26 Related Party Disclosures :

a) Name of the related parties :

Key Management Personnel	Mr. Ghanshyam Das Agarwal (Chairman)
	Mr. Manoj Kumar Agarwal (Managing Director)
	Mr. Jugal Kishore Agarwal (Director)
	Mr. Nirmal Kumar Agarwal (Director)
	Mr. Vilas V Valunj
	Mr. Asfaqu Motiwala
Relatives of Key Management personnel	Mr. Mahesh Kumar Agarwal (Brother of Mr Manoj Kumar Agarwal)
	Mr. Mohan Lal Agarwal (Brother of Mr Manoj Kumar Agarwal)
	Mr. Naveen Agarwal (Son of Mr. Jugal Kishore Agarwal)
	Mr. Sachin Agarwal (Son of Mr. Jugal Kishore Agarwal)
	Mrs Chandrakanta Agarwal (Wife of Mr. Mahesh Agarwal)
	Mrs Ekta Agarwal (Wife of Mr. Naveen Agarwal
	Mrs Meena Agarwal (Wife of Mr. Ghanshyam Das Agarwal)
	Mrs Rita Agarwal (Wife of Mr. Mohan Lal Agarwal)
	Mrs. Anita Agarwal (Wife of Mr. Nirmal Kumar Agarwal)
	Mrs. Pramila Agarwal (Wife of Mr. Jugal Kishore Agarwal)
	Mrs. Sonika Agarwal (Wife of Mr. Manoj Kumar Agarwal)
Enterprises over which Key Management Personnel / Relatives have significant influence	Adhunik Corporation Ltd.
	Adhunik Alloys & Power Ltd.
	Adhunik Cement Ltd.
	Adhunik Cement (Assam) Ltd.
	Adhunik Ferro Alloys Ltd.
	Adhunik Infotech Ltd.
	Adhunik Industries Ltd. (w.e.f. 05.01.2010)
	Adhunik Meghalaya Steels (Private) Ltd.
	Adhunik Shristi Ltd
	Adhunik Steels Ltd.
	Akshardham Mercantile Pvt. Ltd.
	Balaji Enterprises
	Futuristic Steels Ltd.
	Gajeshwar Ispat Pvt. Ltd.
	Ganga Power & Natural Resources Ltd
	Ganesh Enterprises
	Mahananda Suppliers Ltd.
	Mansingh Trading Pvt. Ltd.
	Neepaz Power Ltd.
	Perfromance Marketing Ltd
	Pragati Ispat Udyog
	Ribhoi Mining and Minerals Pvt Ltd
	Salasar Enterprises
	Shivalik Transport Co.
	Sri MP Ispat & Power (Private) Ltd.*
	Sonapahar Natrural Resources Pvt Ltd
	Sungrowth Shares & Stock Limited
	Swarnarekha Steel Industries Ltd
	Vasundhra Resources Ltd
	Ved Vyas Ispat Ltd.*
	West Kashi Minerals & Mining Pvt Ltd
	Zion Steel Ltd.
	* Merged with the Company during the year

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

26 b) Aggregated Related Party Disclosures for the period ended March 31, 2010

(₹ in Lacs)

Name of the Related Party	Advance against Sale	Advance for Purchase	Purchase of goods	Sales of goods	Interest (Payable)/ Receivable	Conversion Charges, Hire charges, Accounting & Maintenance charges and Rent	Hire charges/ received	Unsecured Loans	Finance - equity contributions	Purchase of Fixed Assets	Purchase of Investment	Warrants	Sale of Investment	Loan Taken/ Given	Remuneration to Managing Director	Sale of Fixed Assets	Balance outstanding as at the end of period - Debit	Balance outstanding as at the end of period - Credit
Key Management Personnel																		
Manoj Kumar Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	117.29	–	6.72	–
	–	–	–	–	–	–	–	–	–	–	–	(53.10)	–	–	(100.47)	–	(5.46)	–
Jugal Kishore Agarwal	–	–	–	–	–	0.14	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	(0.05)	–	–	–	–	–	(53.10)	–	–	–	–	–	(0.05)
Nirmal Kumar Agarwal	–	–	–	–	–	0.11	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	(53.10)	–	–	–	–	–	–
Ghanshyamdas Agarwal	–	–	–	–	–	0.21	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	(53.10)	–	–	–	–	–	–
Mr. Vilas V Valunj	–	–	–	–	–	–	–	–	380.47	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(380.00)
Mr. Ariff Tikki	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(33.50)
Mr. Asfaqu Motiwala	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	65.00
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Relatives of Key Management Personnel					–								–					–
Mohan Lal Agarwal	–	–	–	–	–	0.36	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	(53.10)	–	–	–	–	–	–
Mahesh Kr. Agarwal	–	–	–	–	–	–	–	–	–		–	–	–	–	–	–	–	–
	–	–	–	–	–	(0.12)						(53.10)	–					–
Mr. D.B.Mohire	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mrs. Vaisali Valunj	–	–	–	–	–	–	–	–	1.20	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1.20)
Mrs. Smita D. Mohire	–	–	–	–	–	–	–	–	(24.33)	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(24.33)
Anita Agarwal	–	–	–	–	–	0.24	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	(0.24)	–	–	–	–	–	(53.10)	–	–	–	–	–	–
Sonika Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	(53.10)	–	–	–	–	–	–
Meena Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	(50.10)	–	–	–	–	–	–
Chandrakanta Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	(53.10)	–	–	–	–	–	–
Rita Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	(48.50)	–	–	–	–	–	–
Naveen Kr. Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	(26.55)	–	–	–	–	–	–
Sachin Kr. Agarwal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	(26.55)	–	–	–	–	–	–
Enterprised over which key management personnel / relatives have significant influence																		
Adhunik Corporation. Ltd	–	–	61.52	–	–	–	59.01	–	–		–	–	–	–	–	–	129.81	–
	–	(19.00)	(0.57)	(1720.70)	–	(1.81)	(58.81)	–	–	–	–	–	–	–	–	–	(106.43)	–

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

26 b) Aggregated Related Party Disclosures for the period ended March 31, 2010

(₹ in Lacs)

Name of the Related Party	Advance against Sale	Advance for Purchase	Purchase of goods	Sales of goods	Interest (Payable)/ Receivable	Conversion Charges, Hire charges, Accounting & Maintenance charges and Rent	Hire charges/ received	Unsecured Loans	Finance - equity contributions	Purchase of Fixed Assets	Purchase of Investment	Warrants	Sale of Investment	Loan Taken/ Given	Remuneration to Managing Director	Sale of Fixed Assets	Balance outstanding as at the end of period - Debit	Balance outstanding as at the end of period - Credit
Enterprised over which key management personnel / relatives have significant influence																		
Adhunik Cement Ltd	63.44	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(45.83)	–	–	(36.53)	–	–	–	–	–	–	–	–	–	–	–	–	–	(9.30)
Adhunik Steels Ltd	–	11,365.06	5322.26	–	686.92	801.65	–	–	744.34	–	–	–	–	–	–	–	1,417.39	–
	–	(13512.88)	(1508.24)	–	–	(23.89)	–	–	(3289.20)	–	–	–	–	–	–	–	(1781.99)	–
Adhunik Alloys & Power Ltd	440.00	1,040.46	168.26	7209.75	163.44	102.00	65.72			107.07				5,686.16			3,164.19	
	(1069.95)	(5331.27)	(261.58)	(1219.14)	(145.62)	(12.44)	(386.79)	–	–	–	(2000.00)	–	–	–	–	–	(1405.22)	–
Adhunik Meghalaya Steels																		–
Pvt. Ltd.	–	(20.35)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(6.00)	–
Pragati Ispat Udyog	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1.60	–
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(1.60)	–
Futuristic Steels Ltd	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	227.63
	(528.00)	(558.18)	–	–	–	–	(8.22)	–	–	–	–	–	–	–	–	–	(220.22)	–
Adhunik Infotech Limited	–	–	–	–	–	399.86	–	–	–	–	–	–	–	–	–	–	–	10.95
	–	(650.00)	–	–	–	(166.65)	–	–	–	–	–	–	–	–	–	–	(471.97)	(9.57)
Adhunik Industries Ltd	–	–	278.69	–	–	–	–	–	–	22.84	–	–	–	–	–	–	465.73	–
	–	(444.00)	(309.11)	(1355.59)	–	–	(2.85)	–	–	–	–	–	–	–	–	–	(433.51)	–
Swarnrekha Steel Industries	1.50	53.61	–	1428.84	–	–	–	–	–		–	–	–	–	–	–	78.82	–
	–	–	(133.93)	(1206.81)	–	–	–	–	(10.25)	–	–	–	–	–	–	–	(1195.37)	–
Gajeshwar Ispat Pvt Ltd	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	34.24	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sungrowth Shares & Stock Ltd.	–	–	–	–	–	–	–	–	508.00	–	1,016.00		1,320.00	–	–	–	–	–
	–	33.37	–	–	–	–	–	–	–	–	–	(281.90)	–	–	–	–	–	–
Sri M P Ispat & Power Ltd *	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(173.24)	–	(1537.55)	(2007.20)	–	–	(0.39)	–	–	–	–	–	–	–	–	–	(1262.22)	–
Ved Vyas Ispat Ltd.*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	(1590.20)	(1966.68)	(506.02)	–	–	–	–	–	–	–	–	–	–	–	–	(2096.22)	–
Ganges Enterprises	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	(6.50)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Zion Steel	–	–	778.78	628.89	–	–	–	–	–	–	–	–	–	–	–	–	559.69	–
	–	(455.30)	(75.10)	(3207.73)	(2.16)	–	–	–	–	–	–	–	–	–	–	–	(611.33)	–
Neepaz Infrastructure	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Development Ltd	–	(105.00)	–	–	(2.32)	–	–	–	(1050.00)	–	–	–	–	–	–	–	(1052.32)	–
Vasundhra Resources Ltd	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	(10.00)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(10.00)	–
Mahananda Suppliers Ltd.	–	–	–	–	–	–	–	–	227.50	–	455.00	–	880.00	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	(289.50)	–	–	–	–	–	–
Akshar dham Marcantile	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	235.05
Pvt. Ltd.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(235.05)
Grand Total	504.94	12459.13	6609.51	9267.48	850.36	1304.57	124.73	0.00	1837.18	129.91	1471.00	0.00	–	–	117.29	–	5823.95	538.63
Previous Year	(1817.02)	(22655.42)	(5792.76)	(11259.72)	(150.10)	(205.20)	(457.06)	0.00	(4349.45)	0.00	(2000.00)	(1201.00)	0.00	0.00	(100.47)	–	(10665.86)	(693.00)

Note:

1. The above is excluding personal guarantee given by promoter directors of the Company and its subsidiary towards availing secured loans.

* Merged with the company during the year

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

27 Previous year's figures including those given in brackets have been regrouped / rearranged wherever considered necessary. Further, figures for the current year, are inclusive of the figures relating to Vedvyas Ispat Ltd. and Sri M .P. Ispat & Power Pvt. Ltd. which have merged with the company with effect from 1.4.2009 and thus, are not comparable with the previous year's figures.

Signatories to Schedules 1 to 25

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

Per R. K. Agarwal
a Partner
Membership No. 16667

Place: Kolkata
Date: May 30, 2010

As Approved
For and on behalf of the Board of Directors

Manoj Kumar Agarwal
Managing Director

Ghanshyam Das Agarwal
Chairman

Nirmal Kumar Agarwal
Director

Anand Sharma
Company Secretary

A TRISYS PRODUCT
info@trisyscom.com

Adhunik

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

www.adhunikgroup.com