



Das & Prasad

Chartered Accountants

Independent Auditor's Review Report

To
The Board of Directors
Adhunik Metaliks Limited

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of Adhunik Metaliks Limited ("the Company") for the quarter and nine months ended 31st December, 2016 (the "Statement") being submitted by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulation, 2015). This statement is the responsibility of the company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the financial statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We did not review total revenue of Rs.NIL for the quarter and nine months ended 31st December, 2016 and total assets of Rs. 71.29 lacs as on that date, included in the accompanying financial results relating to the foreign branch of the company. The financial information for the branch has been audited by other auditor and our conclusion is based solely on the report of such auditor.
4. Attention is drawn to Note No 7 to the Statement regarding the preparation of the same on going concern basis. The Company has incurred a total comprehensive income after tax of (Rs.8,907.37) lacs and (Rs.39,569.33) lacs during the quarter and nine months ended 31st December, 2016 respectively and, as of that date, the Company's current liabilities exceeded its current assets and the Company's net worth has also been eroded. These conditions along with other matters as set forth in the aforesaid Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter
5. Attention is drawn to Note 8 of the accompanying financial results, the Company continues to carry deferred tax assets (net) of Rs. Rs.41,007.01 lacs with regard to the recognition of deferred tax assets on unabsorbed depreciation, business losses and other temporary differences, which in view of the management, shall be realized on generation of taxable profits in future years. However in absence of the convincing evidences on availability of sufficient future taxable profits, recognition of deferred tax assets, in our opinion, is not consistent with the accounting principles as laid down under Ind-AS 12, "Income Taxes", specified under Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) prescribed under Section 133 of the Companies Act, 2013. Had the Company reversed these deferred tax assets, the tax expense for the quarter ended 31st December, 2016 would have been higher by Rs.41,007.01 lacs and total comprehensive income after tax would have been lower by Rs.41,007.01 lacs.

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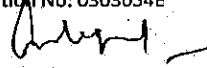
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6. Based on our review conducted as above, subject to the observations in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards specified in section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with circular number CIR/CFD/FAC/62/2016 dated 5th July 2016 of SEBI including the manner in which it is to be disclosed, or that it contains any material misstatement.



For Das & Prasad
Chartered Accountants
Firm Registration No: 0303054E


Anil Kumar Agarwal
Partner

Membership No.: 062368

Place: Kolkata

Date: 13th February, 2017

ADHUNIK METALIKS LIMITED

Regd. Office : Chadrilajharpur, P.O. Kuarmunda, Sundargarh, Odisha-770039

CIN: L28110OR2001PLC017271

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31ST DECEMBER 2016

Sl. NO.	PARTICULARS	(₹ In Lacs)					
		Quarter Ended			Year To Date		
		31st Dec 2016 (Unaudited)	30th Sept 2016 (Unaudited)	31st Dec 2015 (Unaudited)	Nine months ended 31st Dec 2016 (Unaudited)	Six months ended 31st Dec 2015 (Refer Note 3) (Unaudited)	
1	Income from operations						
	a) Net Sales / Income from Operations	19,880.24	14,303.37	18,054.01	55,004.04	32,293.98	
	b) Other Operating Income	22.80	53.63	8.14	147.87	43.23	
	Total Income from operations (net)	19,903.04	14,357.00	18,062.15	55,151.86	32,337.21	
2	Expenses						
	a) Cost of materials consumed	6,921.68	13,544.02	15,541.15	33,751.71	24,460.55	
	b) Purchase of stock-in-trade	7,351.99	157.26	354.05	7,731.41	354.05	
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2,125.04	125.21	(1,835.81)	2,689.18	(2,195.86)	
	d) Employee benefits expense	1,049.08	1,012.34	1,032.97	3,060.10	2,012.67	
	e) Consumption of Stores and Spares	1,537.37	1,941.14	2,207.46	5,753.32	3,860.74	
	f) Depreciation and amortisation expense	2,932.19	3,374.48	3,393.71	9,617.72	6,793.79	
	g) Other Expenses	3,077.53	4,925.06	6,817.32	13,719.50	10,930.93	
	Total Expenses	24,994.88	25,089.51	27,510.85	76,322.94	46,216.87	
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	(5,091.84)	(10,732.51)	(9,448.70)	(21,171.08)	(13,879.66)	
4	Other Income	133.41	479.65	306.26	670.70	350.02	
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(4,958.43)	(10,252.86)	(9,142.44)	(20,500.38)	(13,529.64)	
6	Finance Costs	7,684.31	7,485.49	6,343.05	21,921.49	12,546.62	
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(12,642.74)	(17,738.35)	(15,485.49)	(42,421.87)	(26,076.26)	
8	Exceptional Items (Refer Note 9)	-	12,930.68	-	16,133.49	-	
9	Profit / (Loss) from ordinary activities before tax (7-8)	(12,642.74)	(30,669.03)	(15,485.49)	(58,555.36)	(26,076.26)	
10	Tax Expenses :						
	a) Current Tax	-	-	-	-	-	
	b) Income Tax relating to Earlier Years	-	-	-	-	-	
	c) MAT Credit Entitlement	-	-	-	-	-	
	d) Deferred Tax Charge / (Credit)	(3,737.32)	(10,304.72)	(4,683.84)	(18,987.87)	(8,122.04)	
11	Net Profit / (Loss) from ordinary activities after tax (9-10)	(8,905.42)	(20,364.31)	(10,801.65)	(39,567.49)	(17,954.22)	
12	Extraordinary Items	-	-	-	-	-	
13	Net Profit / (Loss) for the period (9-10)	(8,905.42)	(20,364.31)	(10,801.65)	(39,567.49)	(17,954.22)	
14	Other comprehensive income (net of taxes)	(1.95)	(0.18)	(3.16)	(1.84)	(1.27)	
15	Total comprehensive income after tax (11+12)	(8,907.37)	(20,364.49)	(10,804.81)	(39,569.33)	(17,955.49)	
16	Paid up Equity Share Capital (Face Value ₹10 per share)	12,349.95	12,349.95	12,349.95	12,349.95	12,349.95	
17	Earning per share :						
	-Basic (not annualised) (in ₹)	(7.21)	(16.49)	(8.75)	(32.04)	(14.54)	
	-Diluted (not annualised) (in ₹)	(7.21)	(16.49)	(8.75)	(32.04)	(14.54)	



Notes:

- (1) The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 13th February 2017 and have been reviewed by the statutory auditors.
- (2) The Company has adopted Indian Accounting Standard ("Ind AS") w.e.f. 1st April 2016 and accordingly the financial result for the quarter and nine months period ended 31st December 2016 are in compliance with Indian Accounting Standard (Ind AS) notified by the Ministry of Corporate Affairs.
- (3) In terms of SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 listed entities, who have a year end other than 31st day of March and are required to prepare financial statements for a period longer or shorter than the normal 12 months period for coinciding with 31st day of March as prescribed under Section 2(41) of the Companies Act, 2013, the Ind-AS financial statements for various periods beginning from 1st April 2016, shall have comparative information for a shorter or longer period i.e. beginning from a day other than 1st of April 2015.
The Company has adopted change of year in terms of Section 2(41) of the Companies Act 2013 from financial year 2015-16 and accordingly, the said financial year of the Company was of a nine months period from 1st July 2015 to 31st March 2016. Therefore, the year to date results in previous year, for the period ended December 31, 2015 are for six months as against nine months for the period ended December 31, 2016 in current year, hence are not comparable. The date of transition to Ind AS for the Company is 1st July 2015.
- (4) As the Company's business activity falls within a single primary business segment, viz. "Iron & Steel Products", the disclosure requirements of Indian Accounting Standard (Ind AS) 108 "Segment Reporting", as notified by the Ministry of Corporate Affairs.
- (5) The Board of Directors of the Company in its meeting held on July 22, 2013 has approved to amalgamate Zion Steel Limited (ZSL) with the Company and to amalgamate the Company (post amalgamation of ZSL) with the wholly owned subsidiary, Orissa Manganese & Minerals Limited (OMML), through a composite scheme of amalgamation between ZSL, OMML and the Company (the Scheme) as per the provision of Section 391 to 394 of the Companies Act, 1956. The appointed date of the amalgamation is 1st July 2012. The scheme has been approved by the Shareholders and Creditors of the above Companies in their meeting held on 19th and 20th April 2014 respectively and the Official Liquidator, Orissa High Court, Cuttack has submitted its report dated 17th July 2014 that the affairs of the Company appears to have not been conducted in a manner prejudicial to the interest of its members or to public interest and the Hon'ble High Court may consider to pass order as deemed fit and proper in that manner. With coming into effect certain provisions of the Companies Act, 2013 w.e.f. 15th December 2016, merger/acquisition cases are to be dealt by the National Company Law Tribunal. Accordingly the Hon'ble High Court of Orissa has taken steps to transfer the case to National Company Law Tribunal, Eastern Regional Bench. Further matter pertaining to merger/acquisition should be heard by National Company Law Tribunal, Eastern Regional Bench. Upon effectiveness of the Scheme, every shareholder of ZSL holding 17 (seventeen) fully paid-up equity shares of ₹ 10/- each shall be entitled to receive 1 (one) fully paid-up equity shares of ₹ 10/- each in the Company and every shareholder of the Company (post amalgamation of ZSL) holding 1 (one) fully paid-up equity shares of ₹ 10/- each shall be entitled to receive 1 (one) fully paid-up equity shares of ₹ 10/- each in the wholly owned subsidiary, OMML.
- (6) Milestones under the CDR Scheme could not be achieved and therefore lenders invoked Strategic Debt Restructuring (SDR) at its meeting held on 26th July, 2016, pursuant to RBI circular dated 8th June 2015 and 24th September 2015. In accordance with the said regulation of SDR, lenders are compulsory required to acquire at least 51% equity shares in the Company by conversion of debt/acquisition from the existing promoter. The last date for such conversion/acquisition expired on 22nd January 2017 without the lenders initiating any action for such conversion/acquisition. Therefore the Company's assets classification is being determined as per such guidelines and Income Recognition and Asset Classification (IRAC).
- (7) In view of the Company incurring losses continuously and current liabilities exceeding the current assets, there has been an erosion of net worth. The Company's financial performance has been adversely affected due to non-availability of raw materials at viable prices, non-availability of working capital for operations, continued stress in steel sector with weak demand and prices, and other external factors beyond the Company's control. With the improvement in raw material availability, likely improvement in market scenario, cost synergies from merger and debt restructuring as may be agreed with lenders, it is expected that the overall financial health of the Company would improve considerably. Considering the above developments and favorable impact thereof on the Company's operations and financials, the Company has prepared the financial results on the basis of going concern assumption to which the Statutory Auditors have also drawn attention without qualifying their opinion in their limited review report.
- (8) The Auditors in their report on the accounts for the quarter ended 31st December 2016 have commented upon recognition of Deferred Tax Assets (net). Based on future profitability projections the management is optimistic that there would be sufficient taxable profits in future to claim credit of Deferred Tax Assets.
- (9) Exceptional items for the nine months period ended 31st December 2016 includes (i) The Company has filed an application with Department of Steel & Mines, Government of Odisha for surrender of Kulum Mines resulting in impairment of ₹ 2,206.04 lacs in Intangible Assets relating to Kulum Mines. Further the revaluation reserves has been devalued to the extent of ₹ 34,390.93 lacs with respect to above mines. (ii) The Company has made provision for doubtful capital advances amounting to ₹ 6,484.97 lacs with respect to Kulum Mines and Other Project of Phase III; (iii) The Company has made provision for doubtful trade receivable amounting to ₹ 4,239.66 lacs and (iv) Quality claims receivable from vendors written off amounting to ₹ 3,202.81 lacs.
- (10) Statement of Reconciliation of net profit under Ind AS and Indian GAAP for the quarter and period ended 31st December 2015

PARTICULARS	Quarter Ended	Year To Date
	31st December 2015 (Unaudited)	Six months ended 31st December 2015 (Refer Note 3) (Unaudited)
Net Profit after tax for the period as per Indian GAAP	(10,701.86)	(17,775.16)
Provision for Expected Credit Loss	35.47	(55.27)
Reclassification of net actuarial loss on employee defined benefits to OCI	3.16	(1.27)
Borrowing Cost charged based on effective interest method	(181.62)	(208.59)
Other Adjustments	(7.88)	(1.19)
Deferred Tax Impact of Ind AS adjustments	47.92	85.99
Net Profit after tax for the period as per Ind AS	(10,804.81)	(17,955.49)

Place: Kolkata
Date: 13th February 2017



By order of the Board of Directors
For Adhunik Metaliks Limited



Wajal Kumar Agarwal
Managing Director
DIN: 00605669