



Das & Prasad
Chartered Accountants

Independent Auditor's Review Report on Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015

To
Resolution Professional of
Adhunik Metaliks Limited

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of Adhunik Metaliks Limited ('the Company') for the quarter ended 30th September, 2017 and the year to date results for the period 1st April, 2017 to 30th September, 2017 (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") as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016.
2. The preparation of the statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34, Interim Financial Reporting Prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No.CIR/CFD/FAC/62/2016 dated 5th July 2016 is the responsibility of the company's management and has been reviewed by the Key managerial personnel and provided to the Resolution Professional (IRP). Our responsibility is to issue a report on the financial statement based on our review.
3. 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.
4. We did not review total revenue of Rs.0.05 Lacs for the quarter ended 30th September, 2017 and total assets of Rs.7.06 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 are unaudited and are furnished to us by the management and our conclusion is based solely on the on the basis of such unaudited results.

5. Attention is drawn to following:

- a) Note no 5 of the accompanying results, stating thereto the matter of the Company incurring losses continuously and consequently the net-worth being eroded completely, the current liabilities exceeding the current assets, due compliance of CDR package not being met with and 'Strategic Debt Restructuring' (SDR) also having not been implemented. Consequent thereto, on 11th July, 2017 State Bank of India, in its capacity as financial creditor had filed a petition under Insolvency and Bankruptcy Code, 2016 (IBC) with Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT). On 3rd August 2017, The NCLT vide its order of even date, had admitted the Corporate Insolvency Resolution Process (CIRP) in respect of the Company and appointed an Interim Resolution Professional (IRP) in terms of IBC. Further the Committee of Creditors (COC) in its meeting held on 4th September 2017 have approved the appointment of Resolution Professional (RP). Considering these, the Company has presented these statements on going concern basis.
- b) We draw attention to the fact that the Company has made long term investments in Adhunik Power and Natural Resources Limited amounting to Rs.1,000.02 Lacs. The said investments continue to be valued at cost. As per the latest management certified financial statement for the year ended 31st March 2017, the book value of said investment is significantly lower than cost. However, the company has not done impairment in value of its investments, as it considers such investment as long term strategic investment and in view of the management such diminution are temporary in nature. Accordingly, impact, if any, on the standalone financials is currently not ascertainable.
- c) We draw attention to the fact that the Company has made long term investments in Orissa Manganese & Minerals Limited amounting to Rs.6,309.60 Lacs. The said investments continue to be valued at cost. As per the latest audited financial statement for the year ended 31st March 2017, the book value of said investment is fully eroded. However, the company has not done impairment in value of its investments, as it considers such investment as long term strategic investment and in view of the management such diminution are temporary in nature. Accordingly, impact, if any, on the standalone financials is currently not ascertainable.
- d) We draw attention to note 8 of the financial result with regard to devaluation of inventory amounting to Rs.29,741.64 Lacs done in quarter ended 30th June, 2017 shown under Exceptional Item, being valued after completion of detailed technical, commercial and market evaluation of all its inventories owing to decline in effective operations due to working capital stress with an objective to identify, inter-alia, inventory that are not usable in the reduced production capacity and also to determine the cost of carrying such inventories.



e) We draw attention to note no 11 of the financial results, where as part of the CIRP, creditors of the Company were called upon to submit their claims to the Interim Resolution Professional as on 3rd August 2017. Claims submitted by financial and operational creditors, exceeded the amount as appearing in the books of accounts. Pending final outcome of the CIRP, no provision has been made for the excess claims submitted. Hence consequential impact if any, on the financial results is not currently ascertainable.

f) We draw attention the fact the company has outstanding payable and receivable from related parties. The total payable and receivable from such related parties as on 30th September, 2017 is Rs.41,775 Lacs and Rs.10,643 Lacs respectively. No resolution plan has been given by the management. In the absence of any resolution plan, the financial impact if any, on the financial results is not ascertainable.

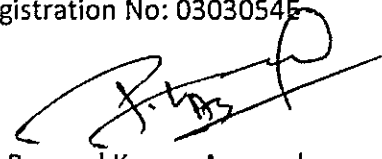
g) Advances, trade payable, and trade receivable, are subject to confirmation from respective parties and consequential effect upon reconciliation/adjustment arising there from, if any. Hence, financial impact if any is not ascertainable.

Our review conclusion is not modified in respect of these matters.

6. Based on our review conducted as 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 Indian 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: 03030545




Pramod Kumar Agarwal
Partner
Membership No.:056921

Place: Kolkata
Date: 14th November, 2017

Adhunik Metaliks Limited

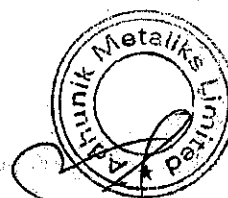
Regd. Office : Chadrihariharpur, P.O. Kuarmunda, Sundargarh, Odisha-770039

CIN: L28110OR2001PLC017271

(₹ in Lacs)

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER 2017

	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30th Sept 2017 (Unaudited)	30th June 2017 (Unaudited)	30th Sept 2016 (Unaudited)	30th Sept 2017 (Unaudited)	30th Sept 2016 (Unaudited)	31st Mar 2017 (Audited)
1	Revenue from operations						
	a) Gross sales / income from operations	17,935.51	22,449.54	14,303.37	40,385.05	35,123.80	71,993.28
	b) Other Operating Income	86.40	116.76	53.63	203.16	125.02	210.40
	Total revenue from operations	18,021.91	22,566.30	14,357.00	40,588.21	35,248.82	72,203.68
	Other Income	335.95	124.65	479.65	460.60	537.29	920.84
	Total Income	18,357.86	22,690.95	14,836.65	41,048.81	35,786.11	73,124.52
2	Expenses						
	a) Cost of materials consumed	12,928.78	16,159.68	14,352.45	29,088.46	28,654.21	47,653.30
	b) Purchase of stock-in-trade	1.38	57.29	167.26	58.67	379.42	7,838.42
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2,553.75	995.37	125.21	3,549.12	564.14	905.62
	d) Employee benefits expense	1,129.71	1,115.52	1,012.34	2,245.23	2,011.02	4,013.85
	e) Finance Costs (Refer Note 9)	12,395.94	2,592.66	7,485.49	14,988.60	14,237.18	30,223.18
	f) Depreciation and amortisation expense	2,406.63	2,846.70	3,374.48	5,253.33	6,685.53	12,472.97
	g) Excise Duty on Sales	-	2,004.47	1,317.38	2,004.47	3,191.07	6,049.69
	h) Other Expenses	6,030.90	5,820.95	4,740.39	11,851.85	9,842.67	18,128.68
	Total Expenses	37,447.09	31,592.64	32,575.00	69,039.73	65,565.24	1,27,285.71
3	Profit / (Loss) before exceptional items (1-2)	(19,089.23)	(8,901.69)	(17,738.35)	(27,990.92)	(29,779.13)	(54,161.19)
4	Exceptional items net (Refer Note 8)	10,163.81	19,577.82	12,930.68	29,741.63	16,133.49	21,766.28
5	Profit / (Loss) before tax (3-4)	(29,253.04)	(28,479.51)	(30,669.03)	(57,732.55)	(45,912.62)	(75,927.47)
6	Tax Expenses :						
	a) Current Tax	-	-	(10,304.72)	-	(15,250.55)	11,158.14
	b) Deferred Tax Charge/ (Credit)	-	-	-	-	-	-
	c) Income Tax Related to earlier years (MAT Credit Reversal)	534.86	-	-	534.86	-	-
7	Net Profit / (Loss) after tax (5-6)	(29,787.90)	(28,479.51)	(20,364.31)	(58,267.41)	(30,662.07)	(87,085.61)
8	Other comprehensive income (net of taxes)	(38.32)	(38.31)	(0.18)	(76.63)	0.11	(153.25)
9	Total comprehensive income after tax (7+8)	(29,826.22)	(28,517.82)	(20,364.49)	(58,344.04)	(30,661.96)	(87,238.86)
10	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	12,349.95
11	Reserves excluding Revaluation reserves						(1,11,653.48)
12	Earning per share :						
	-Basic (not annualised) (in ₹)	(24.12)	(23.06)	(16.49)	(47.18)	(24.83)	(70.51)
	-Diluted (not annualised) (in ₹)	(24.12)	(23.06)	(16.49)	(47.18)	(24.83)	(70.51)

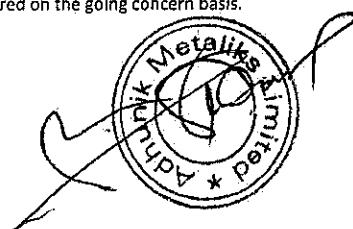
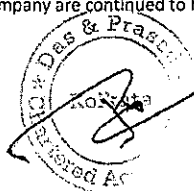


Notes:

(1) Standalone Statement of Assets and Liabilities

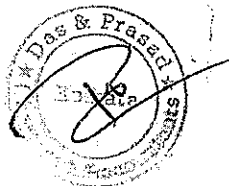
		(₹ In Lacs)	
	Particulars	As at 30th Sept 2017	As at 31st Mar 2017
I	ASSETS		
(1)	Non-Current Assets		
	(a) Property, plant and equipment	1,51,188.70	1,56,441.38
	(b) Capital work-in-progress	15.53	12.29
	(c) Financial assets :		
	(i) Investments	7,324.98	7,325.12
	(ii) Other Financial assets	1,409.22	1,404.91
	(d) Other Non Current Assets	13,523.99	12,776.08
	Total Non-Current Assets	1,73,462.42	1,77,959.78
(2)	Current Assets		
	(a) Inventories	13,660.13	50,818.57
	(b) Financial assets:		
	(i) Trade receivables	6,991.97	5,789.88
	(ii) Cash and cash equivalents	621.78	318.87
	(iii) Bank balance other than (ii) above	271.47	839.18
	(iv) Loans	36.73	73.55
	(v) Other Financial assets	51.03	382.93
	(c) Other Current Assets	3,873.81	4,800.10
	Total Current Assets	25,506.92	63,023.08
	Total Assets	1,98,969.34	2,40,982.86
II	EQUITY AND LIABILITIES		
(1)	Equity		
	(a) Equity Share capital	12,349.95	12,349.95
	(b) Other Equity	(1,61,158.38)	(1,02,814.34)
	Total Equity	(1,48,808.43)	(90,464.39)
(2)	Non-Current Liabilities		
	(a) Financial liabilities:		
	(i) Borrowings	1,39,855.30	1,53,626.01
	(ii) Other financial Liabilities	40,490.38	38,189.66
	(b) Provisions	1,055.25	940.20
	Total Non-Current Liabilities	1,81,400.93	1,92,755.87
(3)	Current liabilities		
	(a) Financial liabilities:		
	(i) Borrowings	70,838.36	65,458.23
	(ii) Trade payables	32,077.35	31,806.93
	(iii) Other financial Liabilities	59,214.38	36,614.03
	(b) Other current liabilities	4,164.23	4,774.53
	(c) Provisions	82.52	37.66
	Total Current Liabilities	1,66,376.84	1,38,691.38
	Total Equity and Liabilities	1,98,969.34	2,40,982.86


- (2) The financial results of the Company for the quarter and half year ended 30th September 2017 has been approved by the Resolution Professional (RP) while discharging the powers of the Board of Directors of the Company which has been conferred upon him in terms of the provisions of Section 17 of the Insolvency and Bankruptcy Code, 2016 (IBC). The said results have been reviewed by the statutory auditors. While approving the aforesaid financial results, the Resolution Professional (RP) has relied on the certifications, representations and statements made by Chief Financial Officer and the existing management including the key managerial personnel of the Company.
- (3) Revenue from operations for the period up to 30th June 2017 includes excise duty, which is discontinued effectively 1st July 2017 upon implementation of Goods and Service Tax (GST). In accordance with IND AS 18- Revenue, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for the quarter and half year ended 30th September 2017 is not comparable to the previous year.
- (4) The Company is in the business of manufacturing steel products and hence has only one reportable operating segment as per IND AS 108- Operating Segment.
- (5) The Company has incurred significant amount of losses leading to erosion of net worth and the current liabilities exceeds the current assets. Since due compliance of the sanctioned CDR package could not be met with, the lenders have since invoked the "Strategic Debt Restructuring" (SDR) pursuant to RBI Circulars dated June 08, 2015 and Sept 24, 2015. Further, due to SDR also having not been implemented, the State Bank of India, in its capacity as financial creditor has filed a petition under the Insolvency and Bankruptcy Code, 2016 (IBC) with The Hon'ble National company Law Tribunal, Kolkata Bench (NCLT). On 3rd August 2017, the NCLT vide its order of even date, has admitted the Corporate Insolvency Resolution Process (CIRP) in respect of the Company and appointed Mr. Sumit Binani, as the Interim Resolution Professional (IRP) in terms of the IBC. Further the Committee of Creditors (COC) in its meeting held on 4th September 2017 have approved the appointment of Mr. Sumit Binani as Resolution Professional (RP). As per Section 17 of the IBC, the powers of the Board of Directors stands suspended and such powers have vested with the Resolution Professional (RP) appointed as above. The time allowed for resolution process is 180 days from the date of admission, which can be further extended for a period of not more than 90 days. The NCLT order also provides for a moratorium with effect from 3rd August 2017 till the completion of the CIRP process or until approval of the resolution plan under Section 31(1) or an order for liquidation of the company under Section 33 is made, whichever is earlier. CIRP is ongoing and is yet to be completed. Under a CIRP, a resolution plan needs to be prepared and approved by the Committee of Creditors (COC). The resolution plan which would be approved by the COC will need to be further approved by NCLT to keep the Company as going concern. Currently the resolution process is on, hence the financial statement of the Company are continued to be prepared on the going concern basis.



- (6) The Company has Investment of ₹ 1,000.02 lacs in Adhunik Power and Natural Resources Limited ('APNRL'), as at 30th September 2017. APNRL has been incurring losses since the commencement of its commercial operation and 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 power sector and other external factors beyond the management control. It is expected that with the improvement in raw material availability, likely improvement in market scenario and debt restructuring, the overall financial health of the Company would improve and accordingly, the investments in APNRL has been carried at cost and no impairment in the value of investments has been made as at 30th September 2017. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.
- (7) The Company has Investment of ₹ 6,309.60 lacs in Orissa Manganese & Minerals Limited ('OMML') as at 30th September 2017. OMML has incurred losses and accumulated losses as on 31st March 2017 is ₹ 47,404.21 lacs. The performance of OMML has been adversely affected due to non-operational of mines, non-availability of raw materials at viable prices for pellet plant, non-availability of working capital for operations, continued stress in steel sector and other external factors beyond the management control. OMML is also currently undergoing insolvency resolution process under the provision of the Insolvency and Bankruptcy Code, 2016 (IBC). It is a possibility that OMML may revive during the aforesaid process. Accordingly, the investments in OMML has been carried at cost and no impairment in the value of investments has been made as at 30th September 2017. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.
- (8) The Company during the previous quarter completed a detailed technical, commercial and market evaluation of all its inventories owing to decline in effective operations due to working capital stress with an objective to identify, inter-alia, inventory that are not usable in the reduced production capacity and also to determine the cost of carrying such inventories. Based on the results of such assessments, the management took corrective action, and has accordingly recorded loss amounting to ₹ 29,741.63 lacs arising therefrom in the current quarter and half year ended 30th September 2017 under the head exceptional item. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.
- (9) During the previous quarter the Company did not charge interest on its debts w.e.f 1st April, 2017 due to majority of the financial institutions and banks had stopped charging interest on its debts (being categorised as NPA) due from the Company from that date. The results of the Company for the previous quarter ended 30th June, 2017 accordingly did not reflect any provision of interest in respect of such lenders amounting to ₹ 4,899.72 Lacs. Subsequently, pursuant to the Insolvency Resolution Process getting commenced with effect from 03.08.2017, all such lenders while submitting their claims in terms of the provisions of the Insolvency and Bankruptcy Code, 2016 have also included interest which was earlier not provided for. The Company, while preparing the results of the quarter ended 30th September, 2017 have aligned its books accordingly and provided interest with effect from 01.04.2017 on its outstanding debts to such lenders as on 31.03.2017. Further, the interest payable relating to such lenders which was reversed in the previous quarter amounting to ₹ 10,163.82 Lacs has again been reinstated and been booked as expense under the head exceptional item in the current quarter. The statutory auditors of the Company have drawn an Emphasis of Matter in their Audit Report in this regard.
- (10) Advances, Trade Payable and Trade Receivables are subject to confirmation from respective parties and consequential reconciliation / adjustment arising there from, if any. The management, however, does not expect any material variation.
- (11) As part of the CIRP, creditors of the Company were called upon to submit their claims to the Interim Resolution Professional as on 3rd August 2017. Claims submitted by financial and operational creditors, exceeded the amount as appearing in the books of accounts. Pending final outcome of the CIRP, no provision has been made for the excess claims submitted.
- (12) The Board of Orissa Manganese & Minerals Limited (OMML) at its meeting held on 12th May 2017 has issued and allotted 132,110,000 fully paid-up equity shares pursuant to conversion of 132,110,000, 0.01% Cumulative Compulsorily Convertible Non-Cumulative Preference shares and consequent to the said allotment the holding of Adhunik Metaliks Limited in OMML has reduced from 100% to 13.15%. In view of the aforesaid allotment Orissa Manganese & Minerals Limited ceased to be a subsidiary of Adhunik Metaliks Limited w.e.f. 12th May 2017.
- (13) 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 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 meetings 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. However, with effect from 3rd August, 2017, the Company along with ZSL and OMML are all currently undergoing insolvency resolution process under the applicable provisions of the Insolvency and Bankruptcy Code, 2016 and the fate of the aforesaid composite scheme of amalgamation shall depend upon the decision of the Committee of Creditors of the respective companies during the said process.
- (14) The figures of previous period's/year have been rearrange to confirm to current period/year classification and presentation.

Place : Kolkata
Date: 14th November 2017



For Adhunik Metaliks Limited

Nishal Kumar Agarwal
Managing Director
DIN: 00605669

