

Mahindra Hinoday Industries Ltd

Annual Report for year 2012-13

MAHINDRA HINODAY INDUSTRIES LTD

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Sixth Report together with the audited accounts of the Company for the year ended 31st March, 2013.

Financial Highlights

(Amount in Rs. Lakhs)

Particulars	For the Year ended 31 st March, 2013	For the Year ended 31 st March, 2012
Total Revenue	48,095	50,023
EBIDTA from Operations	2,791	3,181
Interest	1,588	1,644
Profit / (Loss) before Dep.& Tax	1,203	1,537
Depreciation	2,376	2,181
Profit/(Loss) Before Tax (PBT)	(1,173)	(644)
Prior Year adjustment	-	-
Provision for Taxation		
-Current	-	-
- Deferred	(648)	(437)
- Prior Period	-	-
Net Profit/ (Loss) after Tax	(1,821)	(1,082)
Balance of Profit/ (Loss) from earlier years	(6,777)	(5695)
Balance carried forward to Balance Sheet	(8,598)	(6777)

Performance Review

During the year under review, your Company registered revenue of Rs. 48,095 Lakhs as compared to revenue of Rs. 50,023 Lakhs in the previous year resulting in de-growth of 3.85%. With this fall in revenues and increased depreciation cost of expansion, the losses during the year under review increased from Rs. 1,082 Lakhs to Rs.1,821 Lakhs.

The management has taken various actions to improve performance of the Company which resulted in higher Profit Before Tax of 4.37% in the Fourth Quarter of the financial year under review. The Management would continue its efforts to bring turnaround in the coming years.

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Foundry Division (FD):

Sales for the division declined to Rs. 36,491 Lakhs during the year from Rs. 37,794 Lakhs in the previous year. The sales dropped as almost all the segments in the automotive sector registered a negative growth except Utility Vehicles. Considering low demand, your Company has turned off one of the new lines for almost one full year.

Responding to this situation, the management took series of actions to bring down the breakeven point which led to a turnaround for the division in the fourth quarter. Necessary actions were taken to increase the value add products (in house turbo charger production increased during the year by 25%), reduce buying cost, reduce consumption of material and power, while effectively controlling the fixed cost.

Various actions are underway to increase sales which include share increase with customers, new business from existing customers and new customers.

Magnetic Products Division (MPD):

In a year of depressed demand situation, the division could hold its revenues close to the last year level. There was a steep increase in electricity tariff and gas prices. This was compounded by internal issues on the industrial relations front. Despite these challenges the division continued to remain Profit before Tax and cash flow positive.

The divisions' new initiative of Induction Lighting is progressing well with a good customer base developing which will enable the Company to get bigger volume contracts in the future.

Market Scenario

Markets tapered down from Second Quarter of the Financial year 2012 - 13 on account of high interest rates, rising fuel costs and general slowdown. The medium and heavy commercial vehicles and off-highway markets showed negative growth (15% & 10% respectively) whereas passenger car also slowed down in the last quarter (12%) after recording consistent growth for several successive quarters.

For the Magnetic Products Division, domestic motorcycle segment growth for the year fell short of expectation. However, export demand for Company's product "cores" remained good as more and more products were developed for automotive applications.

The general market sentiment for financial year 2013 -14 is not very optimistic.

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The Foundry Division has started diversifying into high-volume passenger car parts and is in the process of acquiring select customers (Original Equipment Manufacturers/Tier 1) to de-risk itself. It has also started working for next generation materials and expanding its leadership position in niche products.

Demand for magnets is expected to come from the localisation pressure on domestic Original Equipment Manufacturers as imports become expensive. The aggressive work done in product development during the second half of the year is expected to contribute significantly to the sales in coming year.

Dividend

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

Dematerialization of Shares

The entire issued capital consisting of 4,65,76,717 Equity Shares of Rs.10 /- each has now been admitted into demat mode by National Securities Depositories Limited.

Directors

The tenure of Mr. Ajit Lele, as Managing Director expired on 31st March, 2012. Mr. K Ramaswami was appointed as an additional Director on 29th March, 2012 and as an Executive Director of the Company with effect from 1st April, 2012. Mr. Ramaswami's appointment as a Director not liable to retire by rotation and as an Executive Director was approved by the shareholders at the previous Annual General Meeting of the Company held on 31st August, 2012.

Mr. Ajit Lele resigned as Director with effect from 28th March, 2013. Your Directors place on record their appreciation of the guidance rendered by Mr. Ajit Lele during his tenure as Managing Director / Director of the Company.

Mr. Hemant Luthra and Mr. Sanjay Arte retire by rotation and being eligible offer themselves for re-appointment.

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;

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- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these policies 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, 2013 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 the Company comprises of Mr. Hemant Luthra, Mr. Zhooben Bhiwandiwalla, Mr. Rajan Wadhera and Mr. Vikram Nirula. Mr. Hemant Luthra is the Chairman of the Audit Committee.

The Audit Committee met thrice during the year under review.

Remuneration Committee

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

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, your 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.

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Cost Auditor

The Board of Directors of your Company, upon recommendation of the Audit Committee and with the approval of the Central Government, appointed M/s. Dhananjay V Joshi & Associates, Cost Accountants, to carry out audit of cost records in respect of casting division for the year 2011 - 12. The Cost Audit Report in respect of casting Division for the year 2011 -12 was filed with Ministry of Corporate Affairs on 29th January, 2013 in XBRL.

The Board of Directors of your Company, upon recommendation of the Audit Committee and after obtaining the approval of the Central Government, appointed M/s. Dhananjay V Joshi & Associates, Cost Accountants, to carry out audit of cost records of the Company for the year 2012 - 13. The due date for filing of the Cost Audit Report in respect of the same with the Ministry of Corporate Affairs is 27th September, 2013.

As required under the provisions of section 224(1B) read with section 233(B)(2) of the Companies Act, 1956, your Company has obtained written confirmations for these appointments, from M/s. Dhananjay V Joshi & Associates to the effect that they are eligible for appointment as Cost Auditors under section 233B of the Companies Act, 1956 and they are an independent firm of Cost Accountants and have an arm's length relationship with your Company.

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 Members and the Senior Management Personnel and Employees of the Company affirming compliance with the respective Codes.

Corporate Social Responsibility (CSR)

Your Company regularly undertakes various CSR activities at its manufacturing locations, which contribute towards the well being of local communities.

During the year under review, the Foundry Division has planted 2,525 trees and conducted programs on water conservation, value and health education in Urse village. Medical camps, drawing competition, cycle rally, street play for road safety etc. were also carried out during the year.

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The Magnetic Products Division worked on specific programs at schools for nomadic tribes and handicapped children. Campaigns on road safety and water conservation were carried out during the year along with blood donation camps. The division also ran a unique program called 'Suraksha Sahayog' for improving safety awareness amongst various small scale industries around its manufacturing location.

Sustainability Initiatives

Your Company continuously makes conscious efforts to consider the impact of the business on the environment in which it operates and its responsibilities towards the various communities.

In the Foundry Division, power and fuel consumption reduction projects have yielded good results during last year. The focus in the coming year is to reduce power consumption by another 10%.

The following water consumption reduction initiatives were taken during the year:

- Underground water pipes raised to above ground to arrest water leakages;
- Level indicators put to control overflow of water; and
- One man monitoring all tank levels and consumption to reduce water wastage

These measures brought about a saving of 25% in water consumption in the last quarter of the financial year when compared to the first three quarters.

In the Magnet plant solid waste being sent to Waste Management centre was drastically reduced by developing new use and increased recycling. This division bagged the "Progressive Performer Award" in sustainability in the group during the year.

Safety, Health & Environment Policy Deployment

Both divisions of the Company are ISO 14001-OHSAS 18001 certified.

In the Foundry Division a focussed approach to improve the safety aspects of operations was carried out during the year. Several audits have taken place and safety features on many of the machines were enhanced. The goal would continue to be to make the foundry a Zero accident plant.

The Magnetic Products Divisions work on improving safety in its plants earned them the M&M Groups award for "Most Improved Plant in Safety".

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A new drive to improve safety awareness across the Company with following three focus areas is being taken up:

- **Mandatory Safety Training**
- **Use of Personal Protective Equipment**
- **Ensuring line Management involvement in Safety**

Efforts will also be undertaken on behavioural changes towards safety.

In the Magnetic Products Division focused efforts to reduce energy consumption per unit of output is being taken up by changing process and equipment configuration. In the last two years, in this division significant reduction was made in solid waste and water consumption. These efforts will continue.

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 of Directors) Rules, 1988 are given in Annexure to this Report.

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

Your 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 per annum during the year ended 31st March, 2013 or was employed for a part of financial year and was in receipt of remuneration of not less than Rs.5,00,000 per month.

Public Deposits and Loans/Advances

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

Your Company has not made any loans/advances which are required to be disclosed in its annual accounts pursuant to Clause 32 of the Listing Agreement between the Parent Company - Mahindra & Mahindra Limited and the Stock Exchanges.

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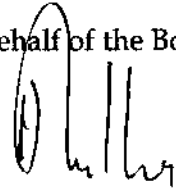
Industrial Relations

At the foundry division of the Company the industrial relations continued to be cordial during the year under review. However, there was a strike called at the Magnetic Products Division by an unrecognized union. Efforts continue to restore good relations at this plant.

Acknowledgement

Your Directors wish to take this opportunity to thank the banks, customers, suppliers, government and semi government agencies for their co-operation and support to the Company. Your Company also takes this opportunity to place on record its appreciation for the services rendered by the management and the employees towards the growth of the Company.

For and on behalf of the Board



Hemant Luthra
Chairman

Mumbai, 24th April, 2013

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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, 2013.

A. Conservation of Energy

(a) Energy Conservation measures taken:

1. Replacement of motors by Energy Efficient motors.
2. Variable Frequency drives for high energy motors.
3. Energy efficient lighting.
4. Fin and Fan less Cooling Towers.
5. Furnace coil changed to reduce heat losses.
6. Regular monitoring of energy consumption in melting furnaces.
7. Reduction in compressed air leakages.
8. Energy efficient capacitor banks installed.

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

1. Further deployment of Energy efficient motors and Variable Frequency drives.
2. Switching over to Bio diesel usage.
3. Pump optimization.

(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.

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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:

Four new material grade variants were developed in high grade hard ferrites for motor and AC generator applications. The development was cost effective as high cost additives will not be used for producing these grades.

New material grades meeting specific targeted performances such as high permeability (HM120) and low power loss (HPT400) in soft ferrites were developed during the year.

In addition to the above, R&D developed process for reuse of material in soft ferrites and evolved new cheaper alternatives for additives.

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

New business with import substitution.
Cost Reduction.

3) Future plan of Action:

New materials grade with high magnetic properties in association with international / national institutes and cost reduction through change of processes.

Appropriate automation in finishing of castings.

4) Expenditure of R&D:

(Rs. In Lakhs)

Revenue Expenditure:	61.55
Capital Expenditure:	4.07
Total:	65.62
Total R&D expenditure as a % of total turnover:	0.14%

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Technology Absorption, Adoption and Innovation

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

- a. In the area of new Energy Efficient product lines, further indigenization was done.
- b. Automation in finishing at the foundry.

2. Benefits derived as a result of above efforts;

- a. Increase in business.
- b. Cost reduction.

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

Not Applicable

C. Foreign Exchange Earnings & Outgo

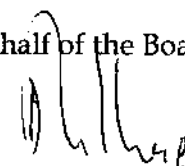
The Company continues to strive to improve its export earnings.

The total foreign exchange earned and used during the year is as follows.

(Rs. In Lakhs)

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Foreign Exchange earned	13,757	11,196
Foreign Exchange used	2,927	3,326
Net foreign Exchange earned	10,830	7,870

For and on behalf of the Board



Hemant Luthra
Chairman

Mumbai, 24th April, 2013

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B. K. KHARE & CO.
CHARTERED ACCOUNTANTS

Auditors' Report

To the Members of Mahindra Hinoday Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mahindra Hinoday Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Branch Office : Pune

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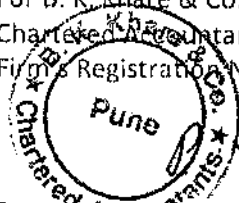
Branch Office : Bengaluru

Tel : (080) 4110 5357 •

Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W


Prasad Paranjape
Partner
Membership Number: 47296
Date: April 24, 2013
Place: Pune

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" 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) Fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

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

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

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

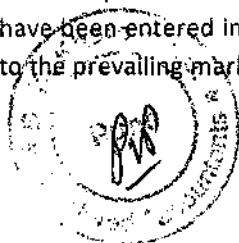
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) As informed, the Company has not taken or granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable and hence not commented upon.

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

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

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



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

B. K. KHARE & Co.
CHARTERED ACCOUNTANTS

(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 pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

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

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax Dues	4,388,712 (excluding interest)	Assessment Year 1995 - 1996 and 1996 - 1997	High Court
The Income Tax Act, 1961	Income Tax Dues	16,738,803 (excluding interest)	Assessment Year 2005-2006, 2006-2007 and 2008-2009	CIT Appeals
The Income Tax Act, 1961	Income Tax Dues	205,518 (excluding interest)	Assessment Year 2006-2007	Appellate Tribunal
The Income Tax Act, 1961	Income Tax Dues	3,334,232 (excluding interest)	Assessment Year 2007-2008	Commissioner Appeals
Central Excise Act, 1944	Excise Duty claim on various matters	208,086	Various Years	Commissioner Appeals
Central Excise Act, 1944	Excise Duty claim on various matters	1,688,229	Various Years	CESTAT



- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.



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CHARTERED ACCOUNTANTS

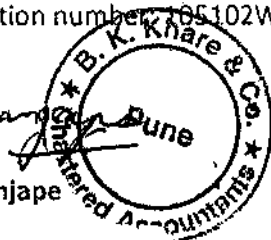
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit *except that during the year a case of alleged misreporting of rejections was identified by the Company* and corrective and disciplinary actions have been taken by the Company to avoid recurrence of similar incidence

For B. K. Khare & Co.

Chartered Accountants

Firm registration number: 105102W

P. V. Paranjape



Prasad Paranjape

Partner

Membership No.: 047296

Place: Mumbai

Date: April 24, 2013

1. Corporate Information:

Mahindra Hinoday Industries Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in the manufacturing of castings, magnet for vehicles, coils and electrode-less Lamps. The company caters both domestic and international markets.

2. Basis of preparation:

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.2 Tangible Fixed Assets

Fixed assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.



2.3 Depreciation

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

Leasehold land is amortised over the period of lease.

Intangible are amortised over the period of 5 years.

2.4 Leases:

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized. A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.5 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

2.6 Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of



an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2.7 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.8 Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.9 Revenue Recognition

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



Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

2.10 Foreign currency translation:

Initial recognition

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

Conversion

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

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.



2.11 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

The company has gratuity as a defined benefit liability. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss immediately.

2.12 Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company



writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

2.13 Identification of segments

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

2.14 Earning Per Share

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity Shareholders by the weighted average number of equity shares outstanding during the period.

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



2.15 Provisions:

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

2.16 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

2.17 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in and and short-term investments with an original maturity of three months or less.



MAHINDRA HINODAY INDUSTRIES LIMITED

Balance Sheet As At March 31, 2013

(All amounts are in Indian Rupees Lacs unless otherwise stated)

Particulars	Note No.	March 31, 2013	March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	4,657.67	4,657.67
Reserves & Surplus	4	9,250.09	11,071.43
		13,907.76	15,729.10
Non Current Liabilities			
Long Term Borrowings	5	9,101.65	9,531.21
Other Long Term Liabilities	6	70.38	99.06
Long Term Provisions	7	987.04	960.60
		10,159.07	10,590.87
Current Liabilities			
Short Term Borrowings	8	589.38	2,278.04
Trade Payables	9	11,164.72	10,245.22
Other Current Liabilities	9	4,831.81	4,028.63
Short Term Provisions	10	215.08	329.79
		16,800.99	16,881.68
TOTAL		40,867.82	43,201.65
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	11	25,918.32	26,206.92
Intangible Assets	11	121.33	103.98
Capital Work In Progress		366.05	1,174.54
Non Current Investments	12	385.84	400.25
Deferred Tax Asset (Net)	13	-	648.04
Long Term Loans and Advances	14	172.64	105.92
Other Non Current Assets	15	120.29	72.12
		27,084.47	28,711.77
Current Assets			
Inventories	16	5,671.20	6,390.36
Trade Receivables	17	6,604.04	6,371.75
Cash & Bank Balances	18	579.75	640.99
Short Term Loans & Advances	19	757.53	827.79
Other Current Assets	20	170.83	258.99
		13,783.35	14,489.88
TOTAL		40,867.82	43,201.65

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For B. K. KHARE & Co.

Chartered Accountants

Firm Regn No. 105102W

P. V. Paranjape
Prasad Paranjape

Partner

Membership No.: 047296

For and on behalf of Board of Directors of Mahindra Hinoday Industries Limited

Mr. Hemant Luthra

Mr. Vikram Nirula

Mr. Rajan Wadhera

Mr. Sanjay Arte

Mr. Bhoobhai Bhiwandiwala
Mr. Bhoobhai Bhiwandiwala

Mr. K. Ramaswami

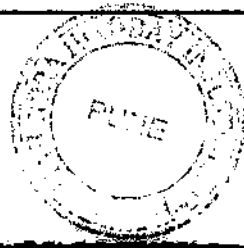
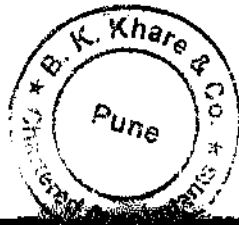
K. Jayaprakash
K Jayaprakash
CFO

Place : Mumbai

Date : April 24, 2013

Place : Mumbai

Date : April 24, 2013



MAHINDRA HINODAY INDUSTRIES LIMITED
Statement Of Profit Or Loss For The Year Ended March 31, 2013
 (All amounts are in Indian Rupees Lacs unless otherwise stated)

Particulars	Note No.	Current Year	Previous Year
INCOME			
Sale of Manufactured Goods	21	51,931.84	53,258.83
Less: Excise Duty		4,053.86	3,533.65
		47,877.98	49,725.18
Other Income	22	217.06	297.50
Total Revenue		48,095.04	50,022.68
EXPENDITURE			
Cost of Material and components Consumed	23	22,083.58	24,865.38
(Increase)/Decrease in Inventories of Finished Goods and Work-in-progress	23	757.94	(1,208.49)
Employee Benefit Expenses	24	5,260.19	4,809.94
Manufacturing and Other Expenses	25	17,202.47	18,371.97
Interest Cost	26	1,588.15	1,646.88
Depreciation and Amortization	11	2,376.01	2,181.28
		49,268.34	50,666.97
Profit /(Loss) Before-Tax		(1,173.30)	(644.28)
Tax Expenses			
- Current Tax			
- Deferred Tax Charge/(Credit)		648.04	437.27
Profit/ (Loss) for the year		(1,821.34)	(1,081.56)
Earning Per Share (EPS)	40	(3.91)	(2.41)
Basic and Diluted (Nominal Value of Rs. 10/- each (March 31,2012 Rs. 10/-))			
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our Report of even date
 For B. K. KHARE & Co.
 Chartered Accountants
 Firm Regn No. 105102W

P. V. Paranjape
 Prasad Paranjape
 Partner
 Membership No.:047296

Place : Mumbai
 Date : April 24, 2013

For and on behalf of Board of Directors of Mahindra Hinoday Industries Limited

Mr. Hemant Luthra
 Mr. Hemant Luthra

Mr. Vikram Nirula

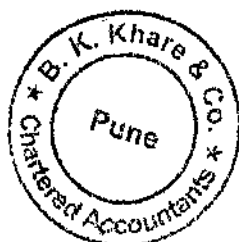
Mr. Rajan Wadhwa
 Mr. Rajan Wadhwa
Mr. Zhooben Bhiwandiwalla
 Mr. Zhooben Bhiwandiwalla

Mr. Sanjay Arte
 Mr. Sanjay Arte

Mr. K. Ramaswami
 Mr. K. Ramaswami

K Jayaprakash
 CFO

Place : Mumbai
 Date : April 24, 2013



MAHINDRA HINODAY INDUSTRIES LIMITED
Cash Flow For The Year Ended March 31, 2013

(All amounts are in Indian Rupees Lacs unless otherwise stated)

Particulars	March 31, 2013	March 31, 2012
Cash flow from operating activities		
Profit/(Loss) before tax from operations	(1,173.30)	(644.28)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	2,376.01	2,181.28
Loss/(profit) on sale or write off of fixed assets	56.87	42.22
Unrealized foreign exchange loss	10.59	33.15
Provision for doubtful debt	96.68	97.19
Bad Debts	23.36	-
Interest expense	1,588.15	1,643.65
SICOM liability Adjustment	-	(63.00)
Interest income	(20.03)	(25.24)
Dividend income	(0.05)	(0.05)
Provisions written Back	(33.32)	-
Operating profit before working capital changes	2,924.96	3,264.92
Movements in working capital :		
Increase/(decrease) in trade payables	938.52	2,855.34
Increase / (decrease) in long-term provisions	26.44	219.25
Increase / (decrease) in short-term provisions	(114.71)	(463.06)
Increase/(decrease) in other current liabilities	4.21	346.55
Increase/ (decrease) in other long-term liabilities	(28.68)	62.80
Decrease/(increase) in trade receivables	(348.76)	(1,528.80)
Decrease/(increase) in inventories	719.16	(1,490.97)
Decrease / (increase) in long-term loans and advances	0.73	1.45
Decrease / (increase) in short-term loans and advances	55.31	50.74
Decrease/(increase) in other current assets	88.15	96.90
Decrease / (increase) in other non-current assets	(48.17)	51.66
Cash generated from / (used in) operations	4,217.16	3,466.77
Direct taxes paid (net of refunds)	14.95	37.92
Net cash flow from/ (used in) operating activities (A)	4,232.11	3,504.69
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(1,445.15)	(3,988.47)
Proceeds from sale of fixed assets	24.70	5.62
Interest received	20.03	25.23
Dividends received	0.05	0.05
Amortisation of investment	14.41	-
Net cash flow from/ (used in) investing activities (B)	(1,385.96)	(3,957.57)
Cash flows from financing activities:		
Proceeds from issuance of share capital including premium	-	2,098.29
Proceeds from long-term borrowings	3,581.40	2,205.94
Repayment of long-term borrowings including SICOM	(3,253.34)	(1,637.50)
Repayment of short-term borrowings	(1,688.66)	(218.77)
Interest paid	(1,546.79)	(1,581.92)
Net cash flow from/ (used in) in financing activities (C)	(2,907.39)	866.04
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	(61.24)	413.16
Cash and cash equivalents at the beginning of the year	640.99	227.83
Cash and cash equivalents at the end of the year	579.75	640.99
Components of cash and cash equivalents		
Cash on hand	3.60	2.84
With banks- on current account	499.34	573.58
-- on deposit account	76.76	64.50
-- unpaid dividend accounts*	0.05	0.07
Total cash and cash equivalents (note 18)	579.75	640.99

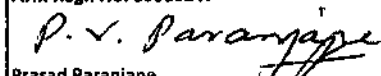
* The company can utilise these balances only towards settlement of the respective unpaid dividend

As per our Report of even date

For B. K. KHARE & Co.

Chartered Accountants

Firm Regn No. 105102W



Prasad Paranjape

Partner

Membership No.: 047296

For and on behalf of Board of Directors of Mahindra Hinoday Industries Limited

Mr. Hemant

Mr. Vikram Nirula

Mr. Rajan Wadhera

Mr. Sanjay Arte

Mr. Zhooben Bhlwandiwal

Mr. K. Ramaswami

 K Jayaprakash
CFO

Place : Mumbai

Date : April 24, 2013

Place : Mumbai

Date : April 24, 2013

MAHINDRA HINODAY INDUSTRIES LIMITED
Notes to Financial Statement for the year ended March 31, 2013
 (All amounts are in Indian Rupees Lacs unless otherwise stated)

3 Share Capital	March 31, 2013	March 31, 2012
Authorized		
57,000,000 (March 2012: 57,000,000) Equity Shares of Rs. 10 each	5,700.00	5,700.00
15,000,000 (March 2012: 15,000,000) 8% Cumulative Redeemable Preference Shares of Rs. 10 each	1,500.00	1,500.00
Total	7,200.00	7,200.00
Issued, Subscribed & Fully Paid -Up		
46,576,717 (March 2012: 46,576,717) Equity Shares of Rs. 10/- each fully paid-up	4,657.67	4,657.67
Total	4,657.67	4,657.67

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period:

	March 31, 2013		March 31, 2012	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	46,576,717	4,657.67	43,016,717	4,301.67
Shares issued during the period	-	-	3,560,000	356.00
Outstanding at the end of the period	46,576,717	4,657.67	46,576,717	4,657.67

b) Terms/ Rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding/ultimate holding company and/or their subsidiaries/associate:

	Amount Rs. March 31, 2013	Amount Rs. March 31, 2012
Mahindra & Mahindra Limited, holding company		
3,02,54,052 (March 2012: 3,02,54,052) shares of Rs. 10 each fully paid up	302,540,520	302,540,520

d) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

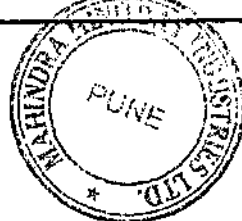
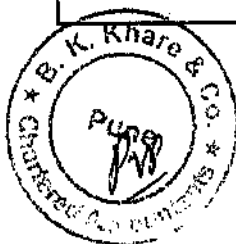
	No. of shares March 31, 2013	No. of shares March 31, 2012
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash*	16,469,627	16,469,627
Equity shares bought back by the company#	60,100	60,100

* The Company has issued 16,437,602 equity shares as fully paid-up to Mahindra & Mahindra Limited, holding company in the year 2008-09 and 32,025 equity shares to its then employees of the 'Mahindra Castings Private Limited' at par in the ratio of 3:4 in the year 2009-2010 pursuant to the scheme of Amalgamation approved by the High Court of Bombay on August 3, 2009.

The Company has bought back 60,100 fully paid-up equity shares held by DGP Employees Welfare Trust pursuant to Scheme of Amalgamation approved by the High Court of Bombay on August 3, 2009. These shares were cancelled against securities premium in that year.

e) Details of shareholders holding more than 5% shares in the company:

	March 31, 2013		March 31, 2012	
Name of the Shareholder	No. of Shares	Percentage	No. of Shares	Percentage
Mahindra & Mahindra Limited	30,254,052	64.96	30,254,052	64.96
IVF Trustee Company Private Limited	16,290,640	34.98	16,290,640	34.98

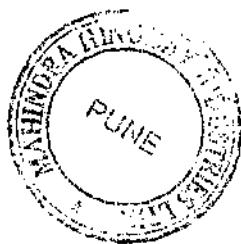


MAHINDRA HINODAY INDUSTRIES LIMITED

Notes to Financial Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees Lacs unless otherwise stated)

	March 31, 2013	March 31, 2012
4 Reserves & Surplus		
Securities Premium		
Balance as per last Financial	17,848.14	16,105.84
Add: Premium on issue of equity shares.	-	1,744.40
Less: Share issue expenses adjusted	-	2.10
	17,848.14	17,848.14
Profit and Loss Account		
Balance as per last financials	(6,776.71)	(5,695.15)
Add : Loss for the year as per statement of profit or loss	(1,821.34)	(1,081.56)
Net Deficit in the statement of profit and loss	(8,598.05)	(6,776.71)
Total	9,250.09	11,071.43



MAHINDRA HINODAY INDUSTRIES LIMITED
Notes to Financial Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees Lacs unless otherwise stated)

5 Long Term Borrowings
March 31, 2013
March 31, 2012

Term loans from banks (Secured)

7,784.96

7,897.03

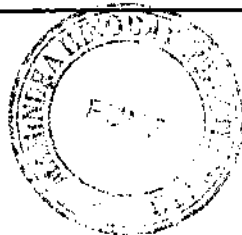
Sales Tax Deferral loan from SICOM under Package Scheme of Incentives 1993 (Unsecured)

1,316.69

1,634.18

Total
9,101.65
9,531.21

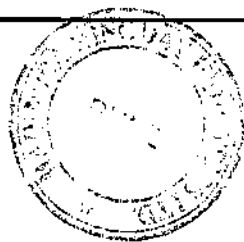
Sr. No	Particulars	Rate and Repayment Schedule	Security
1	Term loan from IDBI Bank Limited outstanding as of March 31, 2013 Rs. 2,419 Lacs (March 31, 2012 Rs. 2,621.83 Lacs)	Loan carries interest @ 12.25% p.a. The loan is repayable in 42 equal monthly installments of Rs. 80.64 Lacs from April 2012.	Secured by First Pari Passu charge of Mortgage in joint favour of lending banks over immovable Assets situated at Bhosari & Urse, Pune and First Pari Passu charge of hypothecation in favour of lending banks over movable Assets situated Bhosari & Urse, Pune (both mortgage & hypothecation are on Assets other than exclusively charged Assets)
2	Term loan from IDBI Bank Limited outstanding as of March 31, 2013 Rs. 1,952 Lacs (March 31, 2012 Rs. 1511.02 Lacs)	Loan carries interest @ 12.25% p.a. The loan is repayable in 42 equal monthly installments of Rs. 46.48 Lacs from April 2013	
3	Term loan from IDBI Bank Limited outstanding as of March 31, 2013 Rs. 985 Lacs (March 31, 2012 Rs. 762.47 Lacs)	Loan carries interest @ 12.25% p.a. The loan is repayable in 42 equal monthly installments of Rs. 23.45 Lacs from April 2013.	
4	Term loan from IDBI Bank Limited outstanding as of March 31, 2013 Rs. 320 Lacs (March 31, 2012 Rs. 288.72 Lacs)	Loan carries interest @ 12.25% p.a. The loan is repayable in 42 equal monthly installments of Rs. 8.88 Lacs from October 2012.	
5	Term loan from IDBI Bank Limited outstanding as of March 31, 2013 Rs. 260 Lacs (March 31, 2012 Rs. 234.55 Lacs)	Loan carries interest @ 12.25% p.a. The loan is repayable in 42 equal monthly installments of Rs. 7.21 Lacs from October 2012.	
6	Term loan from ING Vysya Bank Limited outstanding as of March 31, 2013 Rs. 2,188 Lacs (March 31, 2012 Rs. 3,063 Lacs)	Loan carries interest @ 12.50% p.a. The loan is repayable in 16 equal quarterly installments of Rs. 218.75 Lacs from December 2011.	
7	Term loan from Saraswat Co-Operative Bank outstanding as of March 31, 2013 Rs. 822 Lacs (March 31, 2012 Rs. 1,000 Lacs)	Loan carries interest @ 11.75% p.a. The loan is repayable in 42 monthly installments of Rs. 23.80 Lacs from September 2012	
8	Term loan from State Bank of India outstanding as of March 31, 2013 Rs. 525 Lacs (March 31, 2012 Rs. 1,275 Lacs)	Loan carries interest @ 12.75% p.a. The loan is repayable in 56 monthly installments of Rs. 62.5 Lacs from May 2009	Secured by exclusive first charge of mortgage of immovable properties being portion of land and factory building/structures of Urse properties together with plant and machinery attached thereto and by way of hypothecation of movable plant and machinery acquired and purchased for expansion of Automotive Casting Division.
9	Term loan from State Bank of India outstanding as of March 31, 2013 Rs. 2,000 Lacs (March 31, 2012 Rs. Nil)	Loan carries interest @ 11.50% p.a. The loan is repayable in monthly installments as follows: In 2014-2015 Rs. 2.50 Lacs In 2015-2016 Rs. 10.00 Lacs In 2016-2017 Rs. 20.00 Lacs In 2017-2018 Rs. 31.67 Lacs In 2018-2019 Rs. 42.50 Lacs In 2019-2020 Rs. 60.00 Lacs	Secured by First Pari passu hypothecation charge on all current assets, present and future. Collateral charge: on assets situated at Gat No 310, 311 & 312 measuring 34440 sq meter Village Urse Taluka Maval Dist. Pune which are acquired out of the above bank finance.
10	Deferred sales tax loan	Interest free and payable in 10 yearly installments of various amounts starting from April 2010.	Unsecured



MAHINDRA HINODAY INDUSTRIES LIMITED
Notes to Financial Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees lacs unless otherwise stated)

6 Other Long Term Liabilities		March 31, 2013	March 31, 2012
Trade Payables*		70.38	99.06
Total		70.38	99.06
* Represents retention money held by the company payable after completion of warranty period on account of various capital projects under execution/executed.			
7 Long Term Provisions		March 31, 2013	March 31, 2012
Provision for employee benefits			
Early Separation Scheme		330.62	377.51
Gratuity (Refer Note no 27.1)		138.97	122.96
Leave Encashment		517.45	460.13
Total		987.04	960.60
8 Short Term Borrowings		March 31, 2013	March 31, 2012
Cash credit loans from banks (Secured)*		114.38	1,673.11
<u>Loans repayable on demand (Secured)</u>			
- Rupee Loans *		475.00	475.00
- Foreign Currency Loans *		-	129.93
Total		589.38	2,278.04
* Cash credit and demand loans are secured by first charge of hypothecation on all current assets, both present & future and second charge (ranking after charges created and/or to be created in favour of term lenders) of hypothecation on all movable plant and Machinery and other movable assets, both present and future and also second pari passu charge (except exclusive charge on certain immovable properties created in favour of State Bank of India) by way of mortgage over immovable properties of the borrower situated at MIDC Bhosari, Pune and also at village Urse Tal. Maval Dist. Pune.			



MAHINDRA HINODAY INDUSTRIES LIMITED
Notes to Financial Statement for the year ended March 31, 2013
(All amounts are in Indian Rupees Lacs unless otherwise stated)

9 Trade payables and other current liabilities		March 31, 2013	March 31, 2012
i) Trade Payables:			
Sundry Creditors (Refer Note No. 39)		11,164.72	10,245.22
ii) Other current liabilities:			
Current maturities of long term borrowings		3,685.80	3,193.38
Current maturities of SICOM		317.49	52.30
Interest accrued and due on borrowings		41.36	61.73
Unclaimed dividend		0.05	0.07
Other liabilities-			
Other Statutory Dues		-	1.25
Excise Liabilities		17.14	-
Vat Liabilities		61.51	39.15
TDS Liabilities		47.34	46.12
Deposits		31.14	34.88
Tooling Advance		528.20	498.81
Advances from customers		98.76	47.95
Other Payables		3.02	52.99
		4,831.81	4,028.63
Total		15,996.53	14,273.85
10 Short Term Provisions		March 31, 2013	March 31, 2012
• Provisions for Short Term Benefits			
Gratuity (Refer Note No. 27.1)		28.75	131.68
Early Separation Scheme		128.16	149.10
Leave Encashment		58.17	49.01
Total		215.08	329.79



Mahindra Hinojay Industries Limited

Notes to Financial Statement for the year ended March 31, 2013
(All amounts are in Indian Rupees Lacs unless otherwise stated)

11. Tangible Assets

DESCRIPTION	'GROSS BLOCK'				DEPRECIATION				NET BLOCK		
	Balance as at 01.04.2012	Additions During the Year	Borrowing Cost Capitalised	Deduction During the Year	Gross Block 31.03.2013	Balance as at 01.04.2012	For the Year	Deduction During the Year	Depreciation 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012
Leasehold Land	3,263.64	-	-	-	3,263.64	221.41	55.36	-	276.77	2,986.87	3,042.23
Free hold Land	2,818.53	-	-	-	2,818.53	-	-	-	-	2,818.53	2,818.53
Building	5,597.86	494.58	-	4.06	6,088.38	588.37	206.47	1.15	793.69	5,294.69	5,009.49
Plant & Machinery	17,966.34	552.11	-	134.70	18,383.75	4,767.38	1,831.37	64.55	6,534.20	11,849.55	13,198.96
Electrical Equipment	2,118.33	1,043.84	-	-	3,162.17	372.76	160.39	-	533.15	2,629.02	1,745.57
Furniture & Fixture	259.79	12.75	-	8.78	263.76	99.12	23.46	5.12	117.46	146.30	160.67
Office Equipment	181.11	16.53	-	7.40	190.24	74.30	18.68	5.87	87.11	103.13	106.81
Computers	137.97	6.01	-	1.24	142.74	71.99	15.06	0.39	86.66	56.08	65.98
Vehicles	103.36	-	-	11.80	91.56	44.68	20.25	7.52	57.41	34.15	58.68
Total	32,446.93	2,125.82	-	167.98	34,404.77	6,240.01	2,331.04	84.60	8,486.46	25,918.32	26,206.92
Previous Year's Figure	26,746.36	5,722.92	63.96	86.31	32,446.93	4,134.23	2,144.26	38.48	6,240.01		

12. Intangible Assets

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Balance as at 01.04.2012	Additions During the Year	Borrowing Cost Capitalised	Deduction During the Year	Gross Block 31.03.2013	Balance as at 01.04.2012	For the Year	Deduction During the Year	Depreciation 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012
Computer Software	229.12	46.02	-	-	275.14	149.92	37.95	-	187.87	87.27	79.20
Others	31.00	16.30	-	-	47.30	6.22	7.02	-	13.24	34.06	24.78
Total	260.12	62.32	-	-	322.44	156.14	44.97	-	201.12	121.33	103.98
Previous Year's Figure	240.68	19.44	-	-	260.12	119.12	37.02	-	156.14		



MAHINDRA HINODAY INDUSTRIES LIMITED
Notes to Financial Statement for the year ended March 31, 2013
(All amounts are in Indian Rupees Lacs unless otherwise stated)

12 Non Current Investments		March 31, 2013	March 31, 2012
Investments			
<u>Trade Investment (Valued at cost unless otherwise stated)</u>			
<u>Unquoted Equity Investment</u>			
In The Saraswat Co-Op Bank Limited			
2,500 (March 2011: 2,500)Equity shares of Rs. 10/- each		0.25	0.25
In Wardha Power Co. Limited.			
1,768,970 (March 2011:1,768,970) 'A' Class Equity shares of Rs.10 /- each		176.90	176.90
(Also understood as Power Equity Shares, entitled to energy from Group Captive Power Plant. These shares will receive restrictive dividend not more than 0.01% of the face value)			
Less: Amortisation		(6.37)	-
		170.53	176.90
<u>Unquoted Preference Shares Investment</u>			
In Wardha Power Co. Limited*			
2,231,030(March 2011:2,231,030) 'A' Class Redeemable Preference Shares of Rs. 10 /- each		223.10	223.10
(Above preference shares carry coupon rate of 0.01% per annum and redeemable on expiry of 25 years and to be reissued for the balance tenor of Power Delivery Agreement on fresh terms)			
Less: Amortisation		(8.04)	-
		215.06	223.10
* In the event the Power Delivery Agreement expires at the end of term, the Wardha Power Company will buy back the Class 'A' Equity Shares and Class 'A' Preference Shares for a total consideration of Rs.1/-			
Less: Amortisation			
Total		385.84	400.25
13 DEFERRED TAX		March 31, 2013	March 31, 2012
<u>Deferred tax liability</u>			
Difference between tax depreciation and depreciation/amortization as per financial reporting		(2,737.62)	(1,813.91)
		(2,737.62)	(1,813.91)
<u>Deferred tax asset</u>			
Carry Forward Depreciation Losses		2,146.36	2,099.85
Employee Benefits		259.61	257.86
Others		331.64	104.24
		2,737.62	2,461.95
Deferred Tax Asset(Net)	Total	-	648.04



MAHINDRA HINODAY INDUSTRIES LIMITED

Notes to Financial Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees Lacs unless otherwise stated)

14 Long Term Loans & Advances	March 31, 2013	March 31, 2012
Loans And Advances (Unsecured, considered good)		
Capital Advances	147.63	80.18
Security Deposit	25.01	25.74
Total	172.64	105.92
15 Other Non Current Assets	March 31, 2013	March 31, 2012
Margin money deposits with banks(Refer Note No. 18)	120.29	72.12
Total	120.29	72.12
16 Inventories (valued at lower of cost and net realizable value)	March 31, 2013	March 31, 2012
Raw Materials & Components [includes goods in transit Rs. 96.39 Lacs (March:2012 Rs.89.95 Lacs)]	1,114.46	1,000.53
Semi finished goods	1,325.36	1,530.51
Finished goods	2,329.70	2,882.49
Stores, Spares, Consumable etc.	822.58	916.88
Loose Tools	79.10	59.95
Total	5,671.20	6,390.36
17 Trade Receivables (Unsecured considered good unless otherwise stated)	March 31, 2013	March 31, 2012
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Doubtful	410.63	337.31
Less : Provision for doubtful debt	(410.63)	(337.31)
Other debts - Considered Good	6,604.04	6,371.75
Total	6,604.04	6,371.75



MAHINDRA HINODAY INDUSTRIES LIMITED
Notes to Financial Statement for the year ended March 31, 2013
(All amounts are in Indian Rupees Lacs unless otherwise stated)

18 Cash and Bank Balances		March 31, 2013	March 31, 2012
Cash and Cash Equivalent			
Cash on Hand		3.60	2.84
Balances with Bank			
- Current Accounts		499.34	573.58
- Unpaid Dividend Account		0.05	0.07
		<u>502.99</u>	<u>576.49</u>
Other Bank Balances			
- Margin money deposits with maturity for less than 12 months		76.76	64.50
- Margin money deposits with maturity more than 12 months		<u>120.29</u>	<u>72.12</u>
		<u>197.05</u>	<u>136.62</u>
Amount disclosed under non current assets(Refer Note No. 15)		<u>120.29</u>	<u>72.12</u>
		<u>76.76</u>	<u>64.50</u>
Total		<u>579.75</u>	<u>640.99</u>
19 Short Term Loans and Advances		March 31, 2013	March 31, 2012
(Unsecured considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received		309.93	332.80
Prepaid Expenses		63.12	50.09
Advance Income Tax (Net of provision Rs. 347.46 (March 2012: Rs. 347.46))		150.82	165.77
Balance with Central Excise & Customs etc.		<u>233.66</u>	<u>279.13</u>
Total		<u>757.53</u>	<u>827.79</u>
20 Other Current Assets		March 31, 2013	March 31, 2012
(Unsecured considered good unless otherwise stated)			
Export benefits receivable		170.83	258.99
Total		<u>170.83</u>	<u>258.99</u>



MAHINDRA HINODAY INDUSTRIES LIMITED

Notes to Financial Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees Lacs unless otherwise stated)

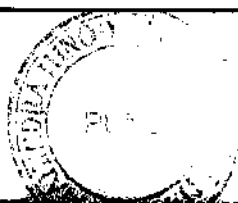
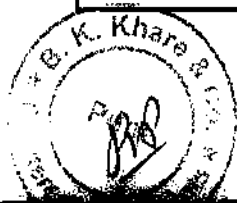
21 Revenue From Operations	Current Year	Previous Year
Revenue From Operations		
Sale of manufactured goods	50,922.87	52,115.95
Other Operating Revenue		
Sale of Scrap	264.85	521.13
Sale of Toolings	518.67	350.44
Export Incentives	225.45	271.31
Revenue from operations (Gross)	51,931.84	53,258.83
Less: Excise Duty	4,053.86	3,533.65
Total	47,877.98	49,725.18
<u>Details of products sold</u>		
Finished goods sold		
<u>Magnetic Product Division</u>		
Ferrites	10,495.59	10,476.72
Electrod Less Lamp	900.84	520.82
Wound Coil	100.57	529.56
<u>Foundry Division</u>		
Casting	39,425.87	40,588.85
Total	50,922.87	52,115.95
22 Other Income		
Interest		
- From Banks		
(Tax deducted at Source Rs.1.28 Lacs (March 2012: Rs 1.21 Lacs))	13.30	15.21
- Others	6.73	10.03
VAT Refund	-	63.39
Commission Income	33.63	12.32
Discount received	36.80	85.84
Provisions written back	33.32	86.97
Profit on Sale of Asset	-	-
Dividend received	0.05	0.05
Others	68.77	23.69
Exchange Fluctuation Gain	24.46	-
Total	217.06	297.50



MAHINDRA HINODAY INDUSTRIES LIMITED
Notes to Financial Statement for the year ended March 31, 2013

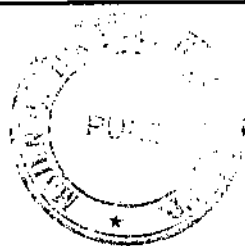
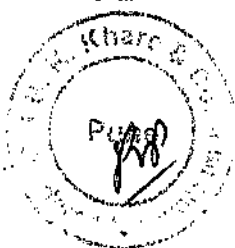
(All amounts are in Indian Rupees Lacs unless otherwise stated)

23 Cost of Raw Materials and Components Consumed	Current Year	Previous Year
Cost of Raw Materials and Components Consumed		
Inventory at the beginning of the year	1,000.53	736.85
Add: Purchases	22,212.24	25,247.76
Less: Raw material sold out of material purchased	14.73	118.70
Less: inventory at the end of the year	1,114.46	1,000.53
Cost of raw material and components consumed	22,083.58	24,865.38
(Increase)/decrease in inventories		
Inventories at the end of the year		
Work-in-progress	1,325.36	1,530.51
Finished goods	2,329.70	2,882.49
Inventories at the beginning of the year	3,655.06	4,413.00
Work-in-progress	1,530.51	1,200.40
Finished goods	2,882.49	2,004.11
	4,413.00	3,204.51
Net (Increase)/Decrease in inventories	757.94	(1,208.49)
Total	22,841.52	23,656.89
Details of raw material and components consumed		
<u>Magnetic Product Division</u>		
Iron Oxide	584.97	634.37
Zinc Salts	146.00	146.85
Carbonates	289.11	265.10
Others	2,579.05	2,678.76
<u>Foundry Division</u>		
CRCA Scrap	10,376.28	11,568.80
Graphite Fine / Charcoal	503.64	547.39
FSM Alloy	856.93	1,185.49
Silicon Carbide	368.96	422.22
Others	6,378.64	7,416.40
Total	22,083.58	24,865.38
Details of inventory - Raw Material		
<u>Magnetic Product Division</u>		
Iron Oxide	98.02	106.58
Zinc Salts	5.25	6.80
Carbonates	4.68	8.26
Others	469.23	238.45
<u>Foundry Division</u>		
CRCA Scrap	59.60	80.53
Graphite Fine / Charcoal	10.38	19.82
FSM Alloy	41.37	92.35
Silicon Carbide	2.30	14.72
Others	423.63	433.02
Total	1,114.46	1,000.53
Details of inventory - Work in Progress		
<u>Magnetic Product Division</u>		
Ferrites	255.89	175.47
Coil	6.36	4.45
ELL	1.94	-
<u>Foundry Division</u>		
Casting	1,061.17	1,350.59
Total	1,325.36	1,530.51
Details of inventory - Finished Goods		
<u>Magnetic Product Division</u>		
Ferrites	444.32	485.50
ELL	14.73	30.28
Coil	7.69	5.71
<u>Foundry Division</u>		
Castings	1,862.96	2,361.00
Total	2,329.70	2,882.49



MAHINDRA HINODAY INDUSTRIES LIMITED
Notes to Financial Statement for the year ended March 31, 2013
(All amounts are in Indian Rupees Lacs unless otherwise stated)

24 Employee Benefit Expenses	Current Year	Previous Year
Employee Benefits		
Salaries, Wages & Bonus	4,451.13	4,037.94
Contribution to Provident and Other Funds(Refer note 27.2)	269.58	258.33
Staff Welfare Expenses	498.94	504.25
Gratuity Expense (Net) (Refer note 27.1)	40.54	9.42
Total	5,260.19	4,809.94
25 Manufacturing and Other Expenses	Current Year	Previous Year
Stores, Spares and Components	1,427.52	1,479.52
Labour Charge	691.46	651.92
Power & Fuel	7,408.75	7,990.02
Processing Charges	4,254.19	4,841.21
<u>Repairs & Maintenance</u>		
Building	32.20	24.69
Machinery	343.49	330.73
Others	532.76	477.60
Equipment Lease Rentals	-	30.32
Rent	15.00	10.88
Rates & Taxes	46.41	41.71
Printing and Stationery	41.32	49.21
Insurance	97.77	101.59
Travelling & Conveyance	117.93	124.36
Legal & Professional charges	361.23	332.34
Office & Other Expenses	199.00	195.50
<u>Auditors Remuneration</u>		
Audit fee	8.25	8.25
Tax audit fee	2.50	2.50
Limited review	3.00	3.00
Communication Expenses	38.66	61.49
Bank charges	110.52	80.71
Sales Commission & Discounts	104.45	184.27
Selling Expenses	5.49	16.65
Carriage Outwards	1,169.05	1,042.70
Provision for Doubtful Debts (Net)	96.68	97.19
Bad Debts Written off	23.36	-
Donations	0.20	0.46
Amortisation in value of investment	14.41	-
Loss on Sale of Assets/Write off of asset	56.87	42.22
Exchange Fluctuation Loss	-	150.94
Total	17,202.47	18,371.98
26 Interest Cost	Current Year	Previous Year
Interest on Loans	1,588.15	1,643.64
Exchange Gain/Loss on restatement of loans	-	3.23
Total	1,588.15	1,646.87



27 Employee Benefits

27.1 Defined Benefit Plan - Gratuity (Refer Note No.7 and 10)

The company has provided the liability for gratuity on actuarial basis as on 31st March 2013. Reconciliation of the present value of the defined benefit obligations are as follows

	March 31,2013	March 31,2012
Statement of profit and loss		
Current service cost	48.16	59.72
Interest cost on benefit obligation	56.83	56.03
Expected return on plan assets	(42.99)	(31.28)
Net actuarial (gain)/loss	(21.46)	(89.05)
Net (benefit)/ expense recognised in the statement of profit or loss	40.54	(4.58)
Balance sheet		
Present Value of Obligations as at the end of the year	735.08	693.61
Fair value of plan assets at the end of the year	567.36	438.97
Funded Status	(167.72)	(254.64)
Current Obligations	(28.75)	(131.68)
Non Current Obligations	(138.97)	(122.96)
Net asset/(liability)Recognised in Balance Sheet	(167.72)	(254.64)
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	693.61	665.73
Current service cost	48.16	59.72
Interest cost	56.83	56.03
Benefits paid	(50.06)	(3.50)
Actuarial (gains)/losses on obligation	(13.46)	(84.37)
Closing defined benefit obligation	735.08	693.61
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	438.97	292.17
Expected return	42.99	31.28
Contributions by employer	127.46	114.34
Benefits paid	(50.06)	(3.50)
Actuarial gains/(losses) on plan assets	8.00	4.68
Closing fair value of plan assets	567.36	438.97

Amounts for the current and previous four periods are as follows:

	March 31,2013	March 31,2012	March 31,2011	March 31,2010	March 31,2009
Gratuity					
Defined benefit obligation	735.08	693.61	665.73	565.74	700.85
Plan assets	567.36	438.97	292.17	197.69	309.02
Surplus/(deficit)	(167.72)	(254.64)	(373.56)	(368.05)	(391.83)

The principal assumptions used in determining gratuity obligations for the company's plans are shown below:

Discount Rate	8.20%	8.50%
Expected rate of return on assets	9%	9%
Basic Salary increases allowing for price inflation	5%	6%
Employee withdrawal	2%	2%
Normal Retirement Age	60 years	60 years

Composition of Plan assets

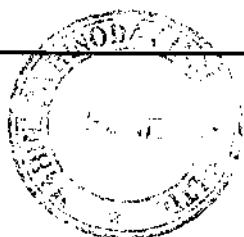
Particulars	March 31,2013 (%)	March 31,2012 (%)
Insured Managed Funds	100	100
Total	100	100

Notes :

- (i) Expected rate of return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
(ii) The estimate of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

27.2 Other Contributions

	March 31,2013	March 31,2012
Contribution to Provident Fund	214.81	199.47
Contribution to Superannuation Fund	45.07	51.02
Others	1.19	2.40



MAHINDRA HINODAY INDUSTRIES LIMITED
Notes to Financial Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees Lacs unless otherwise stated)

28 Capitalization of expenditure

During the year, the company has capitalized the following expenses of revenue nature to the cost of fixed asset/ capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

	March 31, 2013	March 31, 2012
Freight and Transport Costs		67.67
Salary Costs		9.44
Travelling Costs	-	3.19
Professional Fees	-	
Consumables and Spares	-	0.63
Other Costs	-	8.43
Finance costs	-	63.96
	-	153.31

29 Segment Information
Business (Primary) Segment information for the year ended 31st March 2013

	March 31, 2013			March 31, 2012		
	MPD	FD	Total	MPD	FD	Total
Revenue						
External sales(Excluding sale of scrap)	11,702.11	39,964.88	51,666.99	11,720.54	41,017.16	52,737.70
Inter segment sales	-	-	-	-	-	-
Interest and other income (including scrap sales)	213.81	268.10	481.91	268.79	549.83	818.62
Total revenue	11,915.92	40,232.98	52,148.90	11,989.33	41,566.99	53,556.32
Results						
Segment results	394.25	20.59	414.84	649.05	353.54	1,002.59
Operating profit	-	-	414.84	-	-	1,002.59
Finance costs	-	-	(1,588.15)	-	-	(1,646.88)
Profit/(Loss) before tax	13.42	(1,186.74)	(1,173.31)	169.05	(813.33)	(644.29)
Income taxes/Deferred Taxes	-	-	(648.04)	-	-	(437.27)
Net profit/(Loss)			(1,821.34)			(1,081.56)
Segment assets	11,203.65	29,513.35	40,717.00	11,699.16	31,336.72	42,387.84
Unallocated assets	-	-	150.82	-	-	813.81
Total assets			40,867.82			43,201.65
Segment liabilities	3,147.62	10,076.76	13,224.38	2,697.69	10,076.76	12,774.45
Unallocated liabilities	-	-	13,735.68	-	-	15,116.66
Total liabilities			26,960.06			27,472.55
Other segment Information						
Capital expenditure:						
Tangible assets	144.59	1,238.24	1,382.83	574.69	3,362.65	3,937.35
Intangible assets	31.34	30.98	62.32	22.57	28.56	51.12
Depreciation	632.14	1,698.89	2,331.04	619.80	1,524.47	2,144.27
Amortization	5.76	39.21	44.97	1.29	35.72	37.01

Geographical (Secondary) Segment information for the year ended 31st March 2013

	March 31, 2013		March 31, 2012	
	In India	Outside India	In India	Outside India
Revenue	36,885.91	14,781.08	37,320.93	15,416.77
Segment Assets	39,571.63	1,145.37	41,159.79	1,228.05
Capital Expenditure				
Tangible Assets	1,382.83	-	3,937.35	-
Intangible Assets	62.32	-	51.12	-



30 Related Party Disclosures

Related parties with whom transactions have taken place during the year

Holding company :	Mahindra & Mahindra Limited	Mahindra Navistar Automotives Limited.
Fellow subsidiaries :	Bristlecone India Limited.	Mahindra Navistar Engines Private Limited
	Mahindra Aerostructures Private Limited	Mahindra & Mahindra Limited - Swaraj Division
	Mahindra First Choice Services Limited	Mahindra & Mahindra Limited - SBU - AD Division
	Mahindra Forgings Limited	Mahindra & Mahindra Limited - SBU - TD Division
	Mahindra Gujarat Tractor Limited.	Mahindra Steel Service Centre Limited.
	Mahindra Gears & Transmissions Pvt Limited	Mahindra Two Wheelers Limited
	Mahindra Logistics Limited	Mahindra UGINE Steel Company Limited
	Mahindra & Mahindra Limited - Auto Division	Mahindra Vehicle Manufacturers Limited
	Mahindra & Mahindra Limited - Head Office	Mahindra World City Developers Limited
	Mahindra & Mahindra Limited - Tractor Division	Navyug Special Steel Private Limited
	Bristlecone India Limited.	

Key management personnel

Mr. K Ramaswami (Executive Director)
Mr. Ajit P. Lele (Managing Director Upto March 31, 2012)

a. Sale/purchase of goods and services

Name of Company	Year ended	Sale of goods/Services	Purchase of Goods/Services	Purchase of Assets	Amount Receivable at the end of the year	Amount Payable at the end of the year
Mahindra & Mahindra Limited- Auto Division	March 31 2013	7,260.28	-	-	301.16	-
	March 31 2012	(7,151.21)	-	-	(261.67)	(15.40)
Mahindra & Mahindra Limited- FES Division	March 31 2013	2,923.14	-	-	226.99	-
	March 31 2012	(3,668.35)	-	-	(295.78)	-
Mahindra Navistar Automotive Limited	March 31 2013	201.97	-	-	9.79	-
	March 31 2012	(264.44)	-	-	(28.50)	-
Mahindra Navistar Engines Private Limited	March 31 2013	204.29	-	-	30.02	-
	March 31 2012	(202.69)	-	-	(31.92)	-
Mahindra Vehicle Manufacturing Limited	March 31 2013	972.48	-	-	120.08	-
	March 31 2012	(998.40)	-	-	(264.65)	-
Mahindra Forgings Limited	March 31 2013	2.25	4.62	-	-	-
	March 31 2012	(1.11)	-	-	-	-
Mahindra UGINE Steel Company Limited	March 31 2013	1.64	407.65	-	0.75	240.01
	March 31 2012	(68.90)	(31.68)	-	-	(15.86)
Mahindra Spare Business	March 31 2013	55.30	-	-	-	-
	March 31 2012	(7.36)	-	-	(2.52)	-
Mahindra Steel Service Centre Limited	March 31 2013	4.80	-	-	-	-
	March 31 2012	(12.34)	-	-	-	-
Mahindra Aerostructures Private Limited	March 31 2013	54.11	-	-	1.12	-
	March 31 2012	-	-	-	-	-
Mahindra First Choice Services Limited	March 31 2013	3.73	-	-	1.06	-
	March 31 2012	-	-	-	-	-
Mahindra Gujarat Tractor Limited.	March 31 2013	4.99	-	-	-	-
	March 31 2012	-	-	-	-	-
Mahindra Gears & Transmissions Pvt Limited	March 31 2013	6.53	-	-	5.95	11.37
	March 31 2012	-	-	-	-	-
Mahindra & Mahindra Limited - Swaraj Division	March 31 2013	6.89	-	-	2.84	-
	March 31 2012	-	-	-	-	-
Mahindra Two Wheelers Limited	March 31 2013	18.75	-	-	5.20	-
	March 31 2012	-	-	-	-	-
Mahindra World City Developers Limited	March 31 2013	13.07	-	-	-	-
	March 31 2012	-	-	-	-	-
Navyug Special Steel Private Limited	March 31 2013	2.90	-	-	-	-
	March 31 2012	-	-	-	-	-
Mahindra Logistics Limited	March 31 2013	-	0.16	-	-	0.08
	March 31 2012	-	-	-	-	-
Bristlecone India Limited.	March 31 2013	-	-	10.97	-	-
	March 31 2012	-	-	-	-	-
Mahindra & Mahindra Limited	March 31 2013	-	-	-	-	-
Deputation charges	March 31 2013	-	-	-	0.51	232.90
	March 31 2012	-	(47.22)	-	-	(166.56)
Training & Development Expenses - MIQ	March 31 2013	-	6.64	-	-	3.39
	March 31 2012	-	-	-	-	(5.64)
Discounting Charges	March 31 2013	-	-	-	-	-
	March 31 2012	-	(5.14)	-	-	-

	Year ended	Loans taken	Repayment made	Interest accrued	Amount owed to related parties
b. Loans taken and repayment thereof					
Mahindra Engineering and Chemicals Private Limited	March 31 2013	-	-	-	-
	March 31 2012	-	(1,000.00)	(29.59)	-

	March 31, 2013	March 31, 2012
c. Remuneration to key managerial personnel		
Salary to Managing Director Mr. A.P. Lele	-	(47.22)

MAHINDRA HINODAY INDUSTRIES LIMITED

Notes to Financial Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees Lacs unless otherwise stated)

31 Capital Commitments

Estimated amount of contracts remaining to be executed on Capital account as on March 31, 2013 and not provided for Rs. 284.81 Lacs (Rs 47.81 Lacs).

32 Contingent Liabilities

Income tax demands disputed in appellate proceedings
 Disputed demands in respect of Excise duty (Net of protest money)
 Cess
 Bank Guarantees
 Claims against the company not acknowledged as debt:- Stamp duty
 Sales Bill Discounting

March 31, 2013	March 31, 2012
215.78	226.33
28.52	41.80
105.35	105.35
770.11	546.14
290.07	290.07
426.45	-

33 Derivative Instruments and unhedged foreign currency exposure
a. Derivatives outstanding as at the reporting date

Forward contracts - Sell -15.35 Lacs Euro (March 2012: Rs. 19.00 Lacs)
 Forward contracts - Sell -5.18 Lacs US Dollar (March 2012: Rs. 5.05 Lacs)

Forward contracts - Buy -NIL US Dollar (March 2012: Rs. 0.63 Lacs)

b. Particulars of unhedged foreign currency exposure as at the reporting date

PCFC Demand Loan -Rs. NIL Lacs (March 2012: Rs. 129.93 Lacs)
 Creditors -406.68 Lacs (March 2012: Rs. 156.19 Lacs)

34 Value of imports calculated on CIF basis

Raw materials
 Components and spare parts
 Capital goods

March 31, 2013	March 31, 2012
2,384.29	1,814.35
326.83	335.12
96.77	905.67

35 Expenditure in foreign currency (accrual basis)

Travelling Expenses
 Professional Fees
 Rework Charges
 Commission
 Other

March 31, 2013	March 31, 2012
7.49	15.70
2.21	8.38
68.52	171.47
21.30	35.80
20.01	39.23

36 Imported and indigenous raw materials, components and spare parts consumed
Magnetic Product Division

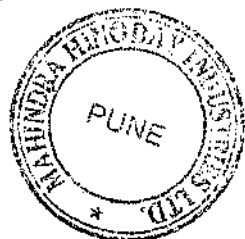
Raw Materials
 Imported
 Indigenous obtained
 Components & Spare Parts
 Imported
 Indigenous obtained

% of total consumption March 31, 2013	Amount (Rs. Lacs) March 31, 2013	% of total consumption March 31, 2012	Amount (Rs. Lacs) March 31, 2012
54%	1,943.00	47%	1,752.96
46%	1,656.13	53%	1,972.12
14%	57.68	10%	41.89
86%	341.76	90%	371.84

Imported and indigenous raw materials, components and spare parts consumed
Foundry Division

Raw Materials
 Imported
 Indigenous obtained
 Components & Spare Parts
 Imported
 Indigenous obtained

% of total consumption March 31, 2013	Amount (Rs. Lacs) March 31, 2013	% of total consumption March 31, 2012	Amount (Rs. Lacs) March 31, 2012
2%	433.13	2%	352.52
98%	18,051.31	98%	20,787.78
4%	43.11	7%	79.20
96%	954.98	93%	986.59



MAHINDRA HINODAY INDUSTRIES LIMITED

Notes to Financial Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees Lacs unless otherwise stated)

37 As required by section 383A of the Companies Act, 1956 the company is required to appoint company secretary for the year 2012-2013. However, the company secretary has not appointed during the year and the company is in process of appointing the Company Secretary.

38 Earnings in foreign currency (accrual basis)

Exports at F.O.B. Value
Commission Income

March 31, 2013	March 31, 2012
13,724.18	11,183.61
33.63	12.32

39 There are no dues payable to parties covered under MSMED Act, 2006.

40 Earning Per Share

Profit/(Loss) After Tax
Weighted average number of equity shares
Basic/Diluted earning per share

March 31, 2013	March 31, 2012
(1,821.34)	(1,081.56)
46,576,717	44,889,375
(3.91)	(2.41)

41 Previous year figures

The Company has reclassified previous years figures to conform this years classification.

As per our Report of even date
For B. K. KHARE & Co.
Chartered Accountants
Firm Regn No. 105102W

Prasad Paranjape
Partner
Membership No.:047296

For and on behalf of Board of Directors of Mahindra Hinoday
Industries Limited

Mr. Hemant Luthra

Mr. Vikram Nirula

Mr. Rajan Wadhwa

Mr. Sanjay Arta

Mr. Zhooben Bhiwandiwala

Mr. K. Ramaswami

K Jayaprakash
CFO

Place : Mumbai

Date : April 24, 2013

Place : Mumbai

Date : April 24, 2013

