

MAHINDRA HINODAY INDUSTRIES LIMITED

(Formerly Mahindra Castings Limited)

4th ANNUAL REPORT 2010-11

MAHINDRA HINODAY INDUSTRIES LIMITED
1st Floor, B wing, Mahindra Towers
Dr. P.K Kurne Chowk, Worli,
Mumbai - 400018

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors' present their Fourth Report together with the audited accounts of your Company for the Financial Year ended 31st March, 2011.

Financials Highlights

Particulars	(Amount in Thousand)	
	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
Gross Income	4,033,619	3,158,527
EBIDTA from Operations.....	199,326	185,911
Interest	91,390	133,639
Profit / (Loss) before Depreciation & Tax	107,935	52,272
Depreciation	155,653	140,995
Profit/(Loss) before Tax.....	(47,718)	(88,723)
Prior Year adjustment.....	—	(4,083)
Provision for Taxation		
— Current Tax	—	—
— Deferred Tax	(26,696)	14,436
— Prior Period.....	—	—
Fringe Benefit Tax	—	—
Net Profit/ (Loss) after Tax	(74,414)	(78,370)
Balance of Profit/ (Loss) from earlier years	(495,102)	(416,732)
Balance carried to Balance Sheet	(569,516)	(495,102)

Performance Review

During the year under review, your Company registered an income of Rs. 403.36 crores as compared to an income of Rs. 315.85 crores in the previous year registering an increase of 28%. Your Directors believe that consistent growth in sales will boost current year's performance.

FOUNDRY DIVISION (FD):

The performance of the division was hampered due to various external and internal factors like rising input cost, breakdowns etc.

The matter of upward revision in prices is being discussed with all the customers regularly and your Company is hopeful of resolving the issue. Your Company, realizing the need for product mix rationalization, is going slow on new product development.

MAGNETIC PRODUCTS DIVISION (MPD):

Initiatives taken by your Company during the previous year in development of full product lines have yielded positive response from the market. The division was successful in launching Electrode Less Lamps during the year under review.

Various steps taken for improvement in cost structure of Magnets were continued during the year under review. The steps included involving early separation scheme, sourcing from China to avoid capacity addition, outsourcing of operations through concept of "Factory in Factory", etc. These are expected to give good results in terms of increased sales with minimum investment.

Auto industry growth in India continued and your Company was successful in meeting the increased demand by improving productivity and taking above initiatives. The improved demand position enabled your Company to seek upward price revision from the Customers. This is a reversal of trend that prevailed during last 7-8 years during which customers were reluctant to consider requests for price revision.

Capacity Expansion

Your Directors have pleasure in reporting that the first phase of capacity expansion was completed during the year under review. The commissioning of the third line (NL2) was done in December, 2010 after a delay of two months. The capacity utilization for this new line was quickly raised to 50% by the month of March, 2011 and 100% utilisation is expected by June, 2011.

The Indian economy and overall market situation improved during the year under review. Delivery pressures continued throughout the year with demands exceeding capacity by 20% to 40%. In view of this, the second phase of expansion of the project has been advanced by four months.

Market Scenario

Domestic automotive market grew very strongly during the year under review, creating supply shortages both in Foundry and Magnetic Products Divisions. This growth is expected to continue in future as well. International demand is also indicating good growth.

Dividend

In view of the losses, your Directors do not recommend any dividend for the year under review.

Capital

During the year under review, your Company allotted 1,00,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 27 per Share on Rights basis. Pursuant to this allotment, the Paid-up Capital of your Company stands raised to Rs. 430,167,000 as at the end of the last Financial Year.

Change in the Name of the Company

In terms of the Scheme of Amalgamation of Mahindra Hinoday Industries Limited with your Company, as sanctioned by the Honourable High Court of Judicature at Bombay vide its order dated 10th July, 2009, the name of your Company was to be changed to "Mahindra Hinoday Industries Limited". During the year, the required formalities were completed and the change in name became effective from 18th November, 2010.

Directors

Mr. Rajan Wadhera and Mr. Zhooben Bhiwandiwalla retire by rotation and being eligible offer themselves for re-election.

Directors' Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken 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 annual accounts have been prepared on a going concern basis.

Audit Committee

The Audit Committee of your Company comprises of Mr. Hemant Luthra, Mr. Zhooben Bhiwandiwalla, Mr. Rajan Wadhera and Mr. Vikram Nirula.

The Audit Committee met twice during the year under review.

Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, Pune, retire as Auditors of the Company at the forthcoming Annual General

Meeting and have given their consent for re-appointment. The members are requested to appoint Auditors from the conclusion of the forthcoming Annual General Meeting until the conclusion of next Annual General Meeting and fix their remuneration.

As required under the provisions of section 224(1B) of the Companies Act, 1956, the Company has obtained a written certificate from the above Auditors to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

Codes of Conduct

Your Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management Personnel and Employees. These Codes enunciate the underlying principles governing the conduct of your Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of your Company's ethos.

Your Company has, for the year under review, received declarations under the Codes from the Board of Directors and the Senior Management Personnel and Employees affirming compliance with the respective Codes.

Public Deposits and Loans/Advances

The Company has not accepted deposits from the public or its employees during the year under review.

The Company has not made any loans and advances which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement of the parent Company, Mahindra & Mahindra Limited with the Stock Exchanges.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board Directors) Rules, 1988 are given in Annexure to this Report.

Safety, Health & Environment Policy Deployment

Apart from the statutory compliances, various measures related to safety, health and environment were undertaken during the year along with specific actions taken to improve the standards. This inter alia included establishment of a training centre for new joiners, annual health check up for management staff, use of piped Natural Gas in place of Liquid Petroleum Gas to reduce major risk, reduce carbon emission, closing down unsafe conditions, etc.

Employees were also encouraged to undertake various programs like Tree Plantation, Plastic Waste cleaning at Khadakwasala Dam, etc.

Your Company has also formed separate committees / teams for better management of energy, water and waste. Audits were also carried out with regard to safety measures undertaken by the Company.

MAHINDRA HINODAY INDUSTRIES LIMITED
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Future plan of Action

Your Company plans to take effective steps to reduce accidents, consumption of water & electricity and reduce health hazards.

Particulars of employees as required under section 217(2A) of the Companies Act, 1956 and Rules framed there under

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration of not less than Rs.60,00,000 p.a. during the year ended 31st March, 2011 or was employed for a part of Financial Year and was in receipt of remuneration of not less than Rs.5,00,000 p.m.

Industrial Relations

The industrial relations at both the locations viz. Ferrite division at Bhosari and Foundry division at Village Urse were cordial.

Acknowledgements

Your Directors wish to take this opportunity to thank the Banks and Financial Institutions for their co-operation and support to your Company. Your Company also places on record its appreciation for the dedicated efforts put in by the management & the employees for the growth of your Company.

For and on behalf of the Board



Hemant Luthra
Chairman

Mumbai, 25th April, 2011

Annexure to the Directors' Report

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

A. Conservation of Energy

(a) Energy Conservation measures taken:

1. Energy reduction by using energy efficient motors at 20 locations, resulted in 40k units /M consumption reduction.
2. Use of transparent sheets to improve natural light and stop use of Tube light.
3. Use of low wattage CFL lamps (11watt) in place of tube lights (70 watt) at 90 locations.
4. Use of solar system in place of electrical heaters in Canteen to get hot water.
5. Mercury vapor lamps were replaced with induction lamps to reduce energy consumption.
6. Furnace coil in foundry redesigned to reduce power consumption.

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

Energy efficient motors replacing existing motors.

(c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures have resulted in reduction of energy consumption.

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not applicable.

B. Technology Absorption and Research & Development

Research & Development (R&D)

1) Specific Areas in which R&D is carried out by the Company:

Development of new material grades for products in specific applications.

High grade Strontium ferrite CS8 development in R&D.

2) Benefits derived as a result of above R&D:

New business with import substitution.

3) Future plan of Action:

- a. Commercial production and expansion of CS8 series.
- b. Low rare earth FSM alloy to reduce cost.

4) Expenditure of R&D: (Rs. In Thousand)

a) Revenue Expenditure:	4,662
b) Capital Expenditure:	4,892
c) Total:	9,554
d) Total R&D expenditure as a % of total turnover:	0.25%.

Technology Absorption, Adaptation and Innovation

1. Efforts in brief made towards technology absorption, adaptation & Innovation:

- a. New products in Energy efficiency arena as future expansion of product offering.
- b. Substitution of high cost raw materials by Low cost local sources.
- c. Creating a group of engineers to work on futuristic products for product expansion by way of promotion of Innovation.

2. Benefits derived as a result of above efforts:

- a. Expected to create new business lines for Magnetic products division in line with it's strategy.
- b. New product offerings in Energy saving space for customers.
- c. Cost reduction.

3. Information on technology imported during last 5 years is given below:

Technology imported	Year of Import	Status
FIT Ceramics, Germany (Development of N-87 equivalent material)	2006	Technology absorbed

C. Foreign Exchange Earnings & Outgo

The Company continues to strive to improve its export earnings.

The total foreign exchange earned and used were as follows:

(Rs. in Thousand)

	Financial Year 2010-2011	Financial Year 2009-2010
Foreign Exchange earned	694,483	559,814
Foreign Exchange used	293,049	152,538

For and on behalf of the Board


Hemant Luthra
Chairman

Mumbai, 25th April, 2011

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B. K. KHARE & Co.
CHARTERED ACCOUNTANTS

Auditor's Report**To the Members of Mahindra Hinoday Industries Limited**

We have audited the attached Balance Sheet of Mahindra Hinoday Industries Limited as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- 1) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
- 2) Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

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- 11, Venu-Madhav, 104/7, Off Lane No. 14,
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Branch Office : Bangalore

- Tel : (080) 5110 5357 •
- E-mail : bkkhare@vsnl.net •
- No. 12, 60 Feet Road, 6th Block •
- Koramangala Bangalore - 560 095

- f) On the basis of the written representation received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date.
- g) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and the Notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

in case of the Balance Sheet, of the state of affairs of the company as on 31st March 2011

in case of the Profit and Loss Account, of the Loss of the company for the year ended on that date; and

in case of Cash Flow Statement, of the cash flows for the year ended on the date.

For B.K.Khare & Co.

Chartered Accountants

Firm Regn No. 105102W



U.B.Joshi

Partner

M.No.44097

Place : Mumbai

Dated : 25th April 2011

Annexure to Auditor's Report

Referred to in paragraph 1 of our Report of even date:

i.

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Assets have been physically verified by the management during the year as per their regular programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. As explained the company has done reconciliation of physical inventory of assets with book records.
- (c) During the year, company has not disposed off any substantial/ major part of fixed assets.

ii.

- (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noted on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.

iii.

- (a) According to the information and explanations given to us and on the basis of our examination of the records the company has not given any loan to the parties listed in the register maintained under section 301 of the Companies Act, 1956. However the company has taken inter-corporate deposit of Rs. 10 Crores from Mahindra Engineering and Chemicals Products Limited which is a party listed in the register maintained under section 301 of Companies Act, 1956.
- (b) According to the information and explanation given to us, in our opinion the rate of interest and the other terms and conditions of above inter corporate deposit taken by the company are not prima facie, prejudicial to the interest of the company.
- (c) According to the information and explanation given to us, the company is regular in repaying the installments and also the interest thereon.
- (d) There is no overdue amount of loan taken from the companies listed in the register maintained under Section 301 of the Companies Act, 1956.

iv.

In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and for the sale of goods and services. During the course of our audit, no continuing failure to correct major weaknesses in the internal controls has been noticed.

v.

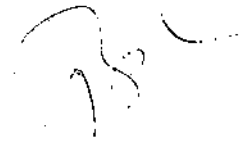
- (a) Based on the audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contract or the arrangements that needed to be entered in to the register maintained under section 301 have been so entered.
- (b) According to the information and explanations given to us in our opinion the contracts and arrangements have been made at prices which are prima

- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and Rules there under are not applicable to the Company.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company relating to the manufacture of Ferrites and Castings pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix.
 - (a) According to the records of the Company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Income-Tax, Sales-Tax, Service-Tax, cess and other statutory dues with the appropriate authorities during the year.
 - (b) According to the records of the company and information and explanations given to us, disputed excise duty demands aggregating to Rs. 27,509 thousand have not been deposited since the matters are pending with Central Excise & service Tax Appellate. Local Authority Cess of Rs. 10,535 thousand are disputed and pending with Civil Court. Claims against the company not acknowledged as debt includes Stamp duty Rs. 29,007 thousand which is not yet paid by the company.
- x. Accumulated losses as at the end of the financial year do not exceed fifty percent of its net worth and the Company has not incurred cash losses in the current and the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks.

- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- xiv. Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the Company is not dealing in shares, securities and other investments and the question whether the company holds the share and securities in its own name does not arise.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- xvii. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis funds raised on short term basis have, temporarily, been used during the year for long term investments to the tune of Rs. 104,198 thousands.
- xviii. The Company has not made any preferential allotment of shares during the year. However the company has made a right issue of shares to the parties covered under section 301 and price at which shares have been issued is not prejudicial to the interest of the company
- xix. The company has not issued any debentures during the year.
- xx. The Company has not raised money by making any public issues during the year.

- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For B.K. Khare & Co.
Chartered Accountants
Firm Reg. No. 105102W



Place: Mumbai
Dated: 25th April 2011.

U.B. Joshi
Partner
M. No. 44097

MAHINDRA HINODAY INDUSTRIES LIMITED
(Formerly known as Mahindra Castings Limited.)
BALANCE SHEET AS AT 31ST MAR 2011

	Schedule No	MARCH 2011 Rs. '000	MARCH 2010 Rs. '000
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	430,167	330,167
Reserves & Surplus	2	1,610,584	1,340,954
		2,040,751	1,671,121
LOAN FUNDS			
Secured Loans	3	1,186,460	670,857
Unsecured Loans	4	301,772	463,634
		1,488,231	1,134,491
TOTAL EQUITY AND LIABILITIES		3,528,983	2,805,612
APPLICATION OF FUNDS			
FIXED ASSETS			
	5		
Gross Block		2,698,702	2,183,275
Less : Depreciation		425,335	274,970
Net Block		2,273,367	1,908,305
Capital Work in Progress			
Ferrite Division		12,803	6,430
Ductile Iron Casting Division		294,454	32,238
		307,258	38,669
NET FIXED ASSETS		2,580,625	1,946,973
INVESTMENTS	6	40,025	40,025
DEFERRED TAX (Net) [Refer note 4 of Schedule 13]		108,530	135,226
CURRENT ASSETS, LOANS & ADVANCES			
	7		
Inventories		489,939	353,506
Sundry Debtors		493,267	445,331
Cash & Bank Balance		35,160	22,376
Loans & Advances		221,628	187,370
		1,240,015	1,008,584

MAHINDRA HINODAY INDUSTRIES LIMITED
(Formerly known as Mahindra Castings Limited.)
BALANCE SHEET AS AT 31ST MAR 2011

	Schedule No	MARCH 2011 Rs. '000	MARCH 2010 Rs. '000
LESS: CURRENT LIABILITIES & PROVISIONS	6		
Liabilities		794,893	606,202
Provisions		214,835	214,094
		1,009,728	820,296
Net Current Assets		230,287	188,287
Profit and Loss Account			
Opening Balance -Deficit		495,102	416,731
Add/(less) - (Surplus) / Deficit during the year		74,414	78,370
		569,516	495,101
TOTAL FUNDS APPLIED		3,528,983	2,805,613
Notes to Accounts	13		

As per our Report of even date
For B. K. KHARE & COMPANY
Chartered Accountants

U B Joshi
Partner
Place : Mumbai
Date : 25.04.2011

K. Jayaprakash
CFO

Place : Mumbai

Mr. Hemant Luthra

Mr. A.P. Lele

Mr. Vikram Nirula

Mr. Sanjay Arte

Mr. Rajan Wadhwa

Mr. Zhooben Bhiwandiwalla

Place : Mumbai

MAHINDRA HINODAY INDUSTRIES LIMITED
(Formerly known as Mahindra Castings Limited.)
PROFIT & LOSS ACCOUNT

	Schedule No	MARCH 2011 Rs '000	MARCH 2010 Rs '000
INCOME			
Income from Operations and Other Income	9	4,033,619	3,158,527
Less: Excise Duty		254,785	165,189
Net Income from Operations and Other Income		3,778,834	2,993,339
EXPENDITURE			
Consumption of Material	10	1,851,059	1,417,393
Manufacturing & Other Expenses	11	1,728,449	1,390,035
		3,579,508	2,807,428
PROFIT BEFORE INTEREST DEPRECIATION & TAX		199,326	185,911
Finance Cost	12	91,390	133,639
PROFIT BEFORE DEPRECIATION & TAX		107,935	52,272
Depreciation		155,653	140,995
PROFIT BEFORE PRIOR YEAR'S ADJUSTMENT & TAX		(47,718)	(88,723)
PRIOR YEAR'S ADJUSTMENT			4,083
PROFIT BEFORE TAX		(47,718)	(92,806)
Provision for Income Tax			
- Current Tax			
- Deferred Tax		26,696	(14,436)
- Prior Period			
- Fringe Benefit Tax			
PROFIT AFTER TAX		(74,414)	(78,370)
PROFIT AVAILABLE FOR APPROPRIATION		(74,414)	(78,370)

MAHINDRA HINODAY INDUSTRIES LIMITED
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PROFIT & LOSS ACCOUNT

Schedule No	MARCH 2011 Rs. '000	MARCH 2010 Rs. '000
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APPROPRIATIONS

SURPLUS/(DEFICIT) CARRIED TO BALANCE SHEET	(74,414)	(78,370)
Earnings Per Share (EPS) par value Rs. 10 each - Basic/Diluted	(1.73)	(2.37)
No. of Shares used in computing EPS	43,016,717	33,016,717
Net profit/(loss) used for computing basic / diluted EPS	(74,414)	(78,370)

Notes to Accounts 13

As per our Report of even date
For B. K. KHARE & COMPANY
Chartered Accountants

U B Joshi
Partner
Place Mumbai
Date : 25.04.2011

K. Jayaprakash
CFO

Place : Mumbai

Mr. Hemant Luthra

Mr. A.P. Lefe

Mr. Vikram Nirula

Mr. Sanjay Arte

Mr. Rajan Wadhwa

Mr. Zhooben Bhiwandiwalla

Place : Mumbai

MAHINDRA HINODAY INDUSTRIES LIMITED

(Formerly known as Mahindra Castings Limited.)

CASH FLOW STATEMENT

For year ended 31ST MARCH, 2011

	MARCH 2011	MARCH 2010
	Rs. '000	Rs. '000
I Cash Flow From Operating Activities		
Profit before taxes	(47,718)	(92,807)
Adjustments for:		
Loss on sale of fixed assets	357	2,970
Profit on sale of fixed assets	-	(17)
Depreciation on fixed assets	155,653	140,995
Provision for doubtful debts	-	382
Expenses for Block & Heads Project	-	40,694
Assets Written off	2,794	-
Bad Debts	-	-
Interest Income	(2,214)	(1,921)
Interest Expenses	91,390	133,640
Exchange Fluctuation on Loan Reinstatement	-	(1,132)
Unrealised Foreign Exchange Fluctuation (Gain) / Loss	1,881	9,232
Employees Benefit Provisions	33,658	39,676
Dividend Income	(5)	-
Reduction in SICOM Deferral liability (BST/CST)	-	(3,285)
Depreciation impact for previous year	-	4,083
Cash flow before working capital changes	235,797	272,510
(Increase) / Decrease in Inventories	(136,433)	(15,934)
(Increase) / Decrease in Sundry Debtors	(50,365)	(111,999)
(Increase) / Decrease in Loans and Advances	(30,400)	33,012
Increase / (Decrease) in Current Liabilities	189,219	24,349
Increase / (Decrease) in Provisions	(32,918)	(15,857)
Cash flow before taxes and extraordinary items	174,900	186,081
Payment of Taxes (Net of Refund)	(3,859)	(405)
Cash Flow From Operating Activities	171,042	185,676
II Cash Flow From Investing Activities		
Purchase of Fixed Assets	(792,464)	(109,290)
Sale of Fixed Assets	8	4,398
Sale / (Purchase) of Investments	-	-
Interest Received	2,214	1,921
Dividend Income	5	-
Purchase of investments	-	(40,000)
Sale of investments	-	-
Income on Investments	-	-
Cash Flow From Investing Activities	(790,236)	(142,971)

MAHINDRA HINODAY INDUSTRIES LIMITED

(Formerly known as Mahindra Castings Limited.)

CASH FLOW STATEMENT

For year ended 31ST MARCH, 2011

MARCH 2011**MARCH 2010**

Rs. '000

Rs. '000

III Cash Flow From Financing Activities

Proceeds from issue of Equity Shares	100,000	382,338
Proceeds from issue of Shares (Securities Premium)	270,000	
Changes in Securities Premium (Stamp Duty paid)	(370)	
Proceeds from Long Term Borrowings	827,921	
Proceeds from Short Term Borrowings	(86,546)	300,000
Reduction in SICOM Deferral liability (BST/CST)	963	-
Sicom Repayment	(1,331)	
Repayment of Short Term Borrowings	-	(272,777)
increase in Working capital finance	-	(115,118)
Proceeds from Unsecured Loans	-	
Proceeds/ (Repayment) from ICD	-	(90,000)
Repayment of Long Term Borrowings	(215,781)	(106,250)
Repayment of Unsecured Loans	(161,494)	
Repayment of Buyer's Credit	(9,992)	
Interest Paid	(91,390)	(133,640)
Exchange Fluctuation on Loan Reinstatement	-	1,132

Cash Flow From Financing Activities

631,979

(34,315)

IV Net Change in Cash and Cash Equivalent

12,784

8,390

V Cash and Cash Equivalent at the beginning of the period

22,376

13,986

VI Cash and Cash Equivalent at the end of the period

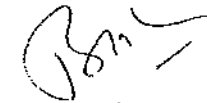
35,160

22,376

As per our Report of even date

For B. K. KHARE & COMPANY

Chartered Accountants

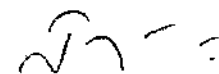


U B Joshi

Partner

Place : Mumbai

Date : 25th April 2011



K. Jayaprakash

CFO

Place : Mumbai

Date : 25th April 2011

Mr. Hemant Luthra

Mr. A.P. Lele

Mr. Vikram Nirula

Mr. Sanjay Arte

Mr. Rajan Wadhwa

Mr. Zhooben Bhiwadiwala

Place : Mumbai

Date : 25th April 2011

Schedule - 1

SHARE CAPITAL

AUTHORIZED

24,000,000 (24,000,000) Equity Shares
of Rs. 10 each

570,000

570,000

15,000,000 (15,000,000) 8% Cumulative
Redeemable Preference Shares of
Rs. 10 each

150,000

150,000

720,000

720,000

ISSUED, SUBSCRIBED & PAID UP

3,30,16,717 Equity Shares
of Rs. 10/- each fully paid up

330,167

330,167

Add: Shares issued during the year
1,00,00,000 Equity Shares
of Rs. 10/- each fully paid up

100,000

(Out of the above 27,940,052 no. of shares
are held by holding company -Mahindra & Mahindra Ltd
of the above 16,437,602 shares are allotted as fully paid up
pursuant to a contract without payment being received
in cash)

Due to the scheme of amalgamation between Mahindra Hinoday
Industries Ltd with Mahindra Castings Pvt Ltd
the company has bought back 60,100 shares
of DGP Employees Welfare Trust after effective date but before the record date.
Accordingly, the shares were cancelled with the related investment and
effect to share premium account.
Similarly, as per the scheme of amalgamation, the company issued fresh
32,025 shares of Rs. 10 each at par in the ratio of 3:4 to ex or existing employees against
42,700 shares held by them in erstwhile MHIL.
Above shares are issued pursuant to the scheme of amalgamation
without payment being received in cash.

430,167

330,167

MAHINDRA HINODAY INDUSTRIES LIMITED
(Formerly known as Mahindra Castings Limited.)
Schedules Annexed to & Forming part of the Balance Sheet

Schedule - 2		MARCH 2011	MARCH 2010
RESERVES & SURPLUS		Rs. '000	Rs. '000
SHARE PREMIUM			
	Balance as per last Balance Sheet	1,340,954	1,034,100
Add	Issue of 100,00,000 shares at a premium of Rs. 27/ Share	270,000	
Add -	Issue of 76,19,150 shares at a premium of Rs. 40.48/ Share		308,423
	Difference between new shares (35,025) being issued to ex or existing employees in lieu of 42,700 shares as per the scheme of amalgamation		106
Less	Share issue expenses	(370)	
Less -	Difference between cancellation of face value of shares (Rs.6,01,000) held by DGP Employee welfare trust and corresponding investment of Rs.22,76,588		(1,675)
		<u>1,610,584</u>	<u>1,340,954</u>

GENERAL RESERVE

	Opening Balance		(2,944)
Less :	Foreign Currency Monetary Item Translation Difference Account *		2,944
		<u>-</u>	<u>-</u>
		<u>1,610,584</u>	<u>1,340,954</u>

* Refer Note No. 1 (vi) (b) of schedule 13

Schedule 3		MARCH 2011	MARCH 2010
SECURED LOANS		Rs. '000	Rs. '000
A	TERM LOANS FROM BANKS		
	1) From Banks		
	Rupee Loans		
	Long Term	1,037,103	418,301
	(Repayable within one year Rs 1,63,800 Thousand Previous Year Rs 1,30,000)		
	Short Term	60,000	70,000
	TOTAL TERM LOANS	1,097,103	488,301
B	WORKING CAPITAL BORROWINGS		
	From Banks		
	Rupee Loans	89,357	101,988
	Foreign Currency Loans		80,569
	TOTAL WORKING CAPITAL BORROWINGS	89,357	182,557
		1,186,460	670,857

MAHINDRA HINODAY INDUSTRIES LIMITED
(Formerly known as Mahindra Castings Limited.)
Schedules Annexed to & forming part of the Balance Sheet

Schedule - 4		MARCH 2011	MARCH 2010
UNSECURED LOANS		Rs. '000	Rs. '000
A	SICOM Sales Tax Deferral under Package Scheme of Incentives 1993	201,772	202,140
B	From Banks		
	Long Term		150,000
	Short Term		11,494
	Foreign Currency Loans - Buyers credit		
		100,000	100,000
C	Inter-corporate Deposits		
		301,772	463,634

MAHINDRA HINODAY INDUSTRIES LIMITED

(Formerly known as Mahindra Castings Limited.)

Schedules Annexed to & Forming part of the Profit and Loss Account

Schedule - 3

31st MARCH-2011

Securities offered

Hypothecation of all Movable Properties of the Company (excluding Current Assets being hypothecated to the Banks) but including movable plant & machinery, machinery spares, tools and accessories, both present and future, being and lying at Bhosari Unit, being First pari-passu charge, subject to prior charges of other Lenders on specific Assets as mentioned hereunder.

General Security – II – means -

Mortgage of all Immovable Properties of the Company, situated at Bhosari Industrial Estate, Pune 411 026 (Bhosari Unit"), being First Charge on pari-passu basis.

Hypothecation of all Movable Properties of the Company (excluding Current Assets being hypothecated to Banks) but including movable plant & machinery, machinery spares, tools and accessories, both present and future, being and lying at Urse Unit, being First Charge on pari-passu basis, subject to prior charges of other Lender on specific Assets as mentioned hereunder.

General Security – IV means -

Mortgage of all Immovable Properties of the Company, situated at Gaon Urse, Taluka Maval, District Pune ("Urse Unit"), being First Charge on pari-passu basis.

Working Capital Borrowings from Bank Consortium led by Bank of Baroda, consisting of -

Bank of Baroda

ING Vysya Bank Ltd.

Industrial Development Bank of India Ltd.

The Saraswat Co-operative Bank Ltd.

State Bank of India

Hypothecation of all Current Assets being and lying at Bhosari Unit and Urse Unit.

Hypothecation of all Movable Plant & Machinery, present & future, being and lying at Bhosari Unit and Urse Unit.

Mortgage of Immovable Properties at Bhosari Unit

Mortgage of Immovable Properties at Urse Unit.

Note : The Charge mentioned at Sr.No.1 is First Charge, while the Charges mentioned at Sr.No.2, 3 & 4 are Second Charges, subservient to the charges created/to be created in favour of the Lenders having First Charge

Schedules Annexed to & Forming part of the Balance Sheet

Addition to Fixed Assets for the period includes Rs 20,912 thousands on account of interest capitalised in consonance with AS-16 (Borrowing Cost)

Schedule - 6	MARCH 2011	MARCH 2010
INVESTMENTS	Rs. '000	Rs. '000
NON TRADE LONG TERM		
UNQUOTED (AT COST)		
The Saraswat Co-Op Bank Ltd		
2,500 (Last year 2,500)Equity shares of Rs. 10/- each fully paid in	25	25
Wardha Power Co. Ltd. -Non Tradable		
17,68,970 'A' Class Equity shares of Rs. 10 /- each (Also understood as Power Equity Shares, entitled to energy from Group Captive Power Plant These shares will receive restictive dividend not more than 0.01% of the face value)	17,690	17,690
22,31,030 'A' Class Redeemable Preference Shares of Rs. 10 /- each (Above preference shares carry coupon rate of 0.01% per annum and redeemable on expiry of 20 years and to be reissued for the balance tenor of Power Delivery Agreement on fresh terms)	22,310	22,310
In the event the Power Delivery Agreement expires at the end of term, the Wardha Power Copmany will buy back the Class 'A' Equity Shares and Class 'A' Preference Shares for a total consideration of Re 1.00		
	40,025	40,025

MAHINDRA HINODAY INDUSTRIES LIMITED
(Formerly known as Mahindra Castings Limited.)
Schedules Annexed to & Forming part of the Balance Sheet

Schedule - 7	MARCH 2011	MARCH 2010
CURRENT ASSETS, LOANS & ADVANCES	Rs. '000	Rs. '000
CURRENT ASSETS :		
Inventories		
Raw Materials & Components	72,217	59,483
Goods in Transit	8,039	9,263
Stores, Spares, Consumable etc	89,231	70,065
Semi finished goods	20,040	84,826
Finished goods	200,411	129,868
	<u>489,939</u>	<u>353,506</u>
The above semi-finished & finished goods inventory includes Rs. 54,043 thousand (Rs. 39,651 thousand) representing tool cost incurred for customers.		
Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered Good		
Considered Doubtful	30,011	44,706
Less : Provision	<u>24,012</u>	<u>35,337</u>
	6,000	9,369
Other debts - Considered Good	<u>487,287</u>	<u>435,962</u>
	<u>493,287</u>	<u>445,331</u>
Cash & Bank Balances :		
Cash and Cheques in hand	337	10,001
Balances with Scheduled Banks		
- Current Accounts	8,133	3,311
- Fixed Deposit Accounts	<u>26,691</u>	<u>9,064</u>
	<u>35,160</u>	<u>22,376</u>
LOANS AND ADVANCES :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	74,075	63,106
Advance Income Tax & TDS	81,694	77,722
Balance with Central Excise & Customs etc.	<u>65,859</u>	<u>46,542</u>
	<u>221,628</u>	<u>187,370</u>
	<u>1,240,015</u>	<u>1,008,584</u>

Schedule - 8	MARCH 2011	MARCH 2010
CURRENT LIABILITIES & PROVISIONS	Rs. '000	Rs. '000
CURRENT LIABILITIES		
Sundry Creditors*	600,805	424,274
Amounts due to MSME Units [Refer Note no. 7 of Schedule 14]		
Advances from Customers	4,576	53,712
Unclaimed Dividend #	9	12
Other Liabilities	189,502	128,205
	794,893	606,202
PROVISIONS		
Provision for Tax	53,796	53,796
FBT Payable	7,620	7,620
Provisions under staff Benefit Scheme		
Leave Encashment	52,449	40,442
Early Separation Scheme [Ref. Note 5 of Sch.13]	63,615	72,647
Gratuity [Refer Note no.5 of Schedule 13]	37,356	39,589
	214,835	214,094
	1,009,728	820,296

* Refer Note no 7 of Schedule 13 - Notes to Accounts

Out of above Rs. 1.95 Thousand is due and outstanding as on 31st March to be credited to Investors' Education & protection fund

MAHINDRA HINODAY INDUSTRIES LIMITED
(Formerly known as Mahindra Castings Limited.)
Schedules Annexed to & Forming part of the Profit and Loss Account

Schedule - 9

INCOME FROM OPERATIONS & OTHER INCOME

	MARCH 2011	MARCH 2010
	Rs. '000	Rs. '000
INCOME FROM OPERATIONS		
Sales	3,926,670	3,056,016
Sale of Scrap	56,933	54,774
Sale of Raw Material		
Export Incentives	22,883	24,367
Provision for Doubtful Debts written back		
	4,006,486	3,135,157
OTHER INCOME		
Interest - Others	2,214	1,921
(Tax deducted at Source Rs. 75 thousand Previous Year Rs 52 Thousands)		
Miscellaneous Income	21,784	21,432
Exchange Fluctuation	3,134	
Profit on Sale of Assets		17
	27,133	23,370
	4,033,619	3,158,527

MAHINDRA HINODAY INDUSTRIES LIMITED
(Formerly known as Mahindra Castings Limited.)
Schedules Annexed to & Forming part of the Profit and Loss Account

Schedule - 10		MARCH 2011	MARCH 2010
CONSUMPTION OF MATERIALS		Rs. '000	Rs. '000
RAW MATERIALS & COMPONENTS		1 791 962	1,340,996
STORES, SPARES & CONSUMABLES		98,384	60,881
		1,890,346	1,401,877
Add	Decrease/ (Increase) in stock of finished and semi finished goods	(39,287)	15,516
		1,851,059	1,417,393

MAHINDRA HINODAY INDUSTRIES LIMITED
(Formerly known as Mahindra Castings Limited.)
Schedules Annexed to & Forming part of the Profit and Loss Account

Schedule - 11	MARCH 2011	MARCH 2010
MANUFACTURING & OTHER EXPENSES	Rs. '000	Rs. '000
Payments to & provisions for employees		
Salaries, Wages & Bonus	323,674	308,018
Contribution to Provident /Other Funds	39,029	25,626
Welfare Expenses	37,003	29,609
Pension under Early Separation Scheme	-	-
Gratuity	-	-
	<u>399,706</u>	<u>363,253</u>
Contract Labour (Production)	68,371	38,204
Power & Fuel	589,697	439,276
Processing Charges	342,247	252,856
Repairs & Maintenance		
Building	2,061	3,233
Machinery	41,722	28,217
Other Assets	39,480	19,448
	<u>83,264</u>	<u>50,898</u>
Equipment Lease Rentals	5,074	5,544
Rent	1,796	1,990
Rates & Taxes	3,898	3,797
License Fees	2	548
Insurance	9,617	6,203
Travelling & Conveyance	11,252	7,480
Legal & Professional charges	29,489	19,510
Office & Other Expenses	27,678	57,305
Directors Fees	-	-
Communication Expenses	5,865	5,766
Bank charges	12,952	10,989
Commission & Discounts	29,405	22,016
Selling Expenses	1,522	1,472
Royalty	-	-
Carriage Outwards	103,261	85,866
Provision for Doubtful Debts	-	382
Bad Debts	-	-
Donations	2	4
Loss on Sale of Assets	357	2,970
Loss on assets impaired	2,794	-
Exchange Fluctuation	-	13,708
	<u>1,728,449</u>	<u>1,390,035</u>

MAHINDRA HINODAY INDUSTRIES LIMITED
(Formerly known as Mahindra Castings Limited.)
Schedules Annexed to & Forming part of the Profit and Loss Account

Schedule - 12	MARCH 2011	MARCH 2010
FINANCE COST	Rs. '000	Rs. '000
Fixed period loans	80,537	96,637
Others	10,853	37,003
	<u>91,390</u>	<u>133,639</u>



SCHEDULE-13

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011.

I STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

i) ACCOUNTING CONVENTION :

The financial statements are prepared under the historical cost convention on accrual basis and comply with Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

ii) REVENUE RECOGNITION

- a) Sale of goods is recognised when significant risk & rewards in goods is transferred to customers and include excise duty.
- b) Insurance claims, Export Incentives and revenue of similar nature is recognised to the extent the company is reasonably certain of their ultimate realisation.
- c Interest income is accounted on time proportion basis.
- d Dividend income is accounted when right to receive payment is established.

iii) FIXED ASSETS AND DEPRECIATION

- a) Additions made during the year are recorded at historical cost of acquisition / construction, Attributable interest and expenses of bringing the respective assets to working condition for their intended use are capitalised.

Depreciation on all Fixed Assets is provided by the straight-line method at the rates and in the manner prescribed by schedule XIV to the Companies Act, 1956.

Cost of Leasehold land is amortised over the lease period

b) INTANGIBLE ASSETS

Technical know-how, development expenses, software cost, commercial rights under the agreement and other intangible resources controlled by



the company having future economic benefit are considered as intangible assets and amortised over the economic life of the respective assets as mentioned below –

1. Development expenditure : over a period of 6 years
2. Technical Know-how :
Magnetic Product Division over a period of 6 years and
Foundry Division over a period of 5 years
3. Software: Over a period of 5 years.

c) IMPAIRMENT

The carrying amounts of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognised whenever carrying amount exceeds the recoverable amount.

iv) INVESTMENTS

All Long term Investments are valued at cost. Provision for diminution in value, if any, is made to recognize a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

v) INVENTORIES

Valued at lower of cost and Net Realisable Value.

- a) Cost of raw materials including recyclable foundry rejects, stores, steel tools, spares and other consumables is determined on weighted average basis.
- b) Cost of finished and semi-finished goods includes weighted average material cost and the cost of conversion thereof. In respect of finished goods excise duty is included where applicable.

vi) FOREIGN CURRENCY TRANSACTIONS



- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Current Assets & Current Liabilities denominated in foreign currency are translated at the year-end rate. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Current Assets and Current Liabilities at the end of the year is recognised as income or expense, as the case may be.

- b) The company uses foreign exchange forward contract and option to hedge its risks associated with foreign currency fluctuations to underlying transactions, certain firm commitments and forecasted transactions. The difference between the forward rate and the exchange rate at the inception of the forward contract for underlying transactions is recognised as income or expense over the life of the contract. In respect of hedged contracts, for firm commitment and forecasted transactions, the attributable gain or loss is taken to profit and loss account on completion of contract or at the end of the year on mark to market basis in respect of short term contracts.

vii) **TAXATION :**

Income Tax expense comprises current tax and deferred tax charge or credit. Current Tax is determined as the amount of tax payable in respect of taxable income for the year. The deferred tax for timing difference between the book and tax profit for the year is accounted using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets arising from the timing difference are recognised to the extent that there is reasonable certainty that sufficient future taxable income will be available.

(viii) **EMPLOYEE BENEFITS**

- a), • Contributions are made to approved Superannuation and Provident Fund.
- b) In case of Employee Separation Scheme, using actuarial technique, reliable estimates are made and provided in books of accounts.
- c) Short Term Compensated Absences:

Liability on account of encashment of leave to employee is considered as short term compensated expense provided on actuals.

- d) Defined Benefit Plan:

Company's liabilities towards gratuity is determined using the projected



unit credit method which consider each period of service as giving rise to an additional unit of benefit entitlement and measures each units separately to build up the final obligation. Past Service Gratuity Liability is computed with reference to the service put in by each employee till the date of valuation as also the projected terminal salary at the time of exit. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future Cash Flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR :

- (a) Income tax demands disputed in appellate proceedings Rs 10,036 thousand (*Rs 9,983 thousand*)
- (b) Disputed demands in respect of Sales Tax, Excise duty are Rs. 28,088 thousand. (*Rs 27,370 thousand*).
- c) Cess of Rs. 10,535 thousands (*Rs 10,535*): Case pending in Civil Court.
- (d) Bank Guarantees Rs. 37,567 thousand (*Rs.31,133 thousand*).
- e) Claims against the company not acknowledged as debt:- Stamp duty Rs.29,007 thousand (*Rs.29,007 thousand*)
3. Estimated amount of contracts remaining to be executed on Capital account as on 31st March 2011 and not provided for (net of Advances) Rs. 214,317 thousands (*Rs.84,789 thousand*).

4. TAXATION

The break up of deferred tax assets and liabilities into major components at the year end is as below:

		Rs.000
Particulars of timing difference	Liabilities	Assets
Depreciation	253,770 (227,074)	NIL (NIL)
Carry forward losses	NIL (NIL)	325,320 (325,320)
Others	NIL (NIL)	36,980 (36,980)
Total	253,770 (227,074)	362,300 (362,300)



Net Deferred Tax Asset	(Nil)	108,530
	(Nil.)	(135,226)

Current Tax

No provision is made for current tax since company has incurred loss during the year

5. The company has accounted for the liability of early separation scheme of Rs.-9033 thousands (51,413 thousands) on actuarial basis. For compensated absences, Rs 12,007 thousands (Rs -3,000 thousands) have been provided on actual basis

The company has provided the liability for gratuity on actuarial basis as on 31 March 2011. Reconciliation of the present values of the defined benefit obligation are as follows:

Reconciliation of Projected Benefit Obligations		Rs.'000
Projected Benefit Obligation at the beginning of the year	56,574	70,085
Current Service Cost	3,863	4,668
Interest Cost	4,631	5,117
Contribution by plan participation	NIL	NIL
Actuarial (Gain) / Loss due to change in assumptions	3,336	(2,337)
Foreign Currency exchange rate changes on plans measured in a currency different from company's reporting currency		-
Benefits paid	1,831	20,959
Past Service Cost	Nil	Nil
Amalgamations	Nil	Nil
Curtailments	Nil	Nil
Settlements	Nil	Nil
Projected Benefit Obligation at the end of the year	66,573	56,574
Plan Asset at Fair Value		
Plan Asset at the beginning of the year	19,769	30,902
Foreign Currency exchange rate changes on plans measured in a currency different from company's reporting currency		
Expected Return on Plan Asset	2,343	2,684
Employer's Contribution	8,936	7,141
Employees' Contribution	Nil	Nil
Benefit Payments	1,831	20,959
Asset Gain / (Loss)	Nil	Nil
Amalgamations	Nil	Nil
Settlements	Nil	Nil
Plan Asset at the end of the year	29,217	19,769



Details of provision for employee benefit is as follows:

		Rs. '000
Project benefit obligation at the end of the year	66,573	56,574
Ending Assets	29,217	19,769
Funded Status Assets / (Liabilities)	(37,356)	(36,806)
Unrecognized past service cost – non vested benefits	Nil	Nil
Liabilities (-) / Assets (+) recognized in the Balance Sheet	(37,356)	(36,806)

Net Gratuity cost for the year ended is as follows:

Current Service Cost	3,863	4,668
Interest Cost	4,631	5,117
Expected Return on Plan Assets	(2,343)	(2,684)
Net Actuarial (Gain) / Loss to be recognized in the year	3,336	(2,337)
Past Service Cost	Nil	Nil
Effect of Curtailment	Nil	Nil
Income (-) / Expenses (+) recognized in the Profit & Loss A/c	9,487	(4,764)

The unit credit method actuarial assumptions used to determine benefit obligation and net yearly gratuity cost are

Discount Rate	(8.50%)	(8.00%)
Basic Salary increases allowing for price inflation	(6.00%)	(6.00%)
Employee Turnover	(2.00%)	(2.00%)
Normal Retirement Age	60 Years	60 Years

6. The company has acquired vehicles on finance lease. The minimum future lease payment in respect of vehicles acquired on finance lease assets as on the Balance Sheet date is as follows:

		Rs. '000
Total minimum future lease payment	5,363	(1,774)
Present Value there of	4,463	(1,445)

The above lease rentals are classified as per duration of payment as follows :

	Future lease payment	Present Value	Future interest
Not later than 1 year	1588 (818)	1193 (778)	395 (40)
Later than 1 year but not later than 5 years	3774 (957)	3270 (667)	504 (290)
Later than 5 years			
Total	5362 (1774)	4463 (1445)	899 (330)



The company has acquired machineries on operating lease. The minimum future lease payment in respect of machineries acquired on operating lease assets as on the Balance Sheet date is as follows:

Total minimum future lease payment	3,047	Rs. '000 (8,270)
------------------------------------	-------	---------------------

The above lease rentals are classified as per duration of payment as follows :

	Future lease payment	
Not later than 1 year	3047	(5,223)
Later than 1 year but not later than 5 years	Nil	(3,047)
Later than 5 years	Nil	(Nil)
Total	3047	(8,270)

7. SUNDRY CREDITORS

Rs. '000

- A) Outstanding to creditors other than Micro,
Small & Medium Enterprise

Rs.600,805
(Rs.4,20,922)

(Interest Paid/Payable is Rs NIL (Nil)

- B) Outstanding to Micro, Small & Medium Enterprise

Amount outstanding to suppliers identified under Micro , Small & Medium Enterprise Development Act 2006 is as under

	Rs. '000
a) Principal amount due	NIL (3,352)
b) Interest paid under MSMED Act, 2006	Nil
c) Interest due	Nil (NIL)
d) Interest accrued and due	Nil
e) Interest due and payable till actual payment	Nil

MAHINDRA HINODAY INDUSTRIES LTD
(Formerly known as Mahindra Castings Ltd)



8. A) Quantitative information of hedge instruments outstanding as at the balance sheet date:

		Rs. '000
Foreign Exchange Contract/ Options	Export	1,64,389
		(1,67,738)
	Import	4,831
		(NIL)

- B) The Company has entered into foreign exchange contracts with an objective to hedge the financial risks associated with its business viz. foreign exchange.

- C) The Company has not hedged the following foreign currency exposures:
- (i) Borrowings grouped under unsecured loans equivalent to Rs NIL Thousand (Rs. 11,494).
 - (ii) Borrowings grouped under secured loans equivalent to Rs NIL thousand (Rs. 80,569 Thousand).
 - (iii) Creditors for imports equivalent to Rs. 36,635 Thousand (Rs 17,316 Thousand).

9. Legal and Professional Expenses include : Rs.'000

a)	Audit Fees	650	(650)
b)	Tax Audit Fees	175	(175)
c)	Other Services	225	(225)

10. MANAGERIAL REMUNERATION :- Rs. '000

Details of payments and provisions on account of remuneration to Managing Director and Executive Director.

a)	Salary	3962	(2,400)
b)	Contribution to Provident & Other Fund	0	0
c)	Other Perquisites	0	0
	Total	3962	(2,400)

11. EXPENDITURE IN FOREIGN CURRENCY (ON CASH BASIS) : Rs. '000

a)	Travelling Expenses	1388	(986)
b)	Concept Engineering & Design Charges	Nil	Nil
c)	Others	7202	(18,290)
	Total	8590	(19,276)



12. EARNINGS IN FOREIGN CURRENCY:

Rs '000

F.O.B. Value of Exports	6,94,483	(559,814)
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13. C. I. F. VALUE OF IMPORTS :

Rs '000

A)	Raw Material	1,18,333	(76,979)
B)	Components & Spares parts	26321	(21,479)
C)	Capital Goods	1,39,805	(34,805)
	Total	2,84,459	(133,262)

14. CONSUMPTION OF RAW MATERIALS :

A)	Magnetic Product Division	Quantity in Tonnes.	Value in Rs. '000
	Iron Oxide	5,614 (5,710)	65,760 (66,082)
	Zinc Salts	109 (108)	13,029 (11,435)
	Carbonates	802 (797)	27,486 (26,044)
	Others		157,335 (192,616)
	Total		263,610 (296,177)
B)	Foundry Division	Quantity in Tonnes	Value in Rs. '000
	CRCA Scrap	37,881 (29,896)	885,645 (594,927)
	Graphite Fine / Charcoal	1,648 (1,411)	29,044 (22,498)
	FSM Alloy	759 (535)	75,527 (45,432)
	Silicon Carbide	846 (703)	38,391 (29,814)
	Others	-	499,745 (325,127)
	Total		1,528,352 (1,044,818)
	Grand Total		1,791,962 (1,340,995)

15. CONSUMPTION OF IMPORTED & INDIGENOUS MATERIALS :

1.	A) Magnetic Product Division - Raw Material:	Value in Rs. '000
	Imported	87,840 (95,717) 33% (32%)
	Indigenous	1,75,770 (200,460) 67% (68%)
	Total	2,63,610 (296,177) 100% (100%)



B) Foundry Division - Raw Material :			Value in Rs. '000	
Imported	19,458	(9,525)	1%	(1%)
Indigenous	15,08,894	(1,034,997)	99%	(99%)
Total	15,28,352	(1,044,818)	100%	(100%)
Grand Total	17,91,962	(1,340,995)		

2. A) Magnetic Product Division - Components & Spares :			Value in Rs. '000	
Imported	5,188	(2,962)	19%	(7%)
Indigenous	22,285	(36,717)	81%	(93%)
Total	27,473	(39,678)	100%	(100%)

B) Foundry Division - Components & Spares :			Value in Rs. '000	
Imported	598	(383)	1%	(2%)
Indigenous	70,313	(20,820)	99%	(98%)
Total	70,911	(21,203)	100%	(100%)
Grand Total	98,384	(60,881)		

16. INFORMATION REGARDING LICENSED AND INSTALLED CAPACITY :

A) Magnetic Product Division (Per Annum)			
Licensed Capacity	10,000 Tons	(10,000 Tons)	
Installed Capacity	5,400 Tons	(5,400 Tons)	
B) Foundry Division (Per Annum)			
Licensed Capacity	97,600 Tons	(57,600 Tons)	
Installed Capacity	45,000 Tons	(40,000 Tons)	

(As certified by Managing Director and this being a technical matter relied upon by the Auditors)



Production, Sales & Stocks :

A) Magnetic Product Division :

	Qty. in	Tons	Value in	Rupees '000
Production	4,932	(4,462)		
Opening Stock	323	(506)	26,403	(49,848)
Sale of Products (Net of Excise)	4,995	(4,646)	930,232	(952,639)
Closing Stock	260	(323)	52,975	(26,403)

B) Foundry Division :

Production	35,719	(28,382)		
Opening Stock	849	(1,235)	1,03,465	(98,965)
Sale of Products (Net of Excise)	35,307	(28,768)	27,41,653	(19,38,624)
Closing Stock	1,261	(849)	1,47,436	(103,465)
Sale of Raw Material			NIL	(2,158)

17. Segment Reporting :
Primary Segment :

The business segment has been considered as the primary segment for disclosure. The categories included in each of the reported business segments are as follows :

Magnetic Products Division
Foundry Division

The above business segments have been identified considering :

- Nature of Product
- The related risks and returns
- The internal financial reporting systems

Reporting methodology :

Revenue and expenses have been accounted for based on their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Expenses". Assets and Liabilities, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets/Liabilities".

MAHINDRA HINODAY INDUSTRIES LTD
(Formerly known as Mahindra Castings Ltd.)



Primary Segment information for the year ended 31st March 2011 :
Rs.'000

Particulars	Magnetic Product Division	Foundry Division	Unallocable	Total
Revenue :				
External	9,53,345 (9,78,533)	28,25,489 (20,14,806)	- (-)	37,78,834 (29,93,339)
Inter Segment	NIL (Nil)	NIL (Nil)	NIL (Nil)	NIL (Nil)
Total Revenue	9,53,345 (9,78,533)	28,25,489 (20,14,806)	- (-)	37,78,834 (29,93,339)
Result :				
Segment Result	35,557 (-7,460)	8,116 (-52,377)	(-)	43,673 (-44,917)
Less : Other unallocable expenses net of income			(0)	(0)
Less : Finance Cost			91,391 (133,640)	91,391 (133,640)
Profit before prior period items				(47718) (-88723)
Less: Prior Period Items				NIL (4,083)
Profit Before Tax				(47,718) (-92,807)
Less: Provision for Taxation				Nil (NIL)
- Current Tax				
- Deferred Tax				26696 (14,436)
Profit after Tax				(74,414) (-78370)
Other Information				Rs.'000
Segment Assets	11,66,605 (12,98,570)	26,20,233 (16,97,011)	1,08,530 (1,35,225)	38,95,368 (31,30,807)
Segment Liabilities	4,20,183 (10,23,265)	15,32,671 (5,87,472)	19,42,515 (15,20,070)	38,95,368 (31,30,807)



Capital	27,400	7,65,062		7,92,462
Expenditure		(1,09,290)	(NIL)	(1,23,347)
	(14,057)			
Depreciation	62,520	93,133	0	1,55,653
	(65,289)	(75,706)	(0)	(1,40,995)

18. Related Party Transactions :

Disclosures as required by Accounting Standard 18 "Related Party Disclosures" are given below :

I) List of Related Parties :

a) Holding Company	Mahindra Logistics Limited (w.e.f. 12th December, 2007)
Mahindra & Mahindra Ltd.	Mahindra Forgings Limited (w.e.f. 27th December, 2007)
b) Fellow Subsidiaries	
Mahindra SAR Transmission Private Limited	Mahindra First Choice Wheels Limited Earlier known as Automartindia Limited)
Mahindra Ugin Steel Company Limited	Mahindra Navistar Engines Private Limited (formerly known as MIM Engines (India) Private Limited) (w.e.f. 31st January, 2008)
Tech Mahindra Limited	
Mahindra Vehicle Mfg.Ltd.	Mahindra Navistar Auto. Ltd.
Mahindra Eng.Services Ltd.	
Mahindra Eng. & Chemicals P.Ltd.	

b) Key Management Personnel and Relatives :

Key Management Personnel	
1 Mr A P Lele	Managing Director

II) Transactions with related parties :

			Rs. '000
Nature of Transaction	Associate Companies	Key Management personnel & Relatives	

MAHINDRA HINODAY INDUSTRIES LTD.
(Formerly known as Mahindra Castings Ltd)



i] Sales Services and Other Income :

i Sale of Goods		
Mahindra & Mahindra	822467	(620322)
Mahindra Navistar Auto. Ltd.	22517	(17,400)
Mahindra Navistar Eng. Pvt.Ltd.	15990	(4942)
Mahindra Vehicle Mfg.Ltd.	37298	(958)
	2192	(27)
Mahindra Forgings Ltd.		
	4603	(376)
Mahindra & Mahindra Ltd. Reimb.Deputation charges		
	905067	(644025)

Total

ii. Inter Corporate Deposit

Mahindra First Choice wheels Ltd.	1,00,000	1,00,000	-	-
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**ii] Purchase of Material & Other
Charges:**

MAHINDRA HINODAY INDUSTRIES LTD.
(Formerly known as Mahindra Castings Ltd)



	<i>Other charges</i>			
	Mahindra & Mahindra Ltd.	NIL	(2,745)	
	Bristlecone Limited	NIL	(4296)	
		NIL	(20.00)	
	Mahindra & Mahindra Limited - SSBU Division			
	<i>Raw Material/Components</i>			
	Mahindra Uging steel Co. Ltd			
		NIL	(94,242)	
	Interest on ICD - M & M Ltd	4932	(2343)	
	Mahindra First Choice	NL	(4112)	
	Mahindra Eng.Services	5921	NIL	
	Mahindra Eng. & Chemicals P.Ltd.		(8884)	
		7865		
	Discounting charges M & M Ltd.	18718	(120,565)	
	Total			
iii]	Expenses:			
	Managerial Remuneration			
	Salary			
	Mr A P Lele	-	-	3962 (2,400)
		-	-	
		-	-	
	Royalty			
	Hitachi Metals Japan	NA	(NA)	-
iv]	Amount Outstanding (as on 31.3.2010)			

MAHINDRA HINODAY INDUSTRIES LTD.
(Formerly known as Mahindra Castings Ltd)



Debtors		
Mahindra & Mahindra	57874	(34,622)
Mahindra Navistar	3069	(905)
Auto. Ltd.		
Mahindra Navistar	6695	(541)
Eng. Pvt.Ltd.		
Mahindra Vehicle	12372	(371)
Mfg.Ltd.		

Mahindra Ugine steel	NIL	(8775)
Co. Ltd		
Bristlecone Limited	NIL	(620)

Mahindra Forging	NIL	NIL
Ltd.		
Others -Mahindra &	13797	(5398)
Mahindra Corporate		

Mahindra &	NIL	(20.00)
Mahindra Limited -		
SSBU Division	NIL	(147)

Tech Mahindra		
Loans & Advances		
(Tooling advance)		
Mahindra & Mahindra	1281	(1263)
Mahindra Navistar	NIL	(5660)
Auto. Ltd.		
Mahindra Navistar	NIL	(5760)
Eng. Pvt.Ltd.		
Mahindra Vehicle	NIL	(590)
Mfg.Ltd.		

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

A)	Registration details	
	Registration No	U27100MH2007PTC173636
	State Code	11
	Balance Sheet date	31.03.2011

B) Capital raised during the year (Amount in Rs. Thousand)



Public Issue	Nil
Right Issue	100,000
Bonus Issue	Nil
Private Placement(Equity share)	Nil

(C) Position of mobilisation & deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	3528983	(2,795,955)
Total Assets	3528983	(2,795,955)

Sources of Funds (Amount in Rs. Thousand)

Paid up Capital	430,167	(330,167)
Reserves & Surplus	1,610,584	(1,340,954)
Deferred Tax (Net)	108,530	(135,226)
Secured Loans	1,186,460	(661,199)
Unsecured Loans	301,772	(463,634)

Application of Funds : (Amount in Rs. Thousand)

Net Fixed Assets	25,80,625	(1,946,973)
Investments	40,025	(40,025)
Net Current Assets	230,287	(188,287)

Miscellaneous Expenditure

D) Performance of the Company : (Amount in Rs. Thousand)

Turnover(net of excise duty)	3,778,834	(2,993,340)
Total expenditure	3,826,552	(30,86,146)

Profit / (Loss) Before Tax	(47,718)	(-92,806)
Profit / (Loss) After Tax	(74,414)	(-78,370)

Earning Per Equity Share	(1.73)	(-2.37)
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Dividend Rate - Equity	NIL	NIL
- Preference	NIL	NIL

E) Generic names of principal products of the Company (As per monetary terms)

	Name of Products	HS Code
i]	Ceramic Magnets & Ferrite Cores	850500
ii]	Calcined Ferrite Powder with binders	382300
iii]	Ductile (SGI) Iron Automotive Casting	732500

20. Figures in brackets represent previous year's figures and have been regrouped wherever necessary to conform to current year's classification.

(Signature to Schedules I to I3)

K. Jayaprakash
CFO

Place : Mumbai
Date : 25th April 2011

Mr. Hemant Luthra

Mr. A. P. Lele

Mr. Vikram Nirula

Mr. Sanjay Arte

Mr. Rajan Wadhera

Mr. Zhooben
Bhiwandiwalla

Place : Mumbai

Date : 25th April 2011