

# Annual Report

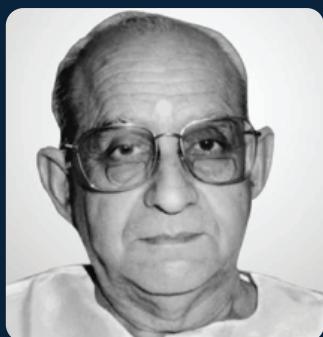
## 2013 - 14



Strengthening Trust  
Meeting Excellence



## The Man Who Showed The Way To Excel



Sri Mahadeo Prasad Agarwal  
(24 October 1925 – 13th May 2002)

Respected Sri Mahadeo Prasad Agarwal, the visionary behind Adhunik laid the foundation stone of the Group which has now flourished to be known as Adhunik Group. What started as a trickle – is now developing into a potent economic force – a force to reckon with. The roots of Adhunik are steel strong. The sure-footed way in which the group is embarking upon a journey is comprehended as one of the finest examples of how a group can grow with values, determination, technological excellence and care for its customers.

We dedicate ourselves to the ideas and values cherished and nurtured by him and commit ourselves to the organization's building task.

Seek to attain leadership in businesses through a relentless pursuit of excellence, while delivering superior value to customers & stakeholders.

*- Sri Mahadeo Prasad Agarwal*

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## Adhunik Group at a Glance

### A Yardstick of Excellence

Excellence is an art won by training and habituation. The will to win, the desire to succeed, the urge to reach the full potential...these are the keys that unlock the door to it.

Adhunik Group has taken itself to the zenith of Trust, Value and Service by virtue of its passion for delivering excellence. An INR 5000 crore conglomerate today, this is one of India's fastest growing industrial entities - a potent economic force. Applying latest innovations and state of the art & technology in manufacturing of the finest quality of iron and steel products have helped Adhunik to hold in premium quality for over a period of four decades.

**Steel** - The Group has steel manufacturing facilities in West Bengal, Orissa and Jharkhand. It has set up an integrated steel plant of 0.45 million ton at Sundergarh, Orissa, with state-of-the-art technology. It has been allotted a captive iron ore mine at Keonjhar and captive coal mines at Talcher and Angul in Orissa. The Group has also started operations and dispatches from its captive iron ore mines.

**Mining** - In the mining sector, it has iron ore and manganese ore mines in Jharkhand and Orissa, respectively. The Group has mining resources including iron ore, coal and manganese ore which are the key inputs of Steel production. The Group has also set up 1.2 Million ton Pellet and Beneficiation plant in Jharkhand to utilize the low grade iron ore fines and convert them into value added product Pellet.

**Power** - The Group has embarked upon an ambitious expansion plan in the power sector. It had implemented a 540 MW power plant in Jharkhand. The Group has also secured captive coal block for this plant.

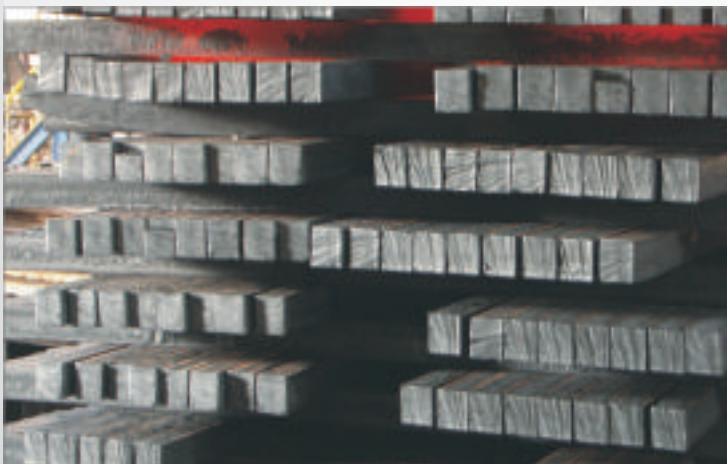
Over the years, the Group has shown giant financial growth with consistent profit making. Within a very short span of time, the products of the Group have been recognized by major automobile component manufacturing and automobile companies. The Group caters to diversified sectors including automobiles, telecom, power, railways, engineering, oil & gas and construction.

## **Adhunik Industries Limited (Adhunik Ind) Right from the Mines to the Finished Metals**

**All Manufactures Steel of Excellence**

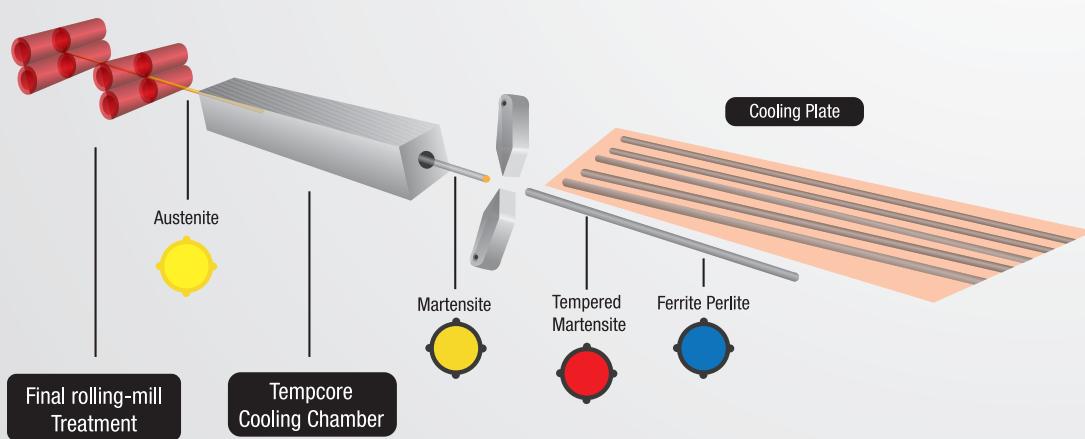
AIL has ensured that it retains complete control over the quality of material used in the production process by integrating every process of steelmaking. The Integrated Steel Plant has helped Adhunik maintain its focus in meeting its customers' entire requirement of construction grade Steel of world class quality. Ownership of captive resources helps it control any fluctuation in prices of raw materials.

Steel making can be experienced at its best at Adhunik Industries Limited. The Adhunik TMT bars are produced using the world's most advanced technology – the Tempcore Process – in collaboration with Centre De Recherche Metallurgiques (CRM), Belgium.



## The Rolling Mill Producing Excellent TMT Bars

In Adhunik Industries Ltd. steel billets are heated in a fully automated re-heating furnace. The red-hot billets then pass through the roughing mill to reach the continuous finishing mill. The billets are rolled through the rolling strands, to size and shape up in the form of rods. They are now ready for the Thermo Mechanical Treatment. At the cooling chamber Adhunik's latest Tempcore Technology (from Belgium) increases the tensile strength uniformly all along. The hot, rolled bars undergo rapid quenching with the help of a special water spray system which is auto-controlled by the PLC system. The cooling results in a sharp fall of temperature and forms a hard structure called 'Martensite' at the surface. But the core still remains hot and soft. The rods then pass on to the Cooling Bed, where heat emits out from the austenitic core to form ductile Ferrite-Pearlite.



## Unique Physiology

The combination of Martensite and Ferrite Pearlite, obtained through the Thermo Mechanical Treatment imparts higher strength to Adhunik TMT bars compared to the traditional cold-twisted reinforcing bars. The bars are ribbed uniformly vertically and horizontally by the use of a latest ribbing machine whose operation is controlled completely with computers. After cutting in to different sizes and sent to the stack yard. Then they are tagged accordingly and dispatched.





## Unique Chemistry

Adhunik Bars conform to Fe 500D, IS 1786:2008 specifications.

- Its carbon levels are lower than the specifications, which result in high bending capacity and a superior welding strength.
- Its Phosphorus and Sulphur levels are lower than the specifications, which result in higher ductility ensuring the product to be earthquake resistant.
- Its lower level of impurities result in better corrosion resistant.



## Comparative chart With BIS Standard

Chemical Composition				
	Carbon	Sulphur	Phosphorus	Sulphur & Phosphorus
<b>BIS 415</b>	0.32	0.065 MAX	0.065 MAX	0.12 MAX
<b>ADHUNIK 415</b>	0.22	0.026	0.027	0.053
<b>BIS 500</b>	0.3	0.055 MAX	0.055 MAX	0.105 MAX
<b>ADHUNIK 500</b>	0.19	0.032	0.032	0.064
<b>BIS500D</b>	0.25	0.04 MAX	0.04 MAX	0.075 MAX
<b>ADHUNIK 500D</b>	0.22	0.025	0.032	0.057

*In Testing Condition*

Mechanical Composition			
	Yield Stress	Tensile Strength	Elongation
<b>BIS 415</b>	415	10% more than actual yield stress	14.5
<b>ADHUNIK 415</b>	472.9	10% more than actual yield stress	20.9
<b>BIS 500</b>	500	8% more than actual yield stress	12
<b>ADHUNIK 500</b>	505	8% more than actual yield stress	22.38
<b>BIS500D</b>	500	10% more than actual yield stress	16
<b>ADHUNIK 500D</b>	555	10% more than actual yield stress	19.3

*In Testing Condition*

## Products that bear Hallmark of Excellence

From the very beginning, Adhunik Industries Ltd (AIL) has constantly been innovating and developing radical solutions in Indian iron and steel industry. We aim to anticipate and identify consumer preferences for ideal products. The latest in this endeavor is the introduction of a superior quality RE-BAR called 500D. Made as per the latest amendment in BIS standard, each and every Adhunik 500D TMT RE-BAR obtains highest mechanical and chemical standards that reduce the presence of phosphorus and sulphur in the RE-BAR. Adhunik 500D TMT RE-BAR has an amazing ability to resist heat up to 600 degree Celsius and ensures cent percent quality, reliability and architectural excellence at its best.

At AIL, we develop our products to meet the needs of our customers and continually adjust them to keep pace in the changing marketplace. Adhunik TMT Bars are superior to the traditional re-bars because they perform consistently at all times due to the superior quality of billets used, excellent dimensional tolerance and surface quality. No wonder, the discernible buyers prefer our products over other brands owing to their consistency and higher level of quality.





Why are Adhunik TMT bars  
**THE ENDURING  
SYMBOL OF  
EXCELLENCE**

# The Enduring Symbol of Excellence



## HIGHER STRENGTH WITH BETTER ENDURANCE

Adhunik Fe 500D TMT BAR is 40%-45% stronger and more enduring in comparison to other Fe 500 TMT BARS. The TEMPCORE PROCESS makes the Bars much stronger and the latest THERMO-MECHANICAL TREATMENT provides it with higher endurance.



## EASY WORKING AT SITE OWING TO BETTER DUCTILITY

Adhunik 500D TMT BARs are produced from selected raw materials where the presence of Carbon is very low. This allows better weldability with no loss of strength at weld joints.



## EXCELLENT WELDABILITY

Adhunik 500D TMT BARs are produced from quality raw materials where the presence of Carbon is very low. Weldability is superior with no loss of strength at weld joints. No pre-heating and post-heating is required during welding.



## SAVING OF STEEL BY 14%-19%

The sectional weight of Adhunik Fe 500D TMT BAR is always maintained on lower tolerance which reduces the quantity of steel by 14%-19% without compromising on strength.



## BETTER BONDABILITY

Adhunik Fe 500D TMT BARs are scientifically designed. The uniform ribs on the surface ensure an extraordinary bonding between the BAR and its surrounding concrete.



## EARTHQUAKE RESISTANT

Higher elongation compared to ISI standard and matching with the International Standard of 18.5%, makes it the most effective earthquake resistant bar available in the country.



## BETTER CORROSION RESISTANT

Only Adhunik 500D TMT BARs are suitable for coastal areas where risk of corrosion is very high. During the conversion process of Adhunik 500D TMT BARs, where the bars are normalized on the cooling bed, temperature comes out from the core and spreads onto the BAR surface. In presence of moisture in air, an Oxide called Ferric Oxide forms on the surface of the bar which is very hard. This hard surface does not corrode in presence of Chloride ions as is common in CTD or TOR Steel.



## RESISTANT TO FIRE HAZARDS

Adhunik 500D TMT BAR has higher thermal ability in comparison to CTD BAR or TOR Steel. It can tolerate heat up to 600° centigrade without losing any strength.

## Quality that Ensures

**Safe & strong**

Adhunik Bars possess a combination of strength and ductility in excess of the minimum limits specified by IS:1786. These superior values of strength and ductility represent higher level of safety.

Mech. Properties	Adhunik* Fe 415	Adhunik* Fe 500	Adhunik* Fe 500D
Yield stress	415	500	500
Tensile strength	10% more than the actual Yield stress.	8% more than the actual Yield stress.	10% more than the actual Yield stress.
Elongation %	14.5	12.0	16.0

(\*Typical values for 90% of heats)

## Product Range

Adhunik bars are available in a wide range of sizes: 8, 10, 12, 16, 20, 22, 25, 28 and 32mm.

Section (mm)	Nominal Weight (kg/meter)	Nominal Weight (Mts/MT approx)
8	0.396	2531
10	0.617	1620
12	0.888	1126
16	1.58	633
20	2.47	405
25	3.85	260
28	4.83	207
32	6.31	159





## Economy in steel

With specifications in excess of Fe 415 grade of IS: 1786, Adhunik can be defined as a new generation re-bar with usable yield strength. As a result, a T-beam floor built with Adhunik on the basis of either the working stress or limit state method as per IS:456-1978, leads to a considerable saving in steel, against a mild steel plain bar.

## Applications

The range of applications of Adhunik bars extends across residential and project constructions. The residential segment is catered to by Adhunik Industries Ltd. by an extensive network of authorized dealers and distributors.

## Adhunik Corporate Social Responsibility

Serving Society, Touching Lives

While treading on the path of industrial development the Group also has a proactive social face and is working continuously towards peripheral development. The human face is evident from the fact that the Group has installed state of the art and stringent pollution control equipment in the Plant to save its employees and population in the vicinity from the vagaries of industrial pollutants. The Group seeks to excel in industrial growth with environmental steps conforming to international standards.



The Group also embarked on a massive peripheral growth development under guidance of the District Administration. The works already completed include excavation of ponds, repair and digging of dug wells and tube-wells for drinking water, repairing of schools, encouragement to local sports, construction and maintenance of village roads, free ambulance service and medical check-ups, and several other benefits of the localities. The Group has also taken up an irrigation scheme to irrigate more than 300 acres of agricultural land benefitting more than 700 families in Orissa & Jharkhand. The Group is publishing a magazine called 'DISHA' where the Corporate Social Responsibility activities taken up by the group is mentioned separately in share and care section.

Further the entire group is doing its CSR projects through one of its organization setup called 'NAV NIRMAN SANSTHA'.



## Letter to Shareholders

**Dear Fellow Shareowners,**

In F.Y. 2013-14, the global economy showed signs of recovery with growth in demand and despite global and domestic challenges as well, Adhunik Industries Limited (Adhunikind) continued in its growth path. The Company achieved a record revenue from operations amounted to Rs. 485.96 Crores (Growth of 8% as compared to P.Y. 2012-13) during the F.Y. 2013-14. Further, EBIDTA has been increased by 17.73% during the F.Y. 2013-14 as compared to P.Y. 2012-13. The Company has also started exports of its finished goods to neighboring countries of India such as Nepal in order to gain from the foreign currency fluctuation.



### CURRENT SCENARIO OF STEEL INDUSTRIES

As we all are aware that the demand for steel industry is very bright and is expected to rise by 7% in the coming financial years. The overall outlook for the Steel sector is positive. Also, the New Industrial policy adopted by the Government of India has opened up the iron and steel sector for Foreign Direct Investment (FDI). Allowing Foreign Direct Investment (FDI) has been a positive step since India is heavily dependent on foreign technologies. These foreign technologies generally add life to the plant and production units, which ultimately lead to the country's economic growth. The Government of India has allowed 100% FDI through the automatic route in the Indian steel sector which has significantly reduced the duty payable on finished steel products and has streamlined the associated approval process.

India has become the second best in terms of growth amongst the top ten steel producing countries in the world and a net exporter of steel during 2013–14. Steel production in India recorded a growth rate of 4.8% in February 2014 over February 2013. The cumulative growth during April–February, 2013–14 stood at 4.2% over the corresponding period of the previous year.

Your Company is engaged in the production of Wire Rods and TMT bars which is mainly used in the construction industry. As such, the outlook for your Company is closely linked to that of the steel, infrastructure and real estate industry and the demand for TMT and Wire Rod in particular is influenced by the price & availability of raw materials.

Your Company actively supports the "green initiatives" taken by the Ministry of Corporate Affairs (MCA) and has effected electronic delivery of Annual Report 2013-14 containing the AGM notice to those shareholders whose e-mail addresses were registered with the Registrar and Transfer Agent (RTA) of your Company / Depository Participant, and who have not opted for receiving the Annual Report in physical form. I look forward to receiving your full support in this endeavor to contribute towards a greener environment. A separate section on corporate governance furnishing applicable details forms part of the Directors Report.

#### **ROAD AHEAD**

As India is one of the developing nations around the world and we are expecting fast growth in the near future, demand for steel related products will always be there and will increase substantially keeping in mind the present pace in the Economy. We believe, the Company will be able to survive in the competitive market along with an increase in demand for the products.

#### **HIGHLIGHTS ON PERFORMANCE**

The performance of our steel business has been modest given the challenges in the steel sector. While our focus on backward integration is partially mitigated by availability of raw materials from group companies, we continue to focus on bringing in efficiencies to improve overall corporate performance. During the year, your Company witnessed a growth in sales figures, coupled with wider geographic extension of customer base (domestic as well as foreign market) and extension of product mix to various growing sectors. However, due to increase in raw material prices as well in the market which the Company could not be able to pass its customers due to competitive market, profitability of the company is also affected.

#### **LISTING OF EQUITY SHARE ON BSE LTD.**

I am pleased to inform you in order to give liquidity to our shareholders, we had listed Equity Shares of your Company with Bombay Stock Exchange Limited (BSE) w.e.f. 26th May, 2014 and trading in shares has also started.

#### **CONCLUSION**

I wish to place on record our gratitude to our banks and financial institutions for their encouragement and support and to all employees for their contribution to the growth of the company throughout the year. I would also like to express my profound appreciation for the guidance and support from all the members of the Board. In addition, I would like to express my deep gratitude to all our stakeholders for the continued faith in **Adhunik**.

With best wishes

Sincerely

**Mahesh Kumar Agarwal**

Chairman

29<sup>th</sup> May, 2014

## Management Discussion & Analysis

### **A. Economic Overview**

The economic slowdown bottomed out 2013-14. A spell of global financial turbulence caused capital outflows and pressure on the exchange rate, but strong policy measures stabilized the currency, rebuilt reserves, and narrowed the excessive current account deficit. Weaknesses remain, however, and include persistent inflation, fiscal imbalances, bottlenecks to investment, and inefficiencies that require structural reforms. Without a systemic resolution to these, growth is forecast to pick up modestly.

The economic downdraft of recent years appears to have calmed, and GDP growth in FY2014 is expected to inch upward by 5.5% on improved performance in industry and services. In FY2015, economic growth is expected to pick up to 6.0%, as a speeding up in advanced economies bolsters external demand and government action opens some structural bottlenecks that have impeded industry and investment.

Indian economy is poised to grow much faster in 2015. Development, reforms and infrastructure are perceived to be ready to take centre stage. With economy expected to return stronger growth, steel demand is expected to be higher to around 5% in the year 2014-15 and potentially around 10% in 2015-16. Leading steel producers in India expect to raise production with steel prices to remain stable in 2014 backed by moderating raw material prices.

(Source: ADB. 2014. Asian Development Outlook 2014)

### **B. Industry Structure and Developments**

India has become the second best in terms of growth amongst the top ten steel producing countries in the world and a net exporter of steel during 2013–14. Steel production in India recorded a growth rate of 4.8% in February 2014 over February 2013. The cumulative growth during April–February, 2013–14 stood at 4.2% over the corresponding period of the previous year. Steel contributes to nearly two per cent of the gross domestic product (GDP) and employs over 500,000 people. The total market value of the Indian steel sector stood at US\$ 57.8 billion in 2011 and is expected to touch US\$ 95.3 billion by 2016. The infrastructure sector is India's largest steel consumer, thereby attracting investments from several global players. Owing to this connection with core infrastructure segments of the economy, the steel industry is of high priority right now. Also, steel demand is derived from other sectors like automobiles, consumer durables and infrastructure; therefore, its fortune is dependent on the growth of these user industries.

The liberalization of the industrial policy and other government initiatives have given a definite impetus for entry, participation and growth of the private sector in the steel industry. Allowing foreign direct investment (FDI) has been a positive step since India is heavily dependent on foreign technologies. These foreign technologies generally add life to the plant and production units, which ultimately lead to the country's economic growth.

The Government of India has allowed 100 per cent FDI through the automatic route in the Indian steel sector. It has significantly reduced the duty payable on finished steel products and has streamlined the associated approval process.

The government is taking steps to increase industrial activity in Uttar Pradesh (UP). Addressing a Conference on 'Demand for Steel in India: The End User Perspective,' the Union Minister of Steel, Mr Beni Prasad Verma said, in order to increase supply of steel to rural consumers, companies like SAIL and RINL have set up 521 and more than 100 rural dealers respectively in remote parts of UP.

In order to provide thrust on research and development (R&D), the Ministry of Steel is encouraging R&D activities both in public and private steel sectors, by providing financial assistance from Steel Development Fund (SDF) and Plan Scheme of the Central Government. Under the SDF scheme, 82 R&D projects have been approved with total project cost of Rs 677 crore (US\$ 111.92 million) wherein SDF assistance is Rs 370 crore (US\$ 61.17 million). Under the Plan Scheme, eight projects were approved with a total cost of Rs 123.27 crore (US\$ 20.38 million) where in Government assistance is Rs 87.28 crore (US\$ 14.43 million).

To encourage beneficiation and pelletization of iron ore fines in the country, basic customs duty on the plants and equipment required for initial setting up or substantial expansion of iron ore pellets plants and iron ore beneficiation plants has been reduced from 7.5 per cent to 2.5 per cent. Import of critical raw materials for steel industry, such as coking coal, non-coking coal and scrap are subject to zero or very low levels of custom duty.

(Source: Indian Brand of Equity Foundation)

Your Company is engaged in the production of wire rods and TMT bars which is mainly used in the construction industry. As such, the outlook for your Company is closely linked to that of the steel, infrastructure and real estate industry and the demand for TMT and wire rod in particular is influenced by the price & availability of raw materials.

### C. Opportunities and Threats

The low per capita steel consumption in India coupled with a large population base provides significant growth, opportunities to the iron and steel industry. The steel demand in India is expected to remain robust in long term due to increasing demand from several sector including automotive, consumer durables, oil and gas, industrial machinery, real estate and infrastructure.

The steel industry is subject to cyclical swings arising from factors such as excess capacity, regional imbalances in demand and supply and volatile swings in market demand and prices. One of major threats to the industry is depleting availability and volatile pricing of raw materials. Any firmness in steel prices gives iron ore producers an opportunity to increase the prices in next contract, however the reverse may not be true as Steel Companies cannot always pass on the rise in iron ore prices to end consumers due to fragmented market.

India possesses the world's eighth largest iron ore reserve. It is the fourth largest iron ore producer in the world but yet fell short in supplying adequate quantity of iron ore to the iron and steel producer as a large chunk of production was exported. Insufficient infrastructure and logistic, land availability and environmental issues are also a concern for growth of domestic iron & Steel industry.

The demand for TMT and wire rod is cyclical in nature reflecting a similar trend in the iron & steel industry and as a result, there is substantial volatility in prices. During the current financial year 2013-14, the prices remain highly volatile throughout the period. However, the Company is able to overcome its projected level of turnover in spite of the overall liquidity tight position in iron & steel industry.

#### **D. Segment-wise or Product-wise Performance**

The Company has identified iron & steel products as its sole operating segment and the same has been treated as primary segment.

#### **E. Future Outlook:**

As India is one of the developing nations around the world and expecting fast growth in the near future, demand for steel related products will always be there. So, the Company will be able to survive in the competitive market with increase in demand for the products.

#### **F. Risks and Concerns:**

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

##### **Industry Risk**

Demand is dependent on general economic conditions. A downturn can affect business and earnings. The low per capita steel consumption in India coupled with a large population base provides significant growth opportunities to the iron and steel industry. The urgent need towards infrastructure creation and surging consumption growth are visible opportunities that will drive iron and steel demand.

##### **Raw Material Risk**

Inability of the Company to procure right quality and quantity of raw material at right price could affect business sustainability. The same is mitigated from the supply from the group companies. Also, reputed suppliers are there in the market from which the Company is procuring raw materials at present.

##### **Cost Risk**

Managing costs is a key to protect profitability, especially across volatile market cycles. The Company had implemented a vast cost reduction/ cost control programme under the supervision of expert team of professionals who are actively engaged in finding various cost reduction techniques that could be implemented without hampering the quality and credibility of the brand of its products.

### **Health, Safety and Environment Risk**

The manufacture of steel involves steps that are potentially hazardous if not executed with due care. The Company maintains the highest safety standards within its operating units and is a ISO certified (ISO 9001:2008, 14001:2004 & 18001:2007) organization. Further, there is a team of professional who conducts regular training programmes to implement the concept of maintain safe operations among the employees and to educate the team on safety norms and procedures to be followed in an unfortunate situation.

### **G. Internal Control Systems and their Adequacy:**

Your Company has instituted adequate internal control systems commensurate with its size and scale of operations. The Audit Committee in which majority of members are Independent Director periodically reviews significant audit findings, adequacy of internal control and compliance with Accounting Standards amongst others with the help of the internal and Statutory Auditors and reports to the Board on its adequacy. It helps in ensuring the integrity of the accounting system and reliability of all financial and operational information.

### **H. Discussion on Financial Performance with respect to Operational Performance:**

In spite of this liquidity crisis in the overall economy, the company is able to maintain and overcome its projected turnover as compared to last year. Also, the prices of raw materials were increased rapidly in the present market scenario as compared to selling prices. However, with better control and efficient management and policies of cost reduction, impact on profit could be reduced to some extent and the Company is able to achieve increase in PBT as compared to previous year.

### **I. Human Resources/Industrial Relations:**

The Company recognize people as the primary source of its competitiveness and continue to focus on people development by leveraging technology and developing a continuously learning human resource base to unleash their potential and fulfill their aspirations. Industrial relations during the year under review were cordial and peaceful. Your Directors wish to place on record the excellent cooperation and contribution made by the employees at all levels to the growth and development of the Company.

## 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:

### **Statement on Company's philosophy on Code of Corporate Governance**

Corporate governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mind set of the organization. The basic philosophy of Corporate Governance of the Company is to achieve business excellence and to dedicate itself for increasing long-term shareholders' value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. We believe that Corporate Governance is voluntary and self-discipline code which means not only ensuring compliance with regulatory requirements but also by being responsive to our stakeholders needs. This is demonstrated in shareholder returns, high credit ratings, governance processes and an entrepreneurial performance focused work environment.

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 organization. The Corporate Governance framework of the Company ensures that a timely and accurate disclosure is made on all material matters regarding the Company, including the financial statements, performance, ownership and governance of the Company. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and enhance the trust and confidence of the stakeholders.

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher echelons. The demands of corporate governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex inter-relationship among the Board of Directors, Audit Committee, Finance, Compliance and Assurance teams, Auditors and the senior management. At Adhunik Industries, our employee satisfaction is reflected in the stability of our senior management, low attrition across various levels and substantially higher productivity. Above all, we feel honoured to be integral to the social development. Details of several such initiatives are available in the Report on Corporate Social Responsibility.

### **Appropriate Governance Structure with defined roles and responsibilities**

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established three Committees to discharge its responsibilities in an effective manner. All's Company Secretary acts as the Secretary to all Committees. The Managing Director (MD) provides overall direction and guidance to the Board. Concurrently, the MD is responsible for overall implementation. In the operations and functioning of the Company, the MD is assisted by the Directors of the Company.

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

## Board of Directors

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

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. As trustees, the Board ensures that the Company has clear goals relating to shareholder value and its growth and seeks accountability for their fulfillment. The Board of the Company comprises an adequate blend of professional, Executive and Independent Directors.

### Composition

The Board had composition of 6 (Six) Directors including 3 (three) Independent Directors. During 2013-14, the Board met eight times on April 19, 2013, May 15, 2013, May 30, 2013, June 13, 2013, June 26, 2013, August 14, 2013, November 14, 2013 and February 12, 2014. The maximum time gap between any two consecutive meetings was not more than four months. The constitution of the Board during the year ended March 31, 2014 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:

S. No.	Name of Director	Director Identification No.	Attendance		Category of Directors	Other		Other committee	
			Board	Last AGM		Director ship	Chairman ship	Member ship	Chairman ship
1	Shri Mahesh Kumar Agarwal (Chairman)	00507690	8	Yes	Non Independent Non-Executive	9	Nil	2	Nil
2	Shri Jugal Kishore Agarwal (Managing Director)	00227460	7	Yes	Non-Independent Executive	13	Nil	4	Nil
3	Shri Mohan Lal Agarwal	01047906	7	Yes	Non Independent Non-Executive	12	Nil	2	Nil
4	Shri Shaym Bahadur Singh *	01982407	2	No	Independent Non-Executive	2	Nil	1	Nil
5	Shri Asit Baran Dasgupta #	02476594	3	No	Independent Non-Executive	Nil	Nil	Nil	Nil
6	Shri Nand Kishore Singhal **	02370209	5	No	Independent Non-Executive	2	Nil	Nil	Nil
7	Shri Ashok Bector	00582126	8	Yes	Independent Non-Executive	1	Nil	Nil	Nil

\* appointed on April 19, 2013.

\*\*resigned on June 26, 2013.

# appointed on June 26, 2013.

1. Committee includes Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration/Compensation Committee only.
2. Other directorship includes directorship in public companies only.
3. All the directors certified that the disqualifications mentioned under section 274(1)(g) of the Companies Act, 1956 do not apply to them.
4. 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.
5. Mr. Mohan Lal Agarwal, who retires by rotation at the end of ensuing AGM and offers himself for reappointment, details pursuant to clause 49(vi) forms part of the notice.
6. Mr. Mahesh Kumar Agarwal, who retires by rotation at the end of ensuing AGM and offers himself for reappointment, details pursuant to clause 49(vi) forms part of the notice.

### **Board business**

The normal business of the Board includes:

- Annual operating plans and budgets and any updates
- Capital budgets and any updates
- General notice of interest of Directors
- Appointment, remuneration and resignation of Directors, Chief Financial Officer and Company Secretary of the Company
- Strategies for shaping of portfolio and direction of the Company and priorities, in corporate resource allocation
- Quarterly business performance reports
- Convening a meeting of shareholders of the Company, setting the agenda thereof, and ensuring that a satisfactory dialogue with shareholders takes place
- Declaration / recommendation of dividend
- Formation/reconstitution of Board Committees and their terms of reference.
- Review functioning of the Board and its Committees
- Minutes of meetings of Audit Committee and other Committees of the Board
- Annual review of accounts for adoption by shareholders
- Quarterly and annual results announcements
- Merger, acquisition, joint venture or disposal, if any
- Information on recruitment and remuneration of senior officers just below the board level
- Materially important show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems

- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications of the company
- Details of significant labour problems and their proposed solutions.
- Significant development in the human resources and industrial relations fronts like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business
- Risk evaluation and control
- Summary of all long-term borrowing made, bank guarantee issued, loans and investments made
- Significant changes in accounting policies and internal controls
- Internal Audit findings and External Audit Reports (through the Audit Committee)
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer (if any), etc. (through the Shareholders / Investors' Grievances Committee)
- Brief on all statutory developments, changes in government policies etc. with impact thereof, Director's responsibility arising out of any such developments
- Compliance with all relevant legislation 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**

The Board has adopted guidelines which are in line with the applicable legal requirements. Our definition of independence of Directors is derived from Clause 49 of the Listing Agreement with stock exchanges. Based on the confirmation/disclosures from the Directors and on evaluation of relationships disclosed, the Company had an 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 of four Board meetings in each year. All Board meetings are convened by giving appropriate notice at any time to address the specific needs of the Company.
- ii) The meetings are usually held at the Company's Corporate Office at 2/1 A, Sarat Bose Road, "Lansdowne Tower" Kolkata-700 020.
- iii) Meetings are governed by a structured agenda. 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 meetings. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.
- iv) The Board is given presentations covering finance, the major business segments and operations of the Company, before taking on record the results of the Company for the preceding financial quarter at each of the scheduled Board meeting.

The Managing Director and the Company Secretary in consultation with the other concerned persons in senior management finalize the agenda papers for the Board meeting. Directors have access to the Company Secretary's support 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 with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

## **Recording minutes of proceedings at Board/Committee meetings**

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

## **Post meeting follow up mechanism**

The guidelines for Board and Committee meetings facilitate an effective post meeting follow up, review and reporting process of the decisions taken by the Board and Board Committee thereof. The important decisions taken by the Board/Committees meetings are communicated to the respective departments/division concerned promptly. Action taken report on the decisions/minute 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 terms of reference of the Board Committees are determined by the Board from time to time. 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 of Audit Committee are in line with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange(s). The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process with a view to ensuring accurate and timely disclosures, with highest levels of transparency, integrity and quality of financial reporting viz.:

#### **A. Powers of the Audit Committee:**

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

#### **B. The role of Audit Committee includes:**

The terms of reference, role and scope of Audit Committee are in line with those prescribed by Clause 49 of the Listing Agreement with the stock exchange(s).

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:

1. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
3. Approving payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956, as amended;
  - b) Changes, if any, in accounting policies and practices along with reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions; and
  - g) Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
9. Discussing with the internal auditors any significant findings and follow up there on;
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
11. Discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
12. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
13. Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate; and
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the Listing Agreement as and when amended from time to time.

#### **Attendance record of Audit Committee members**

Name of the Member	Category	No. of Meetings	Meetings attended
Shri Ashok Bector	Independent Non-Executive	5	5
Shri Nand Kishore Singhal #	Independent Non-Executive	2	2
Shri Mahesh Kumar Agarwal	Non Independent Non-Executive	5	5
Shri Asit Baran Dasgupta ##	Independent Non-Executive	3	3

# resigned on June 26, 2013.

## appointed on August 14, 2013.

Five meetings of the Committee were held during the financial year 2013-14. The dates on which the said meetings were held were as follows:

May 15, 2013, May 30, 2013, August 14, 2013, November 14, 2013 & February 12, 2014.

The necessary quorum was present at the meetings. The maximum time gap between any consecutive meetings was not more than four months.

Mr. Asit Baran Dasgupta is the chairman of the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting. Statutory auditors, internal auditors and the GM-Finance & Accounts of the Company are permanent invitee to Audit Committee meetings. The Company Secretary acts as the Secretary to the Committee

#### **Remuneration/Compensation Committee**

The Remuneration/Compensation Committee ("The Committee") comprised of three members out of which one is Independent Director. This Committee comprises of Shri Ashok Bector (Chairman), Shri Mohan Lal Agarwal and Shri Mahesh Kumar Agarwal. (Mr. Nand Kishore Singhal was resigned from the committee as on June 26, 2013).

The Remuneration/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. One Meeting of the Committee was held during the financial year as on August 13, 2013.

#### **Attendance record of Remuneration/Compensation Committee:**

Name of the Member	Category	No. of Meetings	Meetings attended
Shri Ashok Bector (Chairman)	Independent	1	1
Shri Mohan Lal Agarwal	Non Independent Non-Executive	1	1
Shri Mahesh Kumar Agarwal	Non Independent Non-Executive	1	1

#### **Details of remuneration paid to the Directors during 2013-14**

The Company has paid remuneration by way of salary to its Managing Director only and the same is within the limits specified under Schedule XIII of the Companies Act, 1956 and duly approved by the Board and shareholders of the Company.

No sitting fees for Board meeting and Committee meeting were paid to the directors for meetings held up to August 13, 2013. However, it was decided in the Remuneration Committee Meeting held on August 13, 2013 that sitting Fees will be paid to the non-executive directors only for attending various Board Meetings and Audit Committee Meeting as under-

Particulars	Sitting Fees (Amount in ₹)
Board Meeting	20,000
Audit Committee Meeting	10,000

No sitting fees for attending the other Committee meetings were paid to our non- executive directors.

### Details of remuneration paid to the Directors during the financial year ended 31st March, 2014

( Figures in ₹)

Name of Director	Basic + Benefit	Board Meeting Sitting Fees	Committee Meeting Fees	Total
Sri Mahesh Kumar Agarwal	Nil	60,000	30,000	90,000
Sri Jugal Kishore Agarwal	30,00,000	Nil	Nil	30,00,000
Sri Mohan Lal Agarwal	Nil	60,000	Nil	60,000
Sri Ashok Bector	Nil	60,000	30,000	90,000
Sri Nand Kishore Singhal *	Nil	Nil	Nil	Nil
Sri Shyam Bahadur Singh **	Nil	40,000	Nil	40,000
Sri Asit Baran Dasgupta #	Nil	60,000	30,000	90,000

\*resigned on June 26, 2013.

\*\* appointed on April 19, 2013.

# appointed on June 26, 2013.

### Shareholders/Investors' Grievances Committee

The Shareholders/Investors' Grievances Committee ('The Committee') comprised of three members including one Independent Director.

This Committee comprises of Shri Mahesh Kumar Agarwal (Chairman), Shri Mohan Lal Agarwal and Shri Ashok Bector as member of the Committee. The 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 and Transfer Agent and provides continuous guidance to improve the service levels for investors.

Mr. Bharat Agarwal, Company Secretary acts as the Compliance Officer.

Three Meetings of the Committee were held during the financial year on May 16, 2013, November 13, 2013 and February 11, 2014.

### Attendance record of Shareholders/Investors' Grievances Committee:

Name of the Member	Category	Number of meetings	Meetings attended
Shri Mahesh Kumar Agarwal(Chairman)	Non Independent Non-Executive	3	3
Shri Mohan Lal Agarwal	Non Independent Non-Executive	3	3
Shri Ashok Bector	Independent	3	3

### **Status of Investors' Complaints:**

Number of complaints received during the year	Nil
Number of complaints resolved upto 31st March, 2014	Nil
Number of complaints not solved to the satisfaction of shareholders	N. A.
Number of complaints pending as on 31st March, 2014	Nil

E-mail ID earmarked for redressing Investors queries in terms of Clause 47(f) of the listing agreement- investorsail@adhunikgroup.co.in

### **Shareholders Communications**

The Board recognizes the importance of two-way communication with shareholders and giving a balanced report of results and progress and responding to questions and issues raised in a timely and consistent manner. AIL's corporate website ([www.adhunikindustries.com](http://www.adhunikindustries.com)) has information for institutional and retail shareholders alike. Shareholders seeking information related to their shareholding may contact the Company directly or through any of the Investor service centres of the Company's Registrars and Transfer Agents details of which are available on the Company's website. AIL ensures that complaints and suggestions of its shareholders are responded to in a timely manner. A comprehensive and informative shareholders' reference is appended to this annual report.

### **Role of the Company Secretary in Overall Governance Process**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

### **News releases, Presentations, among others:**

Official news releases and official media releases are sent to Stock Exchanges.

### **Presentations to Institutional Investors / Analysts:**

Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results. These presentations are also uploaded on the Company's website ([www.adhunikindustries.com](http://www.adhunikindustries.com)).

### **Reminder to Investors:**

Reminders for unclaimed shares, unpaid dividend/unpaid interest or redemption amount on debentures are sent to shareholders/debenture holders as per records every year.

### **SEBI Complaints Redress System (SCORES):**

The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status. The Company did not

receive any complaints from shareholders during the year. No complaints were pending as on March 31, 2014. There were also no investors complaint pending against the company as on March 31, 2014 on SCORES, the web based compliant redressal system of SEBI.

#### **Web site maintenance**

The Company's web site [www.adhunikindustries.com](http://www.adhunikindustries.com) contains a separate dedicated section "Investor Relations" where shareholders information is available. The quarterly and annual results of the Company and shareholding pattern and other details are posted on the Company's website. The Company posts on its website all its official news releases, important announcements and presentations.

#### **Disclosures**

- (I) There was no materially significant related party transaction entered into by the Company with the promoter Directors or their relatives during the period that may have potential conflict with interest of the Company at large.
- (ii) There was no instance of non-compliance penalties/strictures imposed on the Company by stock exchange(s) or the SEBI or any other statutory authorities, on any matter related to capital markets during the last three years
- (iii) There were no inter-se or pecuniary relationships or transactions with the Non-Executive Directors.
- (iv) Whistle Blower Policy being non-mandatory requirement has not been adopted by the Company. However, the management affirms that no personnel have been denied access to the Audit Committee.
- (v) The company is complying with all mandatory requirements of Clause 49 of Listing Agreement. The Non-Mandatory requirements relating Remuneration/ Compensation Committee have been adopted by the company.
- (vi) Shareholding of Directors in the Company as on March 31, 2014.

Name of Directors	Number of equity shares
Shri Jugal Kishore Agarwal	4,94,500
Shri Mohan Lal Agarwal	4,41,500
Shri Mahesh Kumar Agarwal	5,24,000

#### **Means of Communication**

- a) The Financial results are regularly submitted to the stock exchanges in accordance with the listing agreement and published in one English Daily (The Echo of India) and one Bengali Daily (Aarthik Lipi).
- b) The Management Discussion and Analysis report is a part of Annual Report.

### **Details of previous Annual General Meeting:**

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

Year	Date	Time	Venue	Number of special resolutions passed
2012-13	September 30, 2013	11.00 am	2/1 A Sarat Bose Road, Kolkata-700 020	Nil
2011-12	September 29, 2012	11:00 am	2/1 A Sarat Bose Road, Kolkata-700 020	Nil
2010-11	September 30, 2011	11:00 am	2/1 A Sarat Bose Road, Kolkata-700 020	Nil

No Special resolution was passed during the last financial year.

### **Postal Ballot**

No resolution was passed through Postal Ballot in 2013-14. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

### **Disclosure on materially significant related party transactions, i.e. the Company's transactions that are of material nature, with its Promoters, Directors and the management, their relatives or subsidiaries, among others that may have potential conflict with the Company's interests at large.**

None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Financial Statements, forming part of the Annual Report.

The Company's major related party transactions are generally with its group associates. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries and associates.

All related party transactions are negotiated on arms length basis, and are intended to further the Company's interests.

### **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 personal example.

### **Corporate Social Responsibility (CSR)**

With the belief in the philosophy of responsible corporate citizenship and sustainable growth, AIL considers social institution building as one of its main purposes. Increasing its commitment, AIL built a comprehensive community development programme to support initiatives in the field of health, safety, education, infrastructure development, environment, relief and assistance in the event of a natural disaster, livelihood support, promoting sports and sportsmen and contributions to other social development

organizations through collaborations with other recognized Organizations. Besides this, AIL aims at developing techno-economically viable and environment-friendly services for the benefit of millions of its consumers while ensuring high safety and environment protection standards.

#### **Code for prevention of insider trading practices**

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, a comprehensive code for prevention of insider trading is in place. The objective of the code is to prevent purchase and /or sale of shares of the Company by insider on the basis of unpublished price sensitive information.

#### **Compliance certificate**

The compliance certificate from MR & Associates, practicing Company Secretary, affirms that the Company complied with the conditions of corporate governance as were applicable as on March 31, 2014 and stipulated in Clause 49 of the Listing Agreement with the stock exchange(s) is annexed hereto.

#### **General shareholders' information**

##### **AGM Details**

<b>Day and date</b>	Thursday, September 18, 2014.
<b>Venue</b>	Bharatiya Bhasha Parishad, 36-A, Shakespeare Sarani,Kolkata-700 017.
<b>Time</b>	At 10:30 A.M.
<b>Book closure dates</b>	11th September, 2014 to 18th September, 2014 (Both day inclusive)

#### **Registrar & Share Transfer Agents**

M/s Maheshwari Datamatics Private Limited.  
6, Mangoe Lane, 2nd Floor  
Kolkata-700 001.  
Tel no. 91-33-22435809  
Fax no. 91-33-22484787  
E-mail- [mdpldc@yahoo.com](mailto:mdpldc@yahoo.com)

### CEO/CFO certification

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

### Share transfer system

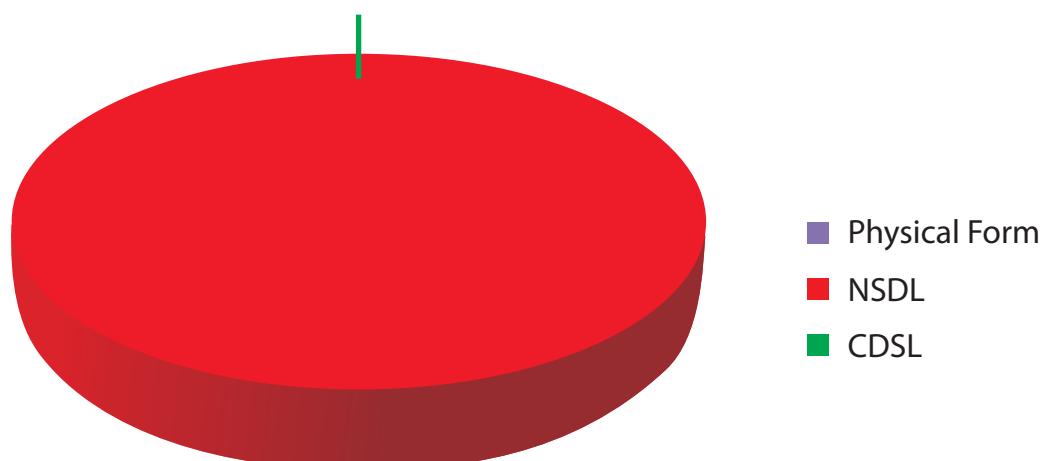
The Registrars and Share Transfer Agent, M/s Maheshwari Datamatics Private Limited, register the share transfer after the shares are lodged for transfer, within a period ranging from 7 to 10 days provided the documents lodged with the Registrars/Company are in order. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchange.

### Market Price Data

Since the Company's shares are not actively traded presently on Calcutta Stock Exchange, therefore the market price data are not available.

### Details of DEMAT and Physical Shares as on March 31, 2014

Description	Number of Holders	Number of Shares	% of Equity
CDSL	360	17,904	0.04%
NSDL	163	4,67,45,846	99.96%
Physical	Nil	Nil	Nil
Total	523	4,67,63,750	100.00%



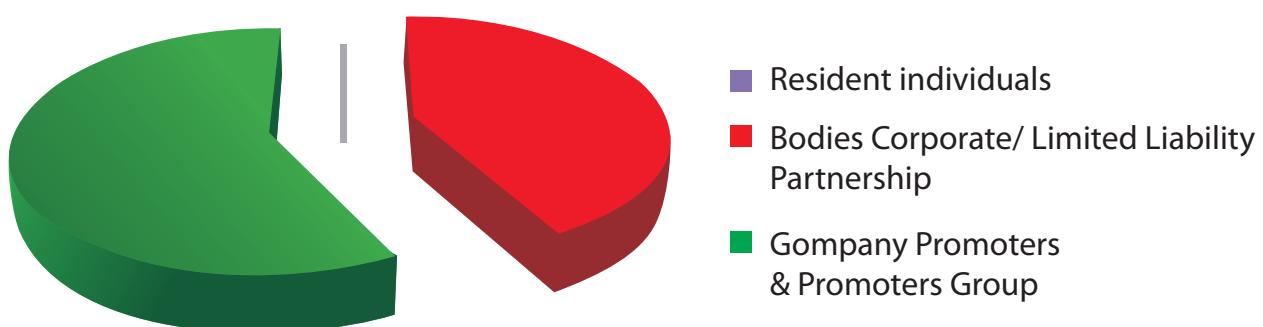
### Distribution of shareholding as on March 31, 2014

Category (Share)	Shareholders		No of Shares	
	Number	% to total	Number	% to total
1- 500	503	96.1759	25,000	0.0535
501-1000	Nil	Nil	Nil	Nil
1001-2000	Nil	Nil	Nil	Nil
2001-3000	Nil	Nil	Nil	Nil
3001-4000	Nil	Nil	Nil	Nil
4001-5000	Nil	Nil	Nil	Nil
5001-10000	Nil	Nil	Nil	Nil
10001 and above	20	3.8241	4,67,38,750	99.9465
<b>Total</b>	<b>523</b>	<b>100.0000</b>	<b>4,67,63,750</b>	<b>100.0000</b>

### Categories of shareholders as on March 31, 2014

Serial number	Category	Numbers of holders	Number of shares	% to equity
1	Company Promoters & Promoters Group	14	3,50,54,800	74.9615
2	Bodies Corporate\Limited Liability Partnership	10	1,16,41,270	24.8938
3	Resident individuals	499	67,680	0.1447
<b>Total</b>		<b>523</b>	<b>4,67,63,750</b>	<b>100.0000</b>

### Shareholding pattern as on March 31st, 2014.



### **Dematerialization of shares and liquidity**

As per SEBI requirement the Company enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the Company's shares are available for trading under both the depository systems in India. The International Securities Identification Number (ISIN) allotted to the Company's share under the Depository System is INE452L01012. The Company has paid annual custody fee for the financial year 2013-14 to NSDL and CDSL, the depositories. As on 31st March, 2014, 4,67,63,750 Equity Shares of the Company representing 100.00 % of the issued and subscribed share capital stood dematerialized.

### **Listing of shares on stock exchanges with stock code**

Stock exchange	Stock code
Calcutta Stock Exchange Limited	028188
7, Lyons Range	
Kolkata-700 001.	
Telephone nos : 033-22104470-77	
Facsimile no. : 033-22102223	
Website : <a href="http://www.cse-india.com">www.cse-india.com</a>	
ISIN No.-	INE452L01012

The annual listing fee for the year 2014-15 has been paid to the above stock exchange.

### **Financial calendar tentative**

#### **Financial year 2014-15**

1	First quarter results	Within August 14, 2014
2	Second quarter and half-year results	Within November 15, 2014
3	Third quarter results	Within February 14, 2015
4	Annual Result	Within 30th May, 2015

### **Dividend history**

Financial year	Dividend per share (₹)	Total dividend (₹ in lakhs)
2013-14	Nil	Nil
2012-13	Nil	Nil
2011-12	Nil	Nil
2010-11	1.00	467.64
2009-10	1.00	467.64
2008-09	1.00	2.00
2007-08	1.00	2.00

**Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:**

Not applicable

**Plant location:**

Raturia Industrial Area, Angadpur  
Durgapur-713 215, West Bengal.  
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	or	M/s Maheshwari Datamatics Pvt. Limited.
Adhunik Industries Limited		6, Mangoe Lane, 2nd Floor
Lansdowne Towers		Kolkata- 700 001
2/1A, Sarat Bose Road		Tel no. 91-33-22435809
Kolkata – 700 020		Fax no. 91-33-22484787
Tel no. 91-33-30517100		
Fax no. 91-33-22890285		
E Mail: <a href="mailto:investorsail@adhunikgroup.co.in">investorsail@adhunikgroup.co.in</a>		

Registered Office  
14, Netaji Subhash Road  
Kolkata – 700 001

**For and on behalf of the Board**

Date: August 13, 2014

**Mahesh Kumar Agarwal**  
Chairman

**Jugal Kishore Agarwal**  
Managing Director

**DECLARATION BY CEO ON CODE OF CONDUCT**

To  
The Members  
M/s. Adhunik Industries Limited

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 was applicable to them and there was no non compliance thereof during the year ended March 31, 2014.

Place: Kolkata  
Date: August 13, 2014.

**Jugal Kishore Agarwal**  
**Managing Director**

## CEO AND CFO CERTIFICATION

We, Jugal Kishore Agarwal, Managing Director and Bikash Roy Choudhury, Chief Finance Officer, responsible for the finance function certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2014 and confirm that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violation of the company's code of conduct.
- © 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.

**Jugal Kishore Agarwal**  
Managing Director

**Bikash Roy Choudhury**  
Chief Finance Officer

Kolkata  
August 13, 2014.

## **Company Secretary Certificate regarding compliance of conditions of Corporate Governance**

To the Members of  
M/s. Adhunik Industries Limited

### **Re: Certificate regarding compliance of conditions of Corporate Governance**

1. We have examined the compliance of conditions of Corporate Governance by Adhunik Industries Limited, for the year ended 31.03.2014, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchange(s).
2. The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our Examination has been limited to procedure 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.
3. In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors and the management, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For MR & Associates  
Company Secretaries

Place : Kolkata  
Date : August 13, 2014

Mohan Ram Goenka  
Partner  
C P No.: 2551

## ADHUNIK INDUSTRIES LIMITED

### Directors' Report - 2014

#### **Dear Members**

Your Directors have pleasure in presenting the Annual Report together with audited accounts of your Company for the year ended 31st March, 2014.

<b>Financial Highlights</b>		<b>(₹ in Lakhs)</b>
<b>Particulars</b>	<b>Current Year 2013-14</b>	<b>Previous Year 2012-13</b>
Revenue from Operations (Net)	44,092.62	41,368.28
Other Income	62.05	92.15
Total Revenue	44,154.67	41,460.43
<b>Earning before Interest, Tax, Depreciation &amp; Amortization (EBITDA)</b>	<b>3,366.78</b>	<b>2,860.35</b>
Less: Depreciation and Amortization	373.88	372.21
Less: Finance Costs	2,391.74	1,970.10
Less: Tax Expenses	166.16	135.60
<b>Net Profit After Tax</b>	<b>435.00</b>	<b>382.43</b>
Add: Balance brought forward from previous year	3,868.61	3,486.18
<b>Balance carried to Balance Sheet</b>	<b>4,303.61</b>	<b>3,868.61</b>

#### **Operations**

The performance of our steel business has been modest given the challenges in the steel sector. While our focus on backward integration is partially mitigated by availability of raw materials from group companies, we continue to focus on bringing in efficiencies to improve overall corporate performance. During the year, your Company witnessed a growth in sales figures, coupled with wider geographic extension of customer base and extension of product mix to various growing sectors. However, due to increase in raw material prices as well in the market, profitability of the Company is also affected.

#### **Deposits**

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

#### **Dividend**

In view of meeting capital requirements of the Company through ploughing back of profit, your Directors intend to retain the surplus Profits in the business itself. Therefore, no dividend is being declared.

## **Listing of Equity Shares of the Group with Bombay Stock Exchange Limited (BSE)**

The Director of your Company are pleased to inform you that the Equity Shares of the Company got listed and traded with Bombay Stock Exchange Limited (BSE) w.e.f 26th May, 2014.

### **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 Exchange, is presented in a separate section forming part of the Annual Report.

### **Directors**

In accordance with the provisions of the Companies Act, 1956, Mr. Mohan Lal Agarwal and Mr. Mahesh Kumar Agarwal, Directors of your Company, retire from the Board by rotation and being eligible to offer himself for reelection 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, 2014, the applicable accounting standards had been followed and that there were no material departures
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the Balance Sheet of the Company as at March 31, 2014 and of the profit of the Company for that period
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (iv) The Directors had prepared the annual accounts on a going concern basis.

### **Corporate Governance**

Your Company has been practicing good Corporate Governance 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. Mohan Ram Goenka, 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 has laid down a Code of Conduct for all Board members and senior management of the Company.

Board members and senior management personnel have affirmed compliance with the Code for the financial year 2013-14. A certificate from the CEO is annexed in this regard.

### **Code for Prevention of Insider Trading Practices**

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, a comprehensive code for prevention of insider trading is in place. The objective of the code is to prevent purchase and /or sale of shares of the Company by insider on the basis of unpublished price sensitive information.

### **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 have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

### **Transfer of amounts to Investor Education and Protection Fund**

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the Company is not required to transfer any amount to Investor Protection and Education Fund as the Company is declaring dividends since financial year 2007-08 and as such there is no amount of dividend which was due and payable and remained unclaimed and unpaid for a period of seven years.

### **Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

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 forms a part of this Report.

### **Auditors**

M/s. Sudhir Kumar Jain & Associates, Chartered Accountants, the statutory Auditors of the Company who retire at the ensuing Annual General Meeting are eligible for reappointment.

### **Secretarial audit report**

As a measure of good corporate governance practice, the Board of Directors of the Company appointed M/s. M R & Associates, Company Secretaries Firm to conduct independent secretarial audit of the Company. The secretarial compliance certificate for the financial year ended March 31, 2014, 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.

### **Cost Auditors**

In respect of financial year ended 31st March, 2014, your Company has appointed M/s. Dipak Lal & Associates, Cost Accountants of 1, Kailash Bose Lane, Kalidas Apartment, Block-“A”, 1st Floor, Flat#102, Howrah -711101, a Cost Audit Firm, as Cost Auditor of the Company w.e.f. 1st April, 2013 to 31st March, 2014 to carry out audit of cost records of the Company in compliance with General Circular No. 15/2011 dated 11th April, 2011 issued by the Ministry of Corporate Affairs, Cost Audit Branch.

### **Personnel**

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

### **Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975**

Name	Age in Years	Designation & Qualification	Nature of duties	Gross Remuneration (₹)	Experience (No. of years)	Last Employment
Mr. Jugal Kishore Agarwal	63	Managing Director / Law Graduate	Management and overall in charge	Rs. 30.00 Lakh	29	NIL

### **Acknowledgment**

The Board takes this opportunity to express its sincere appreciation for the excellent support and cooperation received from the 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 together contributed towards the efficient operation and management of the Company.

### **For and on behalf of the Board**

Registered office

14 Netaji Subhash Road  
Kolkata - 700001

Date: 29.05.2014

Mahesh Kumar Agarwal

Chairman

Jugal Kishore Agarwal

Managing Director

### 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 Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 under section 217(1)(e) of the Companies Act, 1956.**

#### A. Conservation of Energy

##### a) Energy conservation measures taken;

- Installation of energy efficient light fittings in shop floor, offices and other areas.
- Effective maintenance and daily monitoring of capacitor bank for improvement in power factor.
- Replacement of old motors with energy efficient motors.

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

- To further install energy efficient light fittings, resizing of motor, etc. The Company also proposes to other power saving equipments for reduction of consumption of energy.

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

- Saving in Energy.

Total energy consumption and energy consumption per unit of production as per Form-A attached.

#### B. Technology Absorption, Adaptation and Innovation

Particulars with respect to technology absorption as per Form-B attached.

#### C. Foreign Exchange Earnings and Outgo

##### a) Activities relating to exports, initiatives taken to increase exports; development of new export markets for product and export plans:

The Company is actively exploring the export market and has taken various initiative to increase exports of its products.

##### b) Total foreign exchange used and earned:

Total foreign exchange used and earned	2013-14	2012-13
Foreign Exchange Earnings (Rs. in Lakhs)	1,491.90	NIL
Foreign Exchange Outgo (Rs. in Lakhs)	14.91	NIL

**Form- A**

(Disclosure of particulars with respect to Conservation of Energy)

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity Purchased</b>		
Unit (Lakhs- Kwh)	223.29	154.39
Total Amount (Rs. in Lakhs) (Note No. 2)	1,291.66	831.03
Cost per Unit (Rs.)	5.78	5.38
<b>2. Coal</b>		
Quantity (Tons)	19,691.20	11,075.51
Total Cost (Rs. in Lakhs)	1,124.12	631.12
Average Cost (Rs. per Ton)	5,708.76	5,698.34
<b>3. Furnace Oil</b>		
Quantity (K. Ltrs.)	401.30	478.13
Total Amount (Rs. in Lakhs)	178.97	203.72
Average Rate (Rs. in Lakhs per K. Ltr.)	0.45	0.43
<b>B. Consumption (In Units) per Tonne of Rolled Products</b>		
Electricity (in KWH)	175.52	168.94
Coal (in Tons)	0.14	0.12
Furnace Oil (in Ltr)	3.15	5.23

**Note:**

- 1) We have to use either coal for gassifire plant or furnace oil for furnace for production of finished rolled products.
- 2) The difference in total amount of electricity cost amounted to Rs. 61.56 Lacs (Electricity amount as shown above is Rs. 1,291.66 Lacs and as shown in schedule 23 (Other Expenses) of Balance Sheet as Rs. 1,353.22 Lacs) was due to the fact that the differential amount was charged by M/s. Durgapur Projects Ltd. on account of increase in tariff of power pertaining to the period prior to the current financial year.

## Form- B

(Disclosure of particulars with respect to Technology Absorption)

<b>A. Research &amp; Development (R &amp; D)</b>	
Specific Areas in which R & D carried out by the Company	None
Benefits derived as a result of the above R & D	Does not arise
Future plan of action	Under Planning
Expenditure on R & D	
a) Capital	Nil
b) Recurring	Nil
c) Total	Nil
d) Total R & D expenditure as a percentage of total turnover	Nil
<b>B. Technology Absorption, Adaptation and Innovation</b>	
1. Efforts in brief, made towards technology absorption, adoption and innovation:	
The Company has adopted and is continually updating the latest technology.	
2. Benefits derived as a result of the above efforts:	
The overall productivity and efficiency has increased.	
3. Particulars of imported Technology during last 5 years	Nil

Registered office  
14 Netaji Subhash Road  
Kolkata - 700001

**For and on behalf of the Board**

Date: 29.05.2014

**Mahesh Kumar Agarwal**  
Chairman

**Jugal Kishore Agarwal**  
Managing Director

## Independent Auditor's Report

To the Members of  
Adhunik Industries Limited,

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Adhunik Industries Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation or these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) 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
  - c) From our examination of those books and branch auditor report for the purpose of our audit have been received from branch not visited by us.
  - d) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - e) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - f) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - g) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

FOR SUDHIR KUMAR JAIN & ASSOCIATES

Firm Regn No: 318016E

Chartered Accountants

Place: Kolkata

Date: The 29th Day of May, 2014

CA. S Jain

(Partner)

Membership No. 053537

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Adhunik Industries Limited on the accounts of the company for the year ended 31st March, 2014.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
 (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.  
 (c) As per the information and explanations given to us, the Company has not disposed off a substantial part of fixed assets during the period so as to affect its going concern status.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.  
 (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
 (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.  
 (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

- b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.
- 6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- 7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- 8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
- 10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- 11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- 12. According to the information and explanations given 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.
- 13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- 14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- 15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
- 16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

FOR SUDHIR KUMAR JAIN & ASSOCIATES  
Firm Regn. No: 318016E  
Chartered Accountants

Place: Kolkata  
Date: The 29th Day of May, 2014

CA. S. Jain  
(Partner)  
Membership No. 053537

**BALANCE SHEET AS AT 31st MARCH, 2014**

	<b>Notes</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
<b>EQUITY AND LIABILITIES</b>			
A. Shareholders' Funds			
Share Capital	3	4676,37,500	4676,37,500
Reserves and Surplus	4	4303,60,603	3868,61,326
		<b>8979,98,103</b>	<b>8544,98,826</b>
B. Non-current liabilities			
Long Term Borrowing	5	2946,61,184	4254,47,645
Deferred Tax Liabilities	6	877,59,011	858,07,139
Other long term Liabilities	7	86,05,496	137,54,637
		<b>3910,25,691</b>	<b>5250,09,421</b>
C. Current Liabilities			
Short Term Borrowing	8	7820,08,130	7873,79,108
Trade Payable	9	3594,48,840	3214,55,570
Other short term Liabilities	10	903,72,390	734,67,051
Short Term provisions	11	20,44,475	18,05,112
		<b>12338,73,835</b>	<b>11841,06,841</b>
		<b>25228,97,629</b>	<b>25636,15,088</b>
<b>ASSETS</b>			
A. Non Current Assets			
Fixed Assets			
a) Tangible Asset	12	5565,27,737	5799,27,477
b) Capital Work-in-Progress		252,72,418	577,16,181
Non Current Investments	13	4,00,000	4,00,000
Long Term Loans & Advances	14	61,23,787	51,23,787
		<b>5883,23,942</b>	<b>6431,67,445</b>
B. Current Assets			
Inventories	15	7153,29,499	7175,06,526
Trade Receivables	16	7778,29,639	7982,84,548
Cash & Bank Balances	17	1105,55,077	594,51,633
Short Term Loans and Advances	14	3308,59,472	3452,04,936
		<b>19345,73,687</b>	<b>19204,47,643</b>
		<b>25228,97,629</b>	<b>25636,15,088</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

**As per our report of even date**

**FOR SUDHIR KUMAR JAIN & ASSOCIATES**

Firm Regn No: 318016E

Chartered Accountants

(CA. S. JAIN)

**Partner**

Membership No. 053537

Place : Kolkata

Date : The 29th Day of May, 2014

**For & on behalf of the Board of Directors of  
Adhunik Industries Limited**

Jugal Kishore Agarwal  
**Managing Director**

Mahesh Kumar Agarwal  
**Chairman**

Bharat Agarwal  
**Company Secretary**

**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2014**

	Notes	31st. March 2014 (₹)	31st. March 2013 (₹)
<b>INCOME</b>			
Revenue from Operations (Gross)	18	48596,41,064	44975,47,824
Less: Excise Duty	18	4503,79,379	3607,19,511
Revenue from Operations (Net)		44092,61,685	41368,28,313
Other Income	19	62,05,205	92,15,078
<b>Total Revenue (A)</b>		<b>44154,66,890</b>	<b>41460,43,391</b>
<b>EXPENSES</b>			
Purchases & Raw Materials Consumed	20	38121,32,906	36950,13,669
(Increases)/Decrease in Inventories	21	(45,80,494)	(139,66,237)
Employee Benefit Scheme	22	168,40,672	147,45,655
Other Expenses	23	2543,95,805	1642,15,409
<b>Total Expenses (B)</b>		<b>40787,88,889</b>	<b>38600,08,496</b>
<b>Earning before Interest, Tax, Depreciation, and Amortization (EBITDA) (A)-(B)</b>		<b>3366,78,002</b>	<b>2860,34,895</b>
Depreciation and Amortization Expenses	12	373,88,058	372,20,946
Finance Costs	24	2391,74,481	1970,10,384
<b>Profit / ( Loss ) Before Extraordinary &amp; Exceptional Item and Taxes</b>		<b>601,15,463</b>	<b>518,03,565</b>
Exceptional & Extraordinary Item		-	-
<b>Profit / ( Loss ) Before Taxes</b>		<b>601,15,463</b>	<b>518,03,565</b>
Tax Expenses			
Current Tax		150,03,749	103,64,728
Deferred Tax		19,51,872	28,56,054
Income Tax for earlier years		(3,39,436)	3,39,436
<b>Total Tax Expenses</b>		<b>166,16,185</b>	<b>135,60,218</b>
<b>Profit/(Loss) for the year from Continuing Operation</b>		<b>434,99,278</b>	<b>382,43,347</b>
<b>Earning per Equity Share (Nominal Value of share Rs. 10)</b>			
Basic		0.93	0.82
Diluted		0.93	0.82
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

**As per our report of even date**

FOB SUDHIR KUMAR JAIN & ASSOCIATES

Firm Regn No: 318016E

Firm Regn No. S.18818E  
Chartered Accountants

(CA S JAIN)

## (C.W.B.) **Partner**

Partner  
Membership No. 053537

**For & on behalf of the Board of Directors of  
Adbunik Industries Limited**

Jugal Kishore Agarwal  
**Managing Director**

Mahesh Kumar Agarwal  
**Chairman**

Place : Kolkata

Date : The 29th Day of May, 2014

Bharat Agarwal  
**Company Secretary**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014**

	<b>Figures for the year ended 31st March, 2014 (₹)</b>	<b>Figures for the year ended 31st March, 2013 (₹)</b>
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax and extra ordinary item	601,15,463	518,03,565
Adjustment for :		
Depreciation	373,88,058	372,20,946
Profit on sale of Fixed Assets	-	(1,360)
Gratuity	2,39,363	12,02,779
Interest Income	(41,85,618)	(75,86,068)
Interest Paid	2391,74,481	1970,10,384
	2726,16,284	2278,46,681
Operating Profit before working Capital changes	<b>3327,31,746</b>	<b>2796,50,246</b>
<b>Adjustments for :</b>		
(Increase)/Decrease in Trade and Other Receivable	323,60,625	2245,18,527
(Increase)/Decrease in Inventories	21,77,027	(2281,60,782)
Increase/(Decrease) in Trade Payables & Liabilities	<u>314,14,154</u>	<u>120,41,119</u>
	659,51,806	83,98,864
Cash Generated from Operations	3986,83,552	2880,49,110
Income Tax (Paid) / Refund	(132,24,564)	(362,36,137)
Cash Flow before extraordinary items	3854,58,988	2518,12,973
Extra-Ordinary items	-	-
<b>Net Cash used in Operating Activities</b>	<b>A</b>	<b>3854,58,988</b>
		<b>2518,12,973</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(139,88,318)	(2,38,399)
Decrease in CWIP	324,43,763	437,12,027
Sale of Fixed Assets	-	96,154
Interest Income	41,85,618	75,86,068
Fixed Deposit made / matured during the year	(467,17,829)	(51,06,003)
<b>Net Cash used in investing Activities</b>	<b>B</b>	<b>(240,76,766)</b>
		<b>460,49,847</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest Paid	(2391,74,481)	(1970,10,384)
Increase in Secured Loan	(533,19,665)	(85,63,540)
Increase in Unsecured Loan	(645,02,461)	(979,51,761)
<b>Net Cash from financing Activities</b>	<b>C</b>	<b>(3569,96,607)</b>
		<b>(3035,25,685)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>43,85,615</b>
Cash and Cash Equivalent as at the Opening of the year	80,71,112	137,33,977
<b>Cash and Cash Equivalent as at the close of the year</b>	<b>124,56,727</b>	<b>80,71,112</b>
Note : 1) Cash and Cash Equivalent comprises of :		
Cash in Hand	64,46,653	46,90,907
Balance with Scheduled Banks (including Bank Overdrawn)	60,10,074	33,80,205
	<b>124,56,727</b>	<b>80,71,112</b>
2) This Cash Flow Statement has been prepared under indirect method.		
3) Previous Year Figure have been regrouped wherever necessary.		

**As per our report of even date**
**FOR SUDHIR KUMAR JAIN & ASSOCIATES**

Firm Regn No: 318016E, Chartered Accountants

(CA. S. JAIN)

**Partner**

Membership No. 053537

Place : Kolkata

Date : The 29th Day of May, 2014

**For & on behalf of the Board of Directors of  
Adhunik Industries Limited**

Jugal Kishore Agarwal  
**Managing Director**

Mahesh Kumar Agarwal  
**Chairman**

Bharat Agarwal  
**Company Secretary**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014**

### **1) CORPORATE INFORMATION**

Adhunik Industries Ltd (the company), is a public limited company, domiciled in India and incorporated under the provisions of Companies Act, 1956. Its equity shares are listed on Stock Exchanges in India. The Company is primarily engaged in the manufacture & sale of iron and steel products.

### **2) SIGNIFICANT ACCOUNTING POLICIES:**

#### **(I) Basis of Accounting:**

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

#### **(II) Presentation and disclosure of financial statement:**

The Company has prepared financial statements as per revised schedule VI notified under the Companies Act 1956. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### **(III) Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and result of operation during the reported year. 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:**

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.

- a) Revenue from sale of goods and services rendered is recognized when significant risks and rewards of ownership of products and services have passed to the customers.
- b) Claims made in respect thereof is accounted as income in the year of receipts or acceptance by the client or evidence of acceptance received by the client.
- c) Dividend is recognized on cash basis.
- d) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### **(V) Fixed Assets:**

- a) Fixed assets are stated at cost, 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, and interest etc. up to the date the asset is 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 is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction activity or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is 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.

**(VI) Depreciation:**

- a) The Classification of Plant and Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.
- b) Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 or estimated useful life whichever is higher.
- 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 realizable value and disclosed separately.
- f) Depreciation on Insurance Spares / standby equipments is provided over the useful lives of the respective mother assets.

**(VII) Fixed Assets acquired under lease:**

- 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 item, are capitalized at the lower of the fair value and present value of the minimum lease payment after discounting them at an appropriate discount rate 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) Lease assets capitalized , if any, are depreciated over the shorter of the estimated useful life of the asset or the lease term.

- b) Operating Lease

Lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating lease. Operating lease payments are recognized as expense in the profit and loss account on a straight line basis over the lease term.

**(VIII) Investments:**

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

**(IX) Inventories:**

- a) Raw Materials, Stores & Spares & Packing Materials are valued at lower of cost computed on FIFO basis and net realizable value.
- b) Finished Goods are valued at lower of cost computed on weighted average basis or net realizable value. Cost of finished goods includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
- c) By-products are valued at net realizable value.
- d) Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

**(X) Cash & Cash Equivalents:**

Cash and cash equivalents in the Cash Flow comprise cash at bank and in hand (including cheques / drafts in hand), balance lying in banks in current account (including overdraft).

**(XI) Excise 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.

**(XII) Employees Benefits:**

- a) Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when these are due.
- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation made at the end of Financial Year.
- c) Actuarial gain/losses are immediately taken to the Profit & Loss Account and are not deferred.

**(XIII) 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.

**(XIV) 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 best 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 best estimates.

**(XV) Taxation:**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is 'reasonable certainty' that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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 Minimum Alternative Tax (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.

**(XVI) Segment Reporting:**

The Company has identified Iron & Steel products as its sole operating segment and the same has been treated as primary segment.

**(XVII) 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.

**(XVIII) 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 is adjusted for the effects of all dilutive potential equity shares.

**(XIX) Impairment of Assets:**

- a) The carrying amounts of assets are reviewed at each balance sheet date 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. The recoverable amount is the 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.
- ib) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

**(XX) Foreign Currency Translation:**

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 transaction.

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

Exchange Difference: Exchange differences are recognized as income or as expenses in the period in which they arise.

**(XXI) Miscellaneous Expenditure**

Preliminary expenses are amortized over a period of five years.

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

NOTE 3 : SHARE CAPITAL	31st. March 2014 (₹)		31st. March 2013 (₹)	
	a) Authorised Shares			
50,00,000 (Pr.Yr. 50,00,000) Equity Shares of ₹10/- each			5000,00,000	5000,00,000
<b>Issued, Subscribed and Fully Paid Up Share</b>			<b>5000,00,000</b>	<b>5000,00,000</b>
46,763,750 (Pr. Yr. 46,763,750) Equity Shares of ₹10/- each fully paid up			4676,37,500	4676,37,500
<b>Total issued, subscribed and fully paid up equity share capital</b>			<b>4676,37,500</b>	<b>4676,37,500</b>
<b>b) Reconciliation of the number of Equity shares</b>	31st. March 2014		31st. March 2013	
Outstanding at the beginning of the year	No. Of Share	Amount	No. Of Share	Amount
467,63,750	4676,37,500	467,63,750	4676,37,500	
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	<b>467,63,750</b>	<b>4676,37,500</b>	<b>467,63,750</b>	<b>4676,37,500</b>
<b>c) Details of Shareholders holding more than 5 percent of equity shares</b>	31st. March 2014		31st. March 2013	
<b>Name of Shareholder</b>	No. of Shares	% of Holding	No. of Shares held	% of Holding
Mahananda Suppliers Limited	166,00,000	35.50	166,00,000	35.50
Sungrowth Share & Stocks Limited	148,83,750	31.83	148,83,750	31.83
Padmalaya Advisory Services LLP	68,50,000	14.65	68,50,000	14.65
<b>d) Terms/ Rights attached to Equity Share</b>				
The Company has only one class of issued shares i.e. equity shares having nominal value of ₹10 per share. Each holder of equity share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of share holders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after payment of all the preferential amounts, in proportion to their shareholding.				

NOTE 4 : RESERVES AND SURPLUS	31st. March 2014 (₹)		31st. March 2013 (₹)	
	Surplus/(deficit) in the statement of profit and loss			
Balance as per last financial statement			3868,61,326	3486,17,979
Add : Net Profit for the year as per Statement of Profit and Loss			434,99,278	382,43,347
<b>Net Surplus/(Deficit) in the statement of Profit and Loss</b>			<b>4303,60,603</b>	<b>3868,61,326</b>
<b>Total Reseve and Surplus</b>			<b>4303,60,603</b>	<b>3868,61,326</b>

NOTE 5 : LONG TERM BORROWING	Non Current Portion		Current Maturities	
	31st. March 2014 (₹)	31st. March 2013 (₹)	31st. March 2014 (₹)	31st. March 2013 (₹)
<b>(a) Term loans</b>				
Indian rupee loan from banks (secured)	1777,78,000	2440,62,000	767,83,918	584,48,605
<b>(b) Other loans and advances</b>				
From Bodies Corporate (Unsecured)	1168,83,184	1813,85,645	-	-
<b>Total Long Term Borrowings</b>	<b>2946,61,184</b>	<b>4254,47,645</b>	<b>767,83,918</b>	<b>584,48,605</b>
Indian Rupee Term loan from Banks are secured by way of:				
a) The rupee term loan from banks are secured by way of pari passu first charge over all the fixed assets of the company both present and future at factory at Angadpur Durgapur, West Bengal and first charge by way of hypothecation of the Company's movable properties, save and except asset purchased on lease and hire purchase basis. This loan includes ₹NIL/- (P.Y. ₹10,965,154/-) taken from State Bank of Mysore which is secured by way of hypothecation charge over wind mill in Dhule, Maharashtra.				
b) Guarantee and certain collateral securities have been provided by the Promoters/ Directors in their personal capacity.				

NOTE 6 : DEFERRED TAX LIABILITIES (NET)	31st. March 2014 (₹)		31st. March 2013 (₹)	
	a) Difference between WDV of Fixed Assets as per Company Act and IT Act			
a) Difference between WDV of Fixed Assets as per Company Act and IT Act	884,22,341		863,92,808	
b) Others		(6,63,330)		(5,85,669)
<b>Total Deferred Tax Liabilities (Net)</b>	<b>877,59,011</b>		<b>858,07,139</b>	

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

NOTE 7 : OTHER LONG TERM LIABILITIES	31st. March 2014 ₹	31st. March 2013 ₹
Trade Payables (including Acceptance)	86,05,496	137,54,637
<b>Total Other Long Term Liabilities</b>	<b>86,05,496</b>	<b>137,54,637</b>

NOTE 8 : SHORT TERM BORROWING	31st. March 2014 ₹	31st. March 2013 ₹
Cash Credit from Banks (Secured)	7820,08,130	7873,79,108
<b>Total Short Term Borrowings</b>	<b>7820,08,130</b>	<b>7873,79,108</b>

Cash Credit from banks are secured by way of:

- a. First charge by way of hypothecation of stock, book debts and other current assets of the company related to factory at Andagpur, Durgapur
- b. Second charge on other assets on which first charge has been created in favour of Term Loan Lenders for term loans provided by them of the company related to factory at Andagpur, Durgapur.
- c. Guarantee and certain collateral securities have been provided by the Directors in their personal capacity.

NOTE 9 : TRADE PAYABLES	31st. March 2014 ₹	31st. March 2013 ₹
a) Due to Micro, Small & Medium Enterprises	-	-
b) Trade Payable ( Including Acceptance)	3594,48,840	3214,55,570
<b>Total Trade Payable</b>	<b>3594,48,840</b>	<b>3214,55,570</b>

Trade Payable include ₹Nil (₹ NIL) due to small scale and ancillary industry undertakings (SSI) to the extent such parties have been Identified from the available documents / information.

As per information available with the Company, none of the parties from whom the Company procure the goods or receives services are enterprises covered under The Macro, Small and Medium Enterprise Development Act, 2006(the Act)

NOTE 10: OTHER CURRENT LIABILITIES	31st. March 2014 ₹	31st. March 2013 ₹
a) Current maturities of long-term debt (Refer Note 5)	767,83,918	584,48,605
b) Advance from customers	70,59,724	65,95,169
c) Unpaid/Unclaimed Dividends	2,72,000	2,72,000
d) Statutory Dues		
- Service Tax	43,94,154	74,21,670
- TDS	18,62,594	7,29,607
<b>Total Other Current Liabilities</b>	<b>903,72,390</b>	<b>734,67,051</b>

NOTE 11 : SHORT TERM PROVISION	31st. March 2014 ₹	31st. March 2013 ₹
<b>Provision for Employee Benefits</b>		
Provision for gratuity	20,44,475	18,05,112
<b>Other Provision</b>		
Provision for Income Tax ( Net of Advance Tax )	-	-
<b>Total Short Term Provision</b>	<b>20,44,475</b>	<b>18,05,112</b>

**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014**

**Note 12: Fixed Assets**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1st April, 2013 (₹)	Addition During the Year (₹)	Sale/ Adjustment (₹)	As at 31st March, 2014 (₹)	As at 1st April, 2013 (₹)	For the Year (₹)	Sale/ Adjustment (₹)	As at 31st March, 2014 (₹)
<b>Tangible Assets</b>								
Leasehold Land	84,29,270	-	-	8,85,483	98,387	-	9,83,870	74,45,400
Freehold Land	17,00,000	-	-	17,00,000	-	-	-	17,00,000
Factory Building	1719,70,950	-	-	296,47,925	57,43,830	-	353,91,755	1365,79,195
Plant & Machinery	5791,98,436	133,19,040	-	1554,18,002	309,13,789	-	1863,31,791	4061,85,685
Furniture	6,63,212	-	-	6,63,212	3,31,571	41,981	3,73,552	2,89,660
Office Equipment	31,53,767	6,61,088	-	38,14,855	10,75,223	1,87,571	12,62,794	25,52,061
Vehicle	38,55,727	-	-	38,55,727	17,67,681	3,78,909	21,46,590	17,09,137
Computer	25,13,455	8,190	-	25,21,645	24,31,455	23,591	-	24,55,046
<b>Total</b>	<b>7714,84,817</b>	<b>139,88,318</b>	<b>-</b>	<b>7854,73,135</b>	<b>1915,57,340</b>	<b>373,88,058</b>	<b>-</b>	<b>2289,45,398</b>
<b>Previous Year's Total</b>	<b>7720,82,835</b>	<b>2,38,399</b>	<b>8,36,417</b>	<b>7714,84,817</b>	<b>1550,78,016</b>	<b>372,20,946</b>	<b>7,41,623</b>	<b>1915,57,340</b>
								<b>5799,27,477</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

NOTE 13: NON CURRENT INVESTMENT	Number of Shares	Face Value per Share (₹)	31st. March 2014 (₹)	31st. March 2013 (₹)
<b>Long Term, Quoted (Other than Trade)</b>				
<b>Fully Paid Equity Shares</b>				
- In Adhunik Metaliks Ltd (The market value is ₹17,84,000)	40,000	10	4,00,000	4,00,000
<b>Total Non Current Investment</b>			<b>4,00,000</b>	<b>4,00,000</b>

NOTE 14 : LOANS AND ADVANCES	Non Current		Current	
	31st. March 2014 (₹)	31st. March 2013 (₹)	31st. March 2014 (₹)	31st. March 2013 (₹)
<b>a. Security Deposits</b>				
Unsecured, considered good	61,23,787	51,23,787	841,00,000	750,00,000
A	<b>61,23,787</b>	<b>51,23,787</b>	<b>841,00,000</b>	<b>750,00,000</b>
<b>b. Advances recoverable in cash or in kind</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	586,71,954	470,62,592
B	-	-	<b>586,71,954</b>	<b>470,62,592</b>
<b>c. Other loans and advances</b>				
Prepaid Expenses	-	-	1,34,396	1,44,412
Advance Payment to Supplier	-	-	609,24,842	1141,72,054
Balance with IT Authorities (Net of Provision for Taxation)	-	-	97,01,915	111,41,664
Balance with statutory/government authorities	-	-	1173,26,365	976,84,214
C	-	-	<b>1880,87,518</b>	<b>2231,42,344</b>
<b>(A+B+C) Total Loans and Advances</b>	<b>61,23,787</b>	<b>51,23,787</b>	<b>3308,59,472</b>	<b>3452,04,936</b>

NOTE 15 : INVENTORIES	31st. March 2014 (₹)	31st. March 2013 (₹)
Raw Materials and Components	4548,78,374	4973,13,856
Finished Goods and Rejected Materials	2064,27,067	2018,46,573
Stores & Spares	271,37,826	183,46,097
Stock in Transit	268,86,232	-
<b>Total Inventories</b>	<b>7153,29,499</b>	<b>7175,06,526</b>

NOTE 16 : TRADE RECEIVABLE	31st. March 2014 (₹)	31st. March 2013 (₹)
<b>Unsecured, considered good unless stated otherwise</b>		
<b>Outstanding for the period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	372,80,525	368,54,360
Doubtful	-	-
(A)	<b>372,80,525</b>	<b>368,54,360</b>
<b>Other receivables</b>		
Unsecured, considered good	7405,49,114	7614,30,188
Doubtful	-	-
(B)	<b>7405,49,114</b>	<b>7614,30,188</b>
<b>(A+B) Total Trade Receivable</b>	<b>7778,29,639</b>	<b>7982,84,548</b>

NOTE 17 : CASH AND BANK BALANCES	31st. March 2014 (₹)	31st. March 2013 (₹)
<b>Cash and cash equivalents</b>		
<b>Balances with banks</b>		
On Current Accounts	60,10,074	33,80,205
Deposit with original maturity less than three months	980,98,350	513,80,521
Cash on Hand	64,46,653	46,90,907
<b>Total Cash and Bank Balance</b>	<b>1105,55,077</b>	<b>594,51,633</b>

**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014**

<b>NOTE 18 : REVENUE FROM OPERATION</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
Sales	45523,40,389	43055,56,245
Business & Other Service Income	3073,00,675	1919,91,579
<b>Revenue from Operation (Gross)</b>	<b>48596,41,064</b>	<b>44975,47,824</b>
Less: Excise Duty	4503,79,379	3607,19,511
<b>Total Revenue from Operation (Net)</b>	<b>44092,61,685</b>	<b>41368,28,313</b>

<b>DETAILS OF REVENUE FROM OPERATION</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
<b>Sales</b>		
Iron & Steel product	45523,40,389	43055,56,245
	<b>45523,40,389</b>	<b>43055,56,245</b>
<b>Details of Services Rendered</b>		
Business & Other Service Income	3073,00,675	1919,91,579
	<b>3073,00,675</b>	<b>1919,91,579</b>

<b>NOTE 19: OTHER INCOME</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
<b>Interest Income On</b>		
- Bank Deposits	36,63,199	75,86,068
- Others	5,22,419	-
Unspent liabilities and provisions no longer required written back	-	16,27,650
Profit on Sale of Car	-	1,360
Foreign Exchange Gain	20,19,587	-
<b>Total Other Income</b>	<b>62,05,205</b>	<b>92,15,078</b>

<b>NOTE 20 : PURCHASES &amp; RAW MATERIAL CONSUMED</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
Inventory at the beginning of the year	4973,13,855	2841,71,671
Add. Purchases	37645,47,149	38679,13,821
Freight	51,50,275	402,42,032
	<b>42670,11,280</b>	<b>41923,27,524</b>
Less: Inventory at the end of the year	4548,78,374	4973,13,855
<b>Total Purchases &amp; Raw Material Consumed</b>	<b>38121,32,906</b>	<b>36950,13,669</b>

<b>DETAILS OF PURCHASES</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
<b>Purchase</b>		
Iron & Steel product	37645,47,149	38679,13,821
	<b>37645,47,149</b>	<b>38679,13,821</b>

<b>NOTE 21 : (INCREASES)/DECREASE IN INVENTORIES</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
<b>Inventory at the end of the year</b>		
Finished Goods	2064,27,067	2018,46,572
<b>Less: Inventory at the beginning of the year</b>		
Finished Goods	2018,46,572	1878,80,335
<b>Total (Increases)/Decrease in Inventories</b>	<b>(45,80,494)</b>	<b>(139,66,237)</b>

<b>NOTE 22 : EMPLOYEE BENEFIT EXPENSES</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
Salaries & Bonus	119,28,892	122,29,580
Contribution to Provident Fund	14,83,794	13,13,296
Gratuity	4,27,986	12,02,779
Managing Directors' Remuneration	30,00,000	-
<b>Total Employee Benefit Expenses</b>	<b>168,40,672</b>	<b>147,45,655</b>

**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014**

<b>NOTE 23 : OTHER EXPENSES</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
Consumption of Stores and Spares	161,59,349	119,60,290
Excise Duty on Inventory.	223,60,296	215,00,220
Power and Fuel	1353,22,075	831,03,405
Oil and Lubricant Expenses	4,56,160	12,590
Water Charges	8,82,420	6,97,056
Operation & Maintenance Charges	67,42,319	32,49,200
Freight and Forwarding Charges	204,39,553	148,80,811
Rent	26,51,742	29,66,304
Rates and Taxes	3,74,121	4,65,034
Donation	2,28,000	6,45,800
Fees and Subscription	6,58,200	11,90,137
Insurance	3,25,882	2,58,277
Repair & Maintenance	22,10,432	3,72,398
Motor Vehicle & Travelling Expenses	30,02,927	18,21,595
Printing & Stationery Expenses	7,96,886	4,47,613
Sales Promotion Expenses	14,26,269	92,515
Advertisement Expenses	151,87,636	6,33,668
Postage & Communication Costs	4,94,197	3,03,233
Accounts & Finance Maintenance Charges	19,80,000	19,80,000
Payment to auditor (Refer details below)	1,00,000	1,00,000
Commission Charges	45,000	92,952
Consultancy Charges	6,02,500	7,11,852
Bank Commission, Letter of Credit and Charges	199,97,372	142,51,018
Registrar Fees	15,000	21,070
Listing Fees	6,14,300	58,989
Loss on Sale of Share	-	3,85,713
Miscellaneous Expenses	13,23,169	20,13,669
<b>Total Other Expenses</b>	<b>2543,95,805</b>	<b>1642,15,409</b>
<b>PAYMENT TO AUDITOR</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
As Auditor		
- Audit Fees	75,000	75,000
- Tax Audit Fees	25,000	25,000
	<b>1,00,000</b>	<b>1,00,000</b>
<b>NOTE 24 : FINANCE COST</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
Interest to Banks on Term Loans	375,36,977	443,92,006
Others	2016,37,504	1526,18,378
<b>Total Finance Cost</b>	<b>2391,74,481</b>	<b>1970,10,384</b>
<b>NOTE 25 : DIRECTOR REMUNERATION</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
<b>a) Director Remuneration Paid</b>		
Basic	15,00,000	-
House Rent Allowance	2,90,000	-
Bonus	2,50,000	-
Other	9,60,000	-
	<b>30,00,000</b>	-
<b>b) Computation of Profit for the purpose of Directors Remuneration</b>		
Profit before tax as per profit & loss account	601,15,463	518,03,565
Add : Depreciation	373,88,058	372,20,946
Directors' Remuneration	30,00,000	-
	<b>1005,03,521</b>	<b>890,24,511</b>
Less : Depreciation (u/s 350 of the Companies Act, 1956)	373,88,058	372,20,946
Directors' Remuneration	30,00,000	-
Profit for the year	<b>601,15,463</b>	<b>518,03,565</b>
<b>Net profit under section 349 of the Companies Act, 1956</b>	<b>601,15,463</b>	<b>518,03,565</b>
<b>NOTE 26 : EARNING PER SHARE</b>	<b>31st. March 2014 ₹)</b>	<b>31st. March 2013 ₹)</b>
Net Profit after tax (₹)	434,99,278	382,43,347
Weighted average No of Equity Shares outstanding in calculation of Basic EPS	467,63,750	467,63,750
Basic Earnings per Share (in Rupees)	0.93	0.82
Weighted average No. of Equity Shares outstanding in calculation of Diluted EPS	467,63,750	467,63,750
Diluted Earning per Share (in Rupees)	0.93	0.82
Nominal Value of Share	10	10

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

### Note 27: EMPLOYEE BENEFITS:

Disclosure pursuant to Accounting Standard-15 (revised) "Employee Benefits.

Particulars	31st. March 2014 (₹)	31st. March 2013 (₹)
<b>a) Defined Contribution Plan</b>		
Employer's Contribution to Provident and Other Funds	14,83,794	13,13,296
<b>b) Defined Benefit Plan</b>		
The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method as on 31st March, 2014 which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.		
The following tables summarize the components of net benefit expenses recognized in the Statement of Profit and Loss and amounts recognized in the Balance Sheet for the respective plans.		
(i) Net Employee Benefit expense (recognized in Employee Benefit Expense)		
Current Service Cost	3,57,937	3,39,022
Interest Cost on benefit plans	1,53,972	48,187
Net Actuarial (gains)/losses recognized in the year	(83,923)	(8,15,570)
Total Employer expense recognized in the Statement of Profit and Loss	4,27,986	12,02,779
(ii) Actual Return on Plan Assets	N.A.	N.A.
(iii) Net Assets/ (Liabilities) recognized in the Balance Sheet	20,44,475	18,05,112
(iv) Movement in Defined Benefit Obligation		
Opening defined benefit obligation	18,05,112	6,02,333
Current Service Cost	3,57,937	3,39,022
Interest Cost on benefit plans	1,53,972	48,187
Benefit paid	(1,88,623)	-
Net Actuarial (gains)/losses recognized in the year	(83,923)	8,15,570
Closing defined benefit obligation	20,44,475	18,05,112
(v) Movement in fair value of Plan Assets	N.A.	N.A.
(vi) Major categories of plan assets as a percentage of the fair Value of total plan assets	N.A.	N.A.
(vii) Actuarial Assumptions		
Mortality Table	IALM (2006-2008) Ultimate	LICI (1994-1996)
Discount Rate per annum Compounded	9.00%	8.00%
Rate of increase in salaries per annum	6.00%	6.00%
(viii)(a) The estimates of future salary increase considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employee market.		
(b) The gratuity liabilities is unfunded. Accordingly, information regarding Planned Assets is not applicable.		
(ix) The above information is certified by the actuary.		

## **NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014**

### **Note 28: DISCLOSURE IN RELATION TO RELATED PARTIES:**

Related party disclosure is identified by the management in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India:

#### **a) Name of Related Parties and nature of relationship**

<b>Key Management Personnel</b>	<b>Whole Time Director</b> Mr.Jugal Kishore Agarwal
	<b>Director</b> Mr.Mohan Lal Agarwal Mr. Mahesh Kumar Agarwal Mr.Ashok Bector Mr.Asit Baran Dasgupta Mr.Shyam Bahadur Singh
<b>Relatives of Key Management personnel</b>	Mr.Ghanshyam Das Agarwal(Brother of Director) Mr.Manoj Kumar Agarwal ( Brother of Director ) Mr. Nirmal Kumar Agarwal ( Brother of Director ) Mr.Sachin Agarwal ( Son of Mr.Jugal Kishore Agarwal ) Mr.Naveen Agarwal ( Son of Mr.Jugal Kishore Agarwal )
<b>Enterprises over which Key Management Personnel / Relatives have significant influence</b>	Adhunik Corporation Ltd. Adhunik Infotech Ltd. Adhunik Power & Natural Resource Ltd Adhunik Power Transmission Ltd. Adhunik Alloys & Power Ltd. Sungrowth Shares & Stock Ltd. Mahananda Suppliers Ltd. Zion Steel Limited Adhunik Meghalaya Steels Private Limited Futuristic Steels Limited Adhunik Metaliks Ltd and its subsidiary

**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014**

**b) Aggregated Related Party Disclosures:**

Nature of Transaction	Name of Related Party	31st. March 2014 (₹)	31st. March 2013 (₹)
<b>Director's Remuneration</b>	Mr.Jugal Kishore Agarwal	30,00,000	-
<b>Directors Sitting Fees</b>	Mr.Ashok Bector	90,000	-
	Mr.Asit Barman Dasgupta	90,000	-
	Mr.Mahesh Kumar Agarwal	90,000	-
	Mr.Mohan Lal Agarwal	60,000	-
	Mr.Shyam Bhadur Singh	40,000	-
<b>Purchase of Raw Material</b>			
Billet	Adhunik Corporation Limited Adhunik Alloy & Power Ltd.	6490,98,163 -	6653,74,326 208,29,221
Melting Scrap	Adhunik Alloy & Power Ltd.	-	4,88,708
Coal & Coal Fines	Adhunik Corporation Limited	13,75,885	7,89,929
<b>Sale of Finished Goods</b>			
Wire Rod	Adhunik Alloy & Power Ltd. Adhunik Metaliks Ltd. Adhunik Power & Natural Resources Ltd	8,41,228 26,96,695 33,59,361	11,30,044 78,94,288 -
TMT Bar	Adhunik Power & Natural Resources Ltd	-	117,84,174
Melting Scrap	Adhunik Corporation Limited	-	5,12,720
Misrolled,Wastage,E.Cutting Etc	Adhunik Corporation Limited	1672,55,171	1431,11,274
<b>Expenditure for services/others</b>			
Rent	Mr.Mahesh Kumar Agarwal Adhuniik Infotech Limited	6,000 26,40,000	6,000 26,40,000
Accounts & Finance Maintenance Charges	Adhuniik Infotech Limited	19,80,000	19,80,000

**c) Outstanding Balance Related Party:**

Nature of Relationship	31st. March 2014 (₹)	31st. March 2013 (₹)
<b>Key Managerial Persons/ Relatives of Key Management Personnel</b>		
Balance outstanding as at the year-end – Debit	-	-
Balance outstanding as at the year-end – Credit	-	-
<b>Enterprises over which key Management Personnel/Relatives having significant influence</b>		
Balance outstanding as at the year-end – Debit	17,61,773	108,61,758
Balance outstanding as at the year-end – Credit	190,31,273	102,34,950

**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014**

<b>NOTE 29 : VALUE OF IMPORTS CALCULATED ON CIF BASIS:</b>	<b>31st. March 2014 (`)</b>	<b>31st. March 2013 (`)</b>
Stores & Spares	4,82,197	-

<b>NOTE 30 : EXPENDITURE IN FOREIGN CURRENCY:</b>	<b>31st. March 2014 (`)</b>	<b>31st. March 2013 (`)</b>
Travelling Expenses	7,76,930	-
Bank Charges	2,31,237	-

<b>NOTE 31 : EARNINGS IN FOREIGN EXCHANGE:</b>	<b>31st. March 2014 (`)</b>	<b>31st. March 2013 (`)</b>
Export of steel materials	1491,90,172	-

**NOTE 32:** In the opinion of the management, current assets, loans and advances have the value at which these are stated in the balance sheet, if realized in the ordinary course of business, unless otherwise stated and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required.

**NOTE 33:** The outstanding balances of Sundry debtors / creditors are subject to confirmation as letters of confirmation of balances from several parties have not been received and hence the balances are subject to adjustments, if any, on reconciliation / settlement of account

**NOTE 34:** In the opinion of the management, leave is meant to be availed of and the employees has been advised to plan their leave in advance while in service and also immediately before superannuation. Accordingly, leave encashment liability for the year has been recognized and provided for only when such encashment was allowed.

**NOTE 35:** Revenue in respect of rejected/scrapped materials is recognized as and when these are sold or amount there against is ascertained.

**NOTE 36:** Raw materials consumed are accounted after adjustment of normal shortage/surplus of raw materials and rejected raw materials.

Signatories to Schedules 1 to 36.

**As per our report of even date**

**FOR SUDHIR KUMAR JAIN & ASSOCIATES**

Firm Regn No: 318016E  
Chartered Accountants

**(CA. S. JAIN)**  
**Partner**  
Membership No. 053537  
Place : Kolkata  
Date : The 29th Day of May, 2014

**For & on behalf of the Board of Directors of**  
**Adhunik Industries Limited**

Jugal Kishore Agarwal      Mahesh Kumar Agarwal  
**Managing Director**      **Chairman**

Bharat Agarwal  
**Company Secretary**

## Board of Directors



Mr. Jugal Kishore Agarwal



Mr. Mohan Lal Agarwal



Mr. Mahesh Kumar Agarwal



Mr. Asit Baran Dasgupta



Mr. Shyam Bahadur Singh



Mr. Ashok Bector

### Board of Directors

Mr. Jugal Kishore Agarwal

Mr. Mohan Lal Agarwal

Mr. Mahesh Kumar Agarwal

Mr. Asit Baran Dasgupta

Mr. Shyam Bahadur Singh

Mr. Ashok Bector

### Company Secretary

Mr. Bharat Agarwal

### Auditor

Sudhir Kumar Jain & Associates  
Chartered Accountants

### Registered Office

14, N. S. Road, 2nd Floor  
Kolkata - 700001

### Corporate Office

Lansdowne Towers  
2/1A, Sarat Bose Road  
Kolkata - 700020

### Works

Raturia, Angadpur  
Duragpur - 713 215



## Adhunik Industries Ltd.

**Corporate Office:** Lansdowne Towers 2/1A, Sarat Bose Road, Kolkata - 700020

**Registered Office:** 14, N. S. Road, 2nd Floor, Kolkata - 700001, West Bengal, India, Telefax: 033 22428551/53

**Works:** Raturia, Angadpur, Duragpur-713 215.

**Web:** [www.adhunikindustries.com](http://www.adhunikindustries.com), **Trade Enquiry :** +91 33 30517100, 9007477753