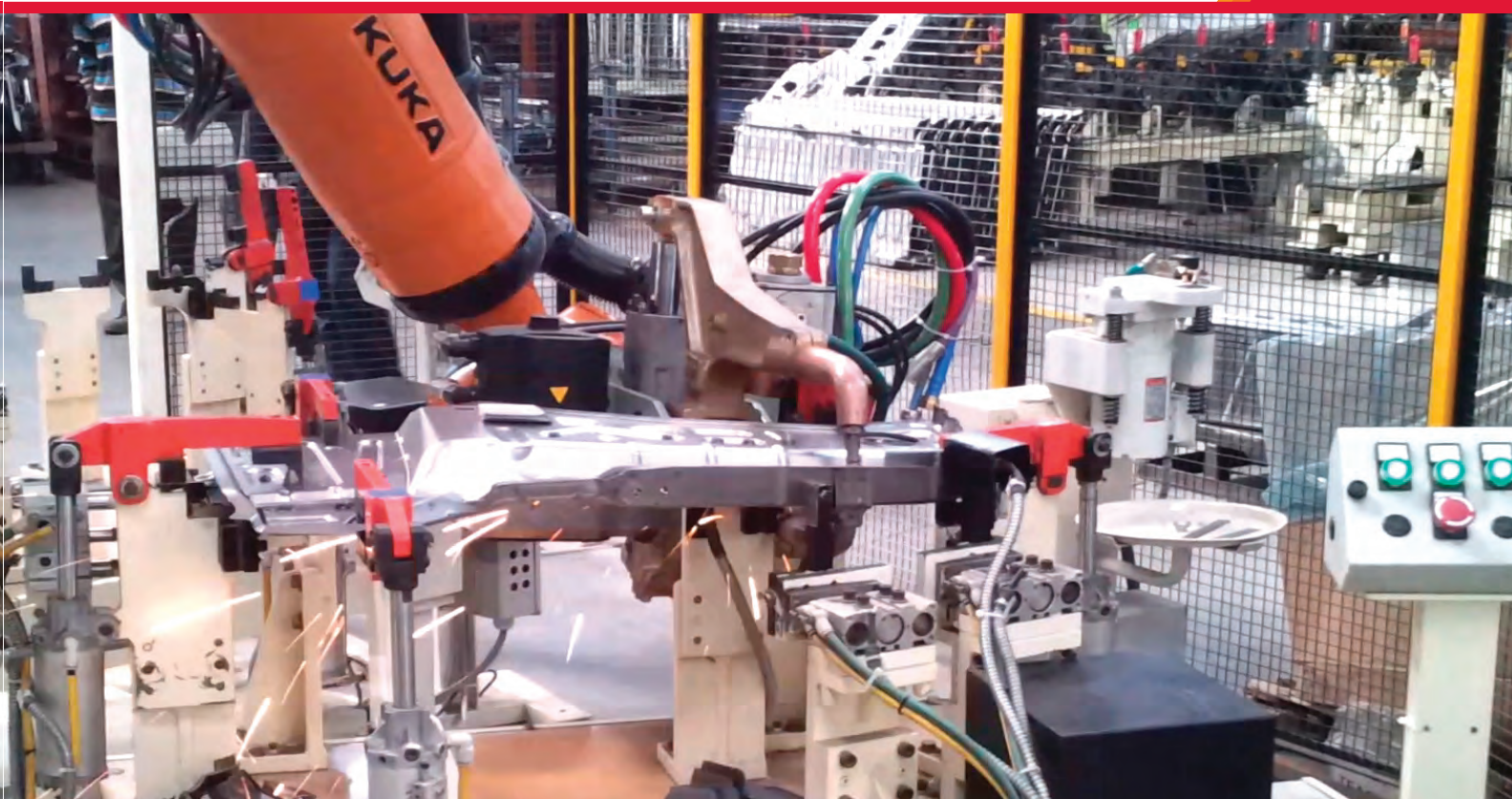


MAHINDRA UGINE STEEL COMPANY LIMITED





Dear Shareholder:

As you already know, in June 2013 the Mahindra Group and CIE Automotive of Spain announced their Global Alliance whereby CIE Automotive would become the majority shareholder in the Systech Automotive Component businesses while integrating its European Forgings business with ours. The Mahindra Group would reduce its majority stake in its Systech Automotive Components businesses and become the second-largest shareholder in CIE Automotive, Spain which is listed on the Madrid Stock Exchange. This Alliance was subject to a series of regulatory approvals and while some of these are complete, there are some that are yet outstanding. We hope to receive those in the course of calendar year 2014.

From an industry perspective, our European businesses have seen signs of an improving market and we hope to see continued improvement in the health of the industry. In India, we were confronted by another year of listlessness in the passenger vehicle and commercial vehicle industry but the agricultural equipment sector saw robust growth in response to a good monsoon and strong fundamentals. As a diversified player in various segments of the automotive industry, we were protected from the worst. Our belief in the long term potential of the Indian market remains unshaken. And we are working hard to ensure that we are well-positioned for growth as it comes.

Since this is a transition year for the listed companies that comprised the Automotive Components businesses, you will see the introduction of a CIE identity in the Forgings and Composites annual reports.

In time, subject to various approvals, all the Systech Automotive Component businesses will be brought under the Mahindra CIE entity. While this will mean that Mahindra Composites, Mahindra Hinoday and MUSCO will cease to exist as standalone companies, we believe that this is a natural outcome of the increasing globalization and consolidation in the Indian automotive components industry. And one that we have been articulating under the idea of "OneSystech".

Our teams here look forward to working hand-in-hand with their colleagues in CIE Automotive globally to improve their operating efficiencies, to widen their customer base, and bring new products and technologies to our business partners in India and beyond.

Thank you for being invested in us.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hemant Luthra', with a small horizontal line underneath.

Hemant Luthra

President, Mahindra Systech Sector

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Board of Directors

Anand G. Mahindra - Chairman
Uday Gupta - Managing Director
Hemant Luthra
R. R. Krishnan
Harsh Kumar
Manoj Kumar Maheshwari
Sanjiv Kapoor
Daljit Mirchandani
Nikhilesh Panchal
Mukesh Kumar Gupta

Committees of the Board

Audit Committee

Sanjiv Kapoor
R. R. Krishnan
Manoj Kumar Maheshwari
Daljit Mirchandani
Nikhilesh Panchal

Nomination & Remuneration Committee

Sanjiv Kapoor
Hemant Luthra
Daljit Mirchandani
Mukesh Kumar Gupta

Stakeholders Relationship Committee

Hemant Luthra
Uday Gupta
Harsh Kumar

Corporate Social Responsibility (CSR) Committee

R. R. Krishnan
Uday Gupta
Nikhilesh Panchal

Ajit Lele - Chief Executive Officer
Sandeep Jain - Chief Finance Officer
Ajay Kadhao - Company Secretary

BANKERS

Bank of Baroda
ICICI Bank Ltd.

Auditors

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants, Mumbai.

Solicitors

M/s. Khaitan & Co., Mumbai

Registered Office

74, Ganesh Apartment,
Opp. Sitaladevi Temple,
L.J. Road, Mahim, Mumbai - 400016.
Tel. No. : 022-24444287
Telefax : 022-24458196
CIN: L99999MH1962PLC012542
website: www.muscoindia.com
E-mail: investors_relation@mahindra.com

Works :

371, Takwe Road, At & Post: Kanhe,
Dist. Pune - 412 106.
Tel. No. : 02114-255289/294,

Plot No. D-2, MIDC, Ambad, Nashik- 422 010.
Tel. No. : 0253-6613400,6613406

Maharajpur Road, Lalpur, Rudrapur
(U.S.Nagar), Uttarakhand – 263143
Tel No. : 05944-280921.

Plot No.2, Sector-11, Tata Vendor Park, IIE,
Pantnagar, Rudrapur – 263 153 Uttarakhand.
Tel No. 05944-250851.

Registrar & Transfer Agents

Sharepro Services (India) Pvt. Ltd.
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka, Andheri (East),
Mumbai - 400 072.
Tel.: 022-67720300/20400
Fax: 022-28591568

AT A GLANCE

(Rupees in crore)										
Financial Summary	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Sales	723.02	990.83	1535.65	1340.52	1087.88	1073.42	922.18	717.23	615.04	522.00
Other Income	5.82	2.06	5.87	2.39	1.46	1.76	2.76	1.68	9.73	1.05
Increase/(Decrease) in stocks	(0.01)	23.04	2.26	8.62	15.78	(11.06)	16.13	(4.39)	24.92	6.79
Manufacturing and other expenses	672.01	950.01	1493.92	1287.29	1024.79	1031.83	846.29	617.79	526.07	443.46
Depreciation	16.07	20.15	31.44	31.45	30.87	24.74	26.71	16.73	13.08	9.62
Interest	13.91	37.14	54.27	42.39	40.83	36.06	28.63	11.83	11.15	11.38
Profit/(Loss) for the year before Exceptional item and tax	26.86	3.58	(35.86)	(9.60)	8.63	(28.51)	44.19	68.17	99.38	65.38
Exceptional item - Profit on sale of Land and Investments /loss on transfer of steel business / profit on sale of land	229.17	(47.00)	88.57	—	—	—	—	—	—	—
Profit for the year before tax	256.03	(43.42)	52.72	—	—	—	—	—	—	—
Current tax (MAT)	69.7	2.53	10.40	—	—	—	—	—	—	—
MAT credit entitlement (including credit recognised for an earlier year of Rs.1.00 crore)	—	—	(11.12)	—	1.00	—	10.55	24.82	32.40	5.13
(Excess) provision for earlier years w/back(net)	2.05	—	0.07	(0.30)	—	—	—	—	—	—
— Deferred Tax	(3.87)	(12.23)	16.48	(3.33)	2.96	(10.13)	4.15	(1.55)	(2.13)	12.09
Premium on redemption of Pref.Shares	—	—	—	—	—	—	—	—	4.04	—
Profit/(Loss) after tax	188.15	(33.72)	36.89	(5.97)	4.67	(18.83)	29.49	44.91	65.06	48.16
Equity Dividend	—	—	—	—	3.25	—	9.74	14.62	14.62	9.28
Preference Dividend	—	—	—	—	—	—	—	0.22	1.01	1.91
Gross Fixed Assets	316.59	301.92	642.43	580.40	567.81	455.27	410.22	317.05	269.63	200.09
Net Fixed Assets	137.17	136.80	325.09	300.93	306.10	326.02	292.40	233.00	115.82	68.61
Investments	—	111.35	14.09	14.09	14.09	14.09	0.42	0.52	0.87	3.09
Miscellaneous Expenditure	—	—	—	—	—	—	0.03	0.20	0.59	1.04
Equity Share Capital	32.66	32.48	32.48	32.48	32.48	32.48	32.48	32.48	32.48	30.93
Share Capital	32.66	32.48	32.48	32.48	32.48	32.48	32.48	32.48	37.94	47.39
Reserves and Surplus	324.99	135.59	169.63	131.47	137.43	136.56	155.39	137.31	110.77	43.92
Net Worth	357.65	168.07	202.11	165.21	171.21	170.34	189.00	170.16	148.12	90.28
Borrowings	—	227.90	309.56	343.53	339.97	335.91	316.46	207.42	99.55	64.41
Profit before tax as a % of sales	35.41	0.36	3.43	—	0.79	—	4.79	9.50	16.16	12.52
Profit after tax as a % of sales	26.02	—	2.40	—	0.43	—	3.20	6.26	10.58	9.22
Earnings - Rs. per Equity Share	57.91	(10.38)	11.36	(1.84)	1.44	(5.80)	9.08	13.75	19.68	15.03
Dividend - Rs. per Equity Share	—	—	—	—	1.0	—	3.00	4.50	4.50	3.00
Book Value - Rs. per Equity Share	109.49	51.73	62.22	50.87	52.71	52.44	58.15	52.36	43.93	23.86

NOTICE

The Fifty-First Annual General Meeting of MAHINDRA UGINE STEEL COMPANY LIMITED will be held at Pama Thadhani Auditorium, Jai Hind College, 'A' Road, Churchgate, Mumbai-400020 on Tuesday, the 5th day of August, 2014 at 4.00 p.m. to transact the following businesses:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2014 including the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Anand Mahindra (DIN: 00004695), who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Uday Gupta (DIN: 03514282), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, Messrs Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting ("AGM"), until the conclusion of the next AGM of the Company, at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit."

SPECIAL BUSINESS:

- 5) To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Mukesh Gupta (DIN: 06638754), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 25th July, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, liable to retire by rotation."

- 6) To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Mr. Daljit Mirchandani, (DIN: 00022951), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be appointed as an Independent Director of the Company to hold office for a term of 1 (one) year commencing from 5th August, 2014."

- 7) To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Mr. Manoj Kumar Maheshwari, (DIN: 00012341), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 1(one) year commencing from 5th August, 2014."

- 8) To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Mr. R R Krishnan, (DIN: 00097716), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation

under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 1 (one) year commencing from 5th August, 2014."

- 9) To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Mr. Nikhilesh Panchal, (DIN: 00041080), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and whose term expires at this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 1 (one) year commencing from 5th August, 2014."

- 10) To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Mr. Sanjiv Kapoor, (DIN: 00004005), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 1 (one) year commencing from 5th August, 2014."

- 11) To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification

or re-enactment thereof for the time being in force) and subject to the approval of Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, the approval of the Company be accorded to the re-appointment of Mr. Uday Gupta (DIN: 03514282) as a Managing Director of the Company for a period of 1 (one) year with effect from 5th May 2014 to 4th May 2015 on a salary of Rs. 2,76,000/- per month in the scale of Rs.1,95,000/- per month to Rs. 3,25,000/- per month.

FURTHER RESOLVED THAT the perquisites (including allowances) payable or allowable to Mr. Uday Gupta be as follows:

- i) In addition to the salary, Mr. Uday Gupta shall be entitled to perquisites which would include furnished residential accommodation or house rent allowance of 60% of salary in lieu thereof, expenditure incurred on gas, electricity, water subject to Income tax rules, reimbursement of medical expenses, leave travel concession, club fees, personal accident insurance premium, contribution to provident fund, superannuation fund, gratuity fund, encashment of leave not availed at the end of tenure, provision of a car and telephone at the residence of his house, performance pay, and other benefits, amenities and facilities, in accordance with the Rules of the Company.
- ii) The value of perquisites would be evaluated as per Income-Tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.
- iii) Contribution to Provident Fund, Superannuation fund and Gratuity would not be included in the Computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income- tax Act, 1961.
- iv) Encashment of earned leave at the end of the tenure of Managing Director as per the Rules of the Company shall not be included in the computation of ceiling on remuneration.

FURTHER RESOLVED THAT where in any financial year during currency of tenure of the Managing Director, the Company has no profits or it profits are inadequate, the Company may pay to the Managing Director remuneration by way of salary, performance pay perquisites and other allowances and benefits as specified above as the minimum remuneration, subject to the provisions of Schedule V of the Act and the receipt of the requisite approval, if any.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution the Board of Directors of the Company [hereinafter referred to as the 'Board' which term shall be deemed to include any duly authorised Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution] be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further

to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

- 12] To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), Mr. Kishore Bhatia, appointed by the Board of Directors of the Company as the Cost Auditor for conducting the audit of the Cost Records of the Company for the Financial Year ending 31st March, 2015, if applicable and required, be paid the remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting.

FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution, the Board of Directors be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

NOTES:

- 1] The Explanatory Statement as required under section 102 of the Companies Act, 2013 is annexed hereto.
- 2] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/ authority as applicable.

- 3] The Members/Proxies/Representatives are requested to bring the duly filled and signed Attendance Slip enclosed in the Annual Report for attending the Meeting.
- 4] In case of Joint holders, the signature of any one holder on proxy form will be sufficient, but names of all the joint holders should be stated.
- 5] Bodies corporate, whether a company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorisation letter should be deposited with the Company.

- 6] The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Sharepro Services (India) Private Limited having their Registered Office at 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072.
- 7] The Register of Members and Transfer Books of the Company will be closed from 30th July, 2014 to 5th August, 2014 (both days inclusive).
- 8] The Ministry of Corporate Affairs, Government of India, has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by the companies and has issued Circulars allowing companies to send official documents to their Members electronically.

In support of the Green Initiative, the electronic copy of the Notice of the 51st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Annual Report, Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company./ Depository Participants(s) for communication purposes unless any member has requested for only a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 51st Annual General Meeting alongwith Annual Report of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. Also the Notice of the 51st Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website at www.muscoindia.com for the download.

In case if any Member does not wish to avail the service of documents through electronic mode, such Member may send a request for obtaining the Notice and Annual Report from the Company, in physical mode, by sending a request to the Company at its registered office address or through e-mail at: investors_relation@mahindra.com, accordingly the Company will send the same, free of cost, upon receipt of a request from such member.

Members are requested to support this Green Initiative by registering/ updating their e-mail addresses, with the Depository Participant (in case of Shares held in dematerialised form) or with Sharepro Services (India) Private Limited (in case of Shares held in physical form).

- 9] Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required to be transferred to The Investor Education and Protection Fund (IEPF) administrated by the Central Government. An amount of Rs. 9,20,484/- being unclaimed dividend (for FY ended on 31st March 2006) and Rs. 4,73,462/- being Interim Dividend (For FY ended on 31st March, 2007) was transferred in the month of August 2013 and May 2014 respectively and no claim lies against the Company in respect thereof. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 25th July, 2013 (date of last Annual General Meeting) on the website of the Company at www.muscoindia.com and also on the website of the Ministry of Corporate Affairs.

Below are the last due dates for claiming the unclaimed and unpaid dividends declared by the Company for the year 2006-07 and thereafter to IEPF:

Financial Year ended	Date of declaration of dividend	Last date for claiming unpaid/unclaimed dividend
31 st March, 2007	26 th July, 2007	25 th August, 2014
31 st March, 2008	24 th July, 2008	23 rd August, 2015
31 st March, 2010	27 th July, 2010	26 th August, 2017
31 st March, 2008	24 th July, 2008	23 rd August, 2015
31 st March, 2010	27 th July, 2010	26 th August, 2017

10) Members can avail right of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to Sharepro Services (India) Private Limited at the above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.

11) Appointment/Re-appointment of Directors and their Shareholding in the Company.

Mr. Uday Gupta who is seeking re-appointment and Mr. Nikhilesh Panchal, Mr. Manojkumar Maheshwari, Mr. Sanjiv Kapoor and Mr. Daljit Mirchandani seeking appointment(s) do not hold any shares of the Company.

Mr. Anand Mahindra and Mr. R. R. Krishnan, who are seeking re-appointment/Appointment, hold 13,617 and 7,500 shares of the Company, respectively.

For the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed, re-appointed for Brief resume of Directors including those proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement, the members are requested to refer the Chapter on Corporate Governance in the Annual Report.

12) Members are requested to:

- intimate to the Company's Registrar and Transfer Agents, Sharepro Services (India) Private Limited at the abovementioned address, changes, if any, in their registered addresses at an early date, in case of Shares held in physical form;
- intimate to the respective Depository Participant, changes, if any, in their registered addresses, mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- at an early date, in case of Shares held in dematerialised form;
- quote their folio numbers/Client ID/DP ID in all correspondence; and

e) consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.

13) Voting through electronic means:

Pursuant to Section 108 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 and the revised Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice convening the 51st Annual General Meeting (AGM).

The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facility.

The detailed instructions for e-voting are being as under:

- In case of shareholders receiving email from NSDL:
 - Open the email and open the "MUSCO_e-voting" file with your client ID or folio no. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - Launch the internet browser by typing the following URL <https://www.evoting.nsdl.com>.
 - Click on "Shareholder-Login".
 - Put User ID and Password noted in step (i) above as the initial password and Click Login. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for Login.
 - If you are logging in for the first time, password change menu will appear. Change the password with new password of your choice with minimum 8 digits/ characters or a combination thereof. Please note the new password for all the future e-voting cycles offered on NSDL e-voting platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - Home page of "e-voting" opens. Click on "e-voting": Active Voting Cycles.
 - Select "EVEN (E-Voting Event Number)" of Mahindra Ugin Steel Company Limited. For an EVEN, you can login any number of times on e-voting platform of

NSDL till you have voted on the resolution or till the end of voting period i.e. upto closure of working hours (5.00 p.m.) Friday, 1st August, 2014, whichever is earlier.

(viii) Now you are ready for "e-voting" as "Cast Vote" Page opens.

(ix) Cast your vote by selecting appropriate option and click "Submit" and also "Confirm" when prompted. Kindly note that vote once cast cannot be modified subsequently.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.

(xiii) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

(xiv) Institutional Shareholders (i.e. Shareholders other than individuals, HUF, NRIs etc.) are also required to send scanned copy (PDF/JPG format) of the relevant board resolution/ authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer through email at :scrutinizer@snaco.net with a copy marked to evoting@nsdl.co.in.

(xv) In case of any queries you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the "downloads" section of <https://www.evoting.nsdl.com> or contact NSDL by email at evoting@nsdl.co.in or call on: (022) 24994600.

B) In case of shareholders receiving physical copy of notice by post and voting electronically:

(i) User ID and Initial Password is mentioned at the bottom of Attendance Slip separately provided with this Annual report

(ii) Please follow the steps from Serial. Nos. (ii) to (xiii) mentioned in A) above, to cast your vote.

C) In case, you are already registered with NSDL for e-voting, then you can use your existing user id and password for Login. Thereafter please follow the steps from Sl. Nos. (vi) to (xiii) mentioned in A) above, to cast your vote.

14) The Company has appointed Mr. S. N. Ananthasubramanian, practicing company secretary as the scrutinizer to conduct the e-voting process and voting by poll in a fair and transparent manner.

15) Once the vote on a resolution stated in this notice is cast by shareholder electronically (e-voting), the shareholder shall not be allowed to change it subsequently and such e-vote shall be treated as final.

16) The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of e-voting shall be reckoned in proportion to their shares of the paid up equity share as on the cut-off date (record date), being 30th June, 2014.

17) **The e-voting period commences on Wednesday, 30th July, 2014 at 10:00 A.M. and ends on Friday, 1st August, 2014 at 5:00 P.M.** During this period, the Members of the Company holding shares in physical form or in dematerialized form as on record date mentioned above, may cast their vote by electronic means in the manner and process set out hereinabove at Note No. 13. The e-voting module shall be disabled by NSDL for voting thereafter.

18) The scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

19) Upon completion of scrutiny of the votes casted under e-voting, and poll at Annual General meeting the Scrutinizer will submit his report to the Chairman, accordingly the results will be declared within two days of the date of Annual General Meeting of the Company. The result will also be communicated to the stock exchanges where your Company's shares are listed and also be made available on the website of the Company i.e. www.muscoindia.com.

All documents referred in the accompanying notice and the statement pursuant to Section 102(1) of the Companies Act 2013, will be available for inspection at the registered office of the Company during business hours on all working days up to the date of 51st Annual General Meeting of the Company.

By Order of the Board

Ajay Kadhao
Company Secretary

Registered Office:

74, Ganesh Apartment,
Opp. Sitaladevi Temple,
L.J. Road, Mahim (West),
Mumbai- 400 016.
CIN: L99999MH1962PLC012542
e-mail: investors@mahindra.com
Website: www.muscoindia.com
Tel: +91 22 24444287
Fax: +91 22 24458196
21st May, 2014

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 25th July 2013, has appointed Mr. Mukesh Gupta as an Additional Director of the Company with effect from 25th July 2013. He holds office upto the date of the forthcoming Annual General Meeting of the Company pursuant to section 161 of the Companies Act, 2013 ("the Act") and Articles of the Articles of Association of the Company. The Company has received a Notice in writing from a Member under section 160 of the Act, proposing his candidature for the office of Director of the Company.

Mr. Mukesh Gupta does not hold any Equity Share in the Company.

The Board is of the view that Mr. Mukesh Gupta's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends his appointment to the Members.

A brief resume of Mr. Mukesh Gupta, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except for Mr. Mukesh Gupta, none of the other Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, except to the extent of their shareholding interest, if any, in the Company.

The Directors recommend the Resolution set out at Item No. 5 as an Ordinary resolution, for the approval of the Shareholders.

ITEM NOS. 6 to 10

As per section 149 of the Companies Act, 2013 ("the Act"), the Company should have at least one third of the total number of Directors as Independent Directors on the Board of the Company. An independent director shall hold office for a term of up to five consecutive years on the Board of a company and no independent director shall hold office for more than two consecutive terms. The provisions relating to retirement by rotation shall not be applicable to the Independent Directors.

As per Clause 49(I)(A) of the Listing Agreement, in case the Chairman is an executive director or a Promoter or related to Promoter, at least one-half of the Board of the company shall consist of Independent Directors.

Mr. R. R. Krishnan, Mr. Manojkumar Maheshwari, Mr. Sanjiv Kapoor, Mr. Nikhilesh Panchal and Mr. Daljit Mirchandani are Independent Directors of the Company in terms of Clause 49 of the Listing Agreement.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 21st May, 2014 has proposed the appointment of Mr. Manojkumar Maheshwari, Mr. R. R. Krishnan, Mr. Sanjiv Kapoor, Mr. Nikhilesh

Panchal and Mr. Daljit Mirchandani as Independent Directors, who shall hold office on the Board of the Company for a fixed period of 1 (one) year as stated in the respective resolutions as set out at Item Nos. 6 to 10 of the Notice.

The Company has received Notices in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Act proposing the candidatures of Mr. Manojkumar Maheshwari, Mr. R. R. Krishnan, Mr. Sanjiv Kapoor, Mr. Nikhilesh Panchal and Mr. Daljit Mirchandani (together referred as appointees) for the office of Independent Directors of the Company.

The Company has received declarations from each of the appointees mentioned above, that they meet with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Act and under Clause 49 of the Listing Agreement.

Further, the above Directors are not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent in writing to act as Directors of the Company and consequent to appointment(s) of respective appointee(s), he/they shall not be liable to retire by rotation in terms of explanation to section 152(6) of the Act.

All the above mentioned Directors are persons of integrity and possess appropriate skills, experience, knowledge and qualifications in their respective fields which are beneficial to the interests of the Company.

In the opinion of the Board, the above mentioned Appointees fulfill the conditions for appointment as Independent Directors as specified in the Act and the Rules framed thereunder. These Directors are independent of the management.

A brief resume of the above mentioned Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Keeping in view the vast experience and knowledge which these Directors possess, the Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as an Independent Directors.

The copies of the draft letters for respective appointments of the above mentioned appointees as Independent Directors setting out the terms and conditions are available for inspection by the Members at the Registered Office of the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The above Independent Directors are interested in the Resolutions as set out at Item Nos. 6 to 10 of the Notice to the extent of their respective appointments.

The relatives of the above mentioned Independent Directors viz. Mr. Manojkumar Maheshwari, Mr. R. R. Krishnan, Mr. Sanjiv Kapoor,

Mr. Nikhilesh Panchal and Mr. Daljit Mirchandani may be deemed to be interested in the Resolutions for their respective appointments as set out at Item Nos.6 to 10 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in these Resolutions except to the extent of their shareholding interest, if any, in the Company.

The Directors recommend the Resolutions set out at Item Nos. 6 to 10 as an Ordinary Resolutions, for the approval of the Shareholders.

ITEM NO. 11

The tenure of Mr. Uday Gupta as the Managing Director was upto 4th May 2014. The Board of directors at its meeting held on 31st March 2014, pursuant to approval of the Nomination and Remuneration Committee had approved the re-appointment including the terms and conditions thereof, Mr. Uday Gupta as the Managing Director of the Company for further period of 1 (one) Year w.e.f. 5th May 2014., subject to the approval of the Members by a Ordinary Resolution to be obtained at the forthcoming Annual General Meeting of the Company.

In compliance with the requirements of the erstwhile section 302 of the Companies Act, 1956, an abstract of the terms of the appointment of and remuneration payable to Mr. Uday Gupta together with the Memorandum of Concern or Interest was sent to the Members. The remuneration payable to him and other terms of his re-appointment are set out in the Ordinary Resolution under Item No.11 of the Notice.

Pursuant to sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act, the re-appointment of and remuneration payable to Mr. Uday Gupta is now being placed before the Members at the Annual General Meeting for their approval by way of Ordinary Resolution.

Apart from Mr. Uday Gupta, who would be interested in his re-appointment and remuneration, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in these items of businesses, except to the extent of their shareholding interest, if any, in the Company.

Mr. Uday Gupta satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section 3 of section 196 of the Act for being eligible for his appointment.

Further In the event of loss or inadequacy of profits in any financial year, and Mr. Uday Gupta shall be paid remuneration, if any by way of salary and perquisites in accordance with the limits laid down in Schedule V of the Act, or any statutory modifications therein or enactment thereof, subject to the receipt of the requisite approval, if any.

Mr. Uday Gupta is also a Managing Director, of Mahindra Sanyo Special Steel Private Limited, (the erstwhile subsidiary of the Company). Accordingly, he holds the position of Managing Director of the Company and MSSSPL and is entitled to remuneration from the

Company or MSSSPL or from both the companies provided that his total remuneration in aggregate from the Company or MSSSPL or both shall not exceed the higher maximum limit of remuneration as approved by the Company or MSSSPL.

Brief resume of Mr. Uday Gupta, nature of his expertise, name of companies in which he holds directorships and memberships/ chairmanships of Board Committees, shareholding and relationships among directors inter-se as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges are provided in the Corporate Governance Report forming part of the Annual Report.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Directors recommend the Resolution set out at Item No. 11 as an Ordinary Resolution, for the approval of the Shareholders.

ITEM NO. 12

The Board of Directors, at its Meeting held on 21st May, 2014, on the recommendation of the Audit Committee, approved the appointment of Mr. Kishore Bhatia, Cost Accountants, as Cost Auditor of the Company for conducting the audit of the cost records of the Company for the year ending 31st March, 2015, as may be applicable and required, at a remuneration of Rs. 1,60,000/- (Rupees One Lac Sixty Thousand only) plus taxes as may be applicable and reimbursement of such other out of pocket expenses.

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members of a company are required to ratify the remuneration to be paid to the cost auditor of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No.12 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2015.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the aforesaid Resolution except to the extent of their shareholding, if any, in the Company.

The Directors recommend the Resolution set out at Item No. 12 as an Ordinary Resolution, for the approval of the Shareholders.

By Order of the Board

Ajay Kadhao
Company Secretary

Registered Office:

74, Ganesh Apartment,
Opp. Sitaladevi Temple,
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Mumbai- 400 016.

CIN: L99999MH1962PLC012542

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Tel: +91 22 24444287

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21st May, 2014

DIRECTORS' REPORT

The Directors present their 51st Report together with the audited accounts of your Company for the year ended 31st March, 2014.

FINANCIAL RESULT

	(Rupees in crore)	
	2013-14	2012-13*
Gross income	728.84	992.89
Profit before interest and depreciation	56.84	60.87
Less: interest	13.91	37.14
Less: depreciation	16.07	20.15
Profit/ (Loss) before exceptional items and taxation	26.86	3.58
Add : Exceptional item (loss on hive off)/ profit on sale of land and sale of long term investments in a subsidiary, an associate and other group companies	229.17	(47.00)
Profit/(Loss) after exceptional item (before tax)	256.03	(43.42)
Less: Provision for taxation		
- Current tax	69.70	2.53
- Deferred tax	(3.87)	(12.23)
- Short provision in respect of earlier years (net)	2.05	-
Profit/(Loss) after tax	188.15	(33.72)
Balance of profit brought forward from earlier years	43.46	77.18
Profit available for appropriation	231.61	43.46
Less: Proposed dividend on equity shares	-	-
Less: Tax on dividend (excess for earlier year written back)	-	-
Less: Transfer to General Reserves	-	-
Balance carried forward to Balance Sheet	231.61	43.46

***Note:** Figures for the financial year (FY) 2012-13 includes financials of the Steel business up to 9th July 2012 being the date of transfer of the Steel business to the erstwhile wholly owned subsidiary of the Company as at the closing hours of 9th July 2012 on slump sale basis as a going concern. Hence the financial figures for FY 2013-14 are not comparable with FY 2012-13.

DIVIDEND:

In view of anticipated merger of the Company, your Board has not recommended any dividend for the financial year 2013-14.

PERFORMANCE:

The net sales value for the Stampings business for the year was Rs. 723.02 crore as compared to Rs 766.39 crore recorded in the previous year registering a decline of around 5.9%. The corresponding sales volume of the Stampings business was recorded at 62836 tons as compared to the sales of 69318 tons in the previous year, registering a decline of around 9.4% over the previous year. During the year under review the performance of the Stampings business was affected, mainly due to industry de-growth in Utility Vehicle

segment (declined by 2%), Light Commercial Vehicle segment (declined by 14%) and medium & heavy vehicle segment (declined by 21%) and accordingly the Stampings' sales volume declined as compared to the previous year.

The Company has utilized the phase of slowdown in the economy as an opportunity to:

- Successfully develop products like Cargo Load body, Fuel Tank, Lower Control Arm, Semi Trailing Arm and Cross Car Beam Assembly, which shall be contributing to increasing our sales of Value-added-Products in the near future.
- Implement various process improvement projects to improve productivity and profitability across all locations.
- Commission Robotic Welding Assembly lines at Kanhe, Pune and Nashik plants which enable to improve the quality of products as well as productivity while reducing the need of manpower.

These initiatives have strengthened the operations of the Company and helped it to face the challenges of slowdown in the economy and to some extent also absorb, the high inflationary pressures during the year.

During the financial year under review, your Company earned a profit of Rs 26.86 crores before exceptional item and taxation as compared to Rs 3.58 crores recorded in the previous year. The gross income of the Company witnessed a decline from Rs. 992.89 crores (includes steel business figures upto 9th July, 2012) as recorded in previous year to Rs 728.84 crores registered in the financial year under review. The earnings before other income, interest and depreciation for the financial year under review was Rs 51.02 Crores (around 7.0%) as compared to Rs 58.81 Crores (around 5.9%) recorded in the previous financial year.

After the proposed merger of the Company (through an Integrated Scheme of Merger, explained in detail in this report) with Mahindra CIE Automotive Limited, the stampings business expects to add new customers by leveraging the reach of CIE Automotive. The stampings business also expects to derive benefits from such merger in respect of the technical support for developing many new products and processes.

Your Company is also setting up a new plant at Zaheerabad in Andhra Pradesh for manufacturing of Skin panels, welded assemblies and products. This plant is expected to be operational in last quarter of the financial year 2014-15.

During the financial year under review, the Company sold its land of about 76 acres along with the buildings and structures situated at Khopoli, Maharashtra. The said land, buildings and structures were sold as per the valuation report of an Independent Valuer for approximately Rs. 126 crores. The said sale of the land, buildings and structures was with a view to monetise the value of its unutilised assets and improve shareholder value by freeing up capital to reduce debt and facilitate growth.

SUBSIDIARY COMPANY:

During the financial year under review, on 3rd October, 2013, your Company sold its entire equity stake of 51% (51,00,000 equity shares of Rs.10 each) held by it in the equity share capital of Mahindra Sanyo Special Steel Private Limited (MSSSPL) formerly known as Navyug Special Steel Private Limited, to Mahindra & Mahindra Limited and accordingly MSSSPL ceased as the subsidiary of the Company with effect from 3rd October, 2013.

The Statement pursuant to Section 212 of the Companies Act, 1956 containing details of the Company's erstwhile subsidiary for the part of the year is attached.

In accordance with the General Circular dated 8th February 2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary company for the part of the year under review, are not being attached to the Balance Sheet of the Company. The Company will make available the Annual Accounts of MSSSPL, which was the subsidiary Company for the part of the year under review, and the related detailed information, to any Member of the Company who may be interested in obtaining the same. Further, the Annual Accounts of the erstwhile subsidiary would also be available for inspection by any Member at the Registered Office of the Company during working hours up to the date of the Annual General Meeting.

INTEGRATED SCHEME OF MERGER:

On 15th June 2013, the Board of Directors, subject to necessary approvals and satisfaction of contractual and statutory conditions, approved the Integrated Scheme of Merger (Scheme) consisting of merger of the Company, Mahindra Hinoday Industries Limited, Mahindra Investments (India) Private Limited, Mahindra Gears International Limited, Participaciones Internacionales Autometal Tres, S.L. ("PIA 3") with Mahindra Forgings Limited (now known as Mahindra CIE Automotive Ltd. (MCIE)). Subsequent to the approvals received from the stock exchanges, on which securities of the Company are listed and other statutory applicable provisions, the Company has filed the said Scheme with Hon'ble High Court of Judicature at Bombay seeking its directions for holding the meeting of equity shareholders of the Company for approval of the Scheme. The Hon'ble High Court vide by an Order made on 2nd May, 2014, has directed a meeting of the equity shareholders of the Applicant Company be held on the 5th day of June, 2014 for the purpose of considering and approving, with or without modification(s), the Scheme. The notice to this effect has already sent to the shareholders of the Company.

The Company is also seeking the approval of the public shareholders of the Company to the Integrated Scheme of Merger by way of postal ballot and e-voting process in compliance with the requirements of circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/ CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India ("SEBI Circular"), conditions laid down in the observation letters dated March 7, 2014, issued by the BSE Limited and the National Stock Exchange of India Limited (collectively referred to as "Observation Letters") and under relevant provisions of applicable laws.

After receipt of all approvals and satisfactions of the conditions, contractual and legal, the Scheme will be implemented and the record date will be determined for considering the shareholders entitlement to the equity shares of MCIE as per the share swap ratio mentioned in the Scheme i.e. 284 (Two Hundred Eighty Four) fully paid-up Equity Share of Rs.10 each of MCIE for every 100 (One Hundred) Equity Shares of Rs.10 each held by the shareholders in the Company.

CONSOLIDATED FINANCIAL STATEMENT:

The Consolidated Financial Statement of the Company, and its erstwhile subsidiary (MSSSPL) prepared, in accordance with Accounting Standard AS 21 forms part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its erstwhile subsidiary company and its associate.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A detailed analysis of the Company's performance is mentioned in the Management Discussion and Analysis Report, which forms part of this Annual Report.

CORPORATE GOVERNANCE:

Your Company is committed to following the highest standards of corporate governance. A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding compliance thereof as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

FINANCE:

During the financial year under review, the liquidity position of the Company has improved substantially due to receipt of proceeds from sale of land and investments and subsequent repayment of debts. During the financial year under review, the Company met its obligations towards capital expenditure and working capital through mix of internal accruals and external borrowings.

STOCK OPTIONS:

During the financial year under review the Company allotted 1,81,750 equity shares to the stock options holders who have exercised their options as per the Employees Stock Option Scheme, 2006, of the Company. Accordingly the paid-up equity share capital of the Company has been increased to Rs. 32,66,42,790/- comprising of 3,26,64,279 equity shares of Rs. 10 each.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure I to this Report.

INDUSTRIAL RELATIONS:

During the year under review, the industrial relations scenario at all the operating plants of the Company was satisfactory.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE:

Your Company has a defined policy on general health, safety and environmental conservation and every employee is responsible for the observance of measures designed to prevent accidents, damage to health and to avoid environmental pollution.

The Safety Committee members comprising representatives of workers and executives from various departments meet periodically for reviews.

DIRECTORS:

During the year under review, Mr. Keshub Mahindra, step down from his directorship and Chairmanship of the Company, after a long and eventful innings of about 50 years of service of which more than 13 years were as the Chairman of the Company, with effect from the conclusion of the Meeting of the Board of the Directors held on 29th October, 2013. The Board has, placed on its record a note of appreciation in recognition of Mr. Keshub Mahindra's outstanding contribution to the Company. The Board of Directors has appointed Mr. Anand Mahindra as the Chairman of the Company with effect from the conclusion of the Board meeting dated 29th October 2013.

Further during the year under review, Mr. S Ravi, has tendered his resignation as the Director of the Company with effect from 24th September 2013, the same was also accepted by the Board of directors after placing of a note of appreciation for his valuable contribution at the Meeting of the Board of the Directors held on 29th October, 2013.

Mr. Anand Mahindra and Mr. Uday Gupta, Directors, retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

During the year Mr. Mukesh Kumar Gupta was appointed as an additional director of the Company. He holds the office of director upto the date of the forthcoming Annual General Meeting. A notice has been received from a member proposing the candidature of Mr. Mukesh Kumar Gupta for the office of Director of the Company at the forthcoming Annual General Meeting.

As per provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, the Board recommends the appointment of Mr. Manojkumar Maheshwari, Mr. R. R. Krishnan, Mr. Sanjiv Kapoor and Mr. Daljit Mirchandani as the Independent Directors of the Company for a fixed period of 1(one) year from the date of forthcoming Annual General Meeting. Further, Mr. Nikhilesh Panchal, Independent Director, whose period of office was liable to determination by retirement of directors by rotation under the provisions of the companies Act, 1956 and whose term expires at this Annual General Meeting is proposed to be appointed for a fixed term of 1 (one) year as an independent director from the date of forthcoming Annual General Meeting. The above directors have being eligible, offered themselves for their above proposed respective appointments. The Company has received requisite notices in writing from member proposing Mr. Nikhilesh Panchal, Mr. Manojkumar Maheshwari, Mr. R. R. Krishnan, Mr. Sanjiv Kapoor and Mr. Daljit Mirchandani as the Independent Directors of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under the applicable provisions of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit 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.

AUDITORS:

M/s. Deloitte Haskins & Sells LLP (DHS), Chartered Accountants, retire as the Statutory Auditors of the Company at the ensuing Annual General Meeting and have given their consent for re-appointment as the Statutory Auditors of the Company. The Shareholders will be required to elect Auditors for the current year and fix their remuneration.

The Company has received a Certificate from M/s. Deloitte Haskins & Sells, LLP, to the effect that if their re-appointment is made which would be within the prescribed limits under section 141(3) (g) and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014 and that they are not disqualified for re-appointment.

COST AUDIT REPORT:

Your Company had appointed Mr. Kishore Bhatia, a qualified practicing Cost Accountant holding valid Membership No. 8241 for the financial year 2012-13 with the approval of the Central Government, Ministry of Corporate Affairs, New Delhi to carry out cost audit of the Company. The Cost Auditor has filed the Cost Audit Report for the financial year 2012-13 on 27th September 2013 to the Central Government, Ministry of Corporate Affairs, New Delhi. The due date for filing the said Cost Report was 30th September 2013. The Board of Directors of your Company has upon recommendation of the Audit Committee appointed Mr. Kishore Bhatia, Cost Accountant, to audit the cost accounts of the Company for the financial year ending 31st March, 2014 and the Central Government has approved the appointment. As required under the provisions of Section 224(1B) read with Section 233 (B)(2) of the Companies Act, 1956, the Company has obtained a written confirmation from Mr. Kishore Bhatia to the effect that he is eligible for appointment as Cost Auditor under Section 233B of the Companies Act, 1956. The Audit Committee has also received a certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES:

An amount of Rs 0.55 Lakhs in the aggregate consisting of 3 matured fixed deposits had remained unclaimed as at 31st March, 2014. Your Company had, from 1st May, 2005 discontinued acceptance of and renewal of deposits under the provisions of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement are furnished separately.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 25th July, 2013 (date of last Annual General Meeting) on the Company's website as also on the Ministry of Corporate Affairs' website.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company is committed to its social responsibilities and takes initiatives to serve the society as a good corporate citizen. Your Company, during the year under review, has successfully undertaken several CSR activities under the group's Employees Social Option Scheme (ESOPS) such as;

- A Sustainability Awareness Program conducted for students about Environmental, Water and Energy Conservation at Rudrapur Plant.
- Distribution of stitched 104 uniforms, bags to students including few blind students.
- Distribution of school stationary to water bottles, bags & uniforms.
- Health/Eye check up camp, medication & advise for the students, Children.

In addition to above few more notable initiatives taken are plantation of about 7775 trees at Kanhe, Nashik and Rudrapur plants of the Company and nearby villages, distributed of Solar Lanterns, Donation of school benches, Blood donation camps at Kanhe, Nasik, Rudrapur plants, Health check up camps with Symptomatic treatment for 114 villagers & 59 students at Sangvi village and Vahangaon village, etc.

Your Company continue its emphasis on its CSR objective of performing its responsibility towards society at large and, during the year under review, the Board of Directors has constituted the Corporate Social Responsibility Committee (CSR) Committee comprising of directors namely Mr. R. R. Krishnan (Chairman), Mr. Uday Gupta and Mr. Nikhilesh Panchal, as its members. The major role of this Committee is to formulate, recommend, implement and monitor the CSR activities to be undertaken by the Company to meet/contribute towards its Corporate social responsibility and sustainability objectives. Accordingly the Committee has also framed its CSR policy for carrying out activities in compliance with the provisions of the Companies Act 2013 read with relevant Rules framed thereunder. The said Policy has been approved by the Board. Some of the activities which have been undertaken by the Company during the year under review are;

- **Donation to Project Nanhi Kali** – Employees voluntarily contribute donations to Nanhi Kali Project.
- **Project Hariyali** – Contribution towards Hariyali Project to increase green cover by planting trees every year on an ongoing basis.
- **Education:** Scholarships/Felicitation is given to the meritorious wards of the employees and village students to help /support in their further education.
- **Employees Social Option Scheme (ESOPs)** – Employees are encouraged to volunteer for various CSR projects in the areas of education, health and environment.
- **Disaster Relief and Rehabilitation** – consistent and timely support to relief and rehabilitation initiatives to those who are affected due to natural calamities by either contributing to the Prime Minister's or Chief Minister's Relief Fund by contributing one day salary, donating clothes & other items.
- **Health Services** – Organize health check up services for school students and villagers to detect and take early treatment for the various illnesses /diseases.
- **Environment** – Providing of street light and poles, solar lanterns, drinking water tanks and coolers, tree plantation, development of gardens inside the plant premises, etc.

SUSTAINABILITY INITIATIVES:

Your Company continues to be aligned to Mahindra Group's approach towards sustainable development by making conscious efforts to

reduce environmental impact of business as well as enhancing its responsibility towards society.

Your company continued its drive to identify and implement projects for reduction in energy, water consumption, and waste generation and GHG emissions, to achieve the targets set under its Sustainability Roadmap. During the year under review various initiatives /activities were taken by the Company on eco-efficiencies, employee health & safety as well as community development, the highlights of which are given below:

1. A Common Guaranteed Safety Program was run across all plants, to ensure improved awareness, on the job safety training and use of personal protective equipment was rolled out.
2. Energy efficiency continued to be high on the agenda which led to improvement in the specific energy use per ton of production, as well as reduction in GHG emissions.
3. During the year, the new facility at Pantnagar was also OHSAS 18001 and ISO 14001 certified.
4. In 2012-13, a beginning was made to cascade sustainability awareness to the supply chain. During 2013-14, this initiative was taken forward through a series of training programs and audits of key suppliers having significant impact on our material supplies.
5. All plants continued to effectively engage the local communities through employee volunteering programs (ESOPs), which has brought about positive change in and around the areas of operation.

These initiatives have also earned a series of awards for your company, and more importantly, recognition from a valued customer, Tata Motors Limited, for best performance.

During the year the triple bottom line performance for the financial year 2012-13 was published as a part of the Mahindra Group's Sustainability Report, in accordance with the latest guidelines of the internationally accepted Global Reporting Initiative or the GRI standards and like the previous reports, this report was externally assured by E&Y with an A+ rating and GRI checked.

PARTICULARS OF EMPLOYEES:

The Company has no employee who was in the employment of the Company throughout the financial year under review and was in receipt of remuneration of not less than Rs 60,00,000 per annum during the financial year ended 31st March, 2014 or not less than Rs. 5,00,000 per month during any part of the said year.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure II to this Report.

ACKNOWLEDGEMENTS:

Your Directors wish to express their appreciation of the continued support and co-operation received from the Banks, Financial Institutions, Government Departments, Vendors, Customers and Employees of the Company.

For and on behalf of the Board

Anand Mahindra
Chairman

Mumbai: 21st May 2014

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999:

Employees Stock Option Scheme 2006 (ESOS 2006)

(a)	Options granted	10,98,000	
(b)	The Pricing Formula	1 st Tranche	2 nd Tranche
		Discount of 15% on the average Price preceding the specified date -18 th August 2006	Discount of 15% on the average Price preceding the specified date - 24 th October 2007
		Average Price: Average of the daily high and low of the prices for the Company's Equity Shares quoted on Bombay Stock Exchange Limited during the 15 days preceding the specified date.	
		The specified date: Date on which the Remuneration Committee decided to grant options to eligible employees of the Company.	
(c)	Options vested	3,56,875	
(d)	Options Exercised	1,81,750	
(e)	The Total number of shares arising as a result of exercise of Options	1,81,750	
(f)	Options Lapsed	7,41,125	
(g)	Variation of terms of Options	At the Annual General Meeting held on 26 th July, 2007, the Company has passed a special resolution to provide for recovery of Fringe Benefit Tax from employees. Accordingly the terms of options of ESOS scheme of the Company were varied so as to enable the Company to recover Fringe Benefit Tax from employees.	
(h)	Money realised by exercise of Options	Rs. 1,75,05,750/-	
(i)	Total number of Options in force as on 31.03.14	1,75,125	
(j)	Employee-wise details of Options granted to:		
	(i) Senior Managerial personnel	As per Statement.	
	(ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year.	None	
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None	
(k)	Diluted Earnings Per Shares (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	Before exceptional items = Rs 4.83 After exceptional items = Rs. 57.82	
(l)	Where the company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been lower by Rs. 0.56 crores. Profit after tax would have been lower by Rs. 0.37 crores and the basic and diluted earnings per share would have been higher by Rs. 0.11.	
(m)	Weighted - average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	96.32	
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted - average information :		
	Method - Black Scholes Options Pricing Model		
	Significant Assumptions	1 st Tranche	2 nd Tranche
	(i) risk-free interest rate,	7.95%	7.27%
	(ii) expected life,	3.5 Yrs.	3.5 Yrs.
	(iii) expected volatility,	60.00%	73.54%
	(iv) expected dividends, and	4.32%	4.65%
	(v) the price of the underlying share in market at the time of option grant.	Rs. 85.50	Rs. 117.45

During the year the Company has not granted any options to employees or senior managerial personnel.

STATEMENT ATTACHED TO ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.

Name of Senior Managerial Persons to whom Stock Options have been granted	Options granted on 18.08.06
Mr. K.V. Ramarathnam*	100000
Mr. Deepak Dheer*	75000
Mr. Hemant Luthra	125000
Mr. R.R. Krishnan	15000
Mr. M.R. Ramachandran*	15000
Dr. H.N. Sethna*	15000
Mr. S. Ravi*	15000
Mr. Rajeev Dubey*	15000
Mr. N.V. Khote*	15000

*ceased to be director of the Company.

ANNEXURE II

STATEMENT PURSUANT TO 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 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

Your company continued its drive to identify and implement projects for reduction in energy, water consumption, and waste generation and GHG emissions, to achieve the targets set under its Sustainability Roadmap. During the year some of the initiatives/activities were taken as under;

Conservation of Energy

1. Project-Energy saving by simple electrical modification, replacing Tube lights with CFL bulb
2. Making Energy conservation display/Gallery at all the plants.
3. Installation timer for fans and conveyor
4. Timer for main motor stop in ideal run
5. Cooling Tower Motor capacity reduced
6. Installing and operating VFD efficiently
7. Compressor Loading /unloading Set Point
8. Installed Magnetic device at Propane burner
9. Installed Heat Recovery system

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

Nil.

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

1. Energy consumption saving of about 57 KWH per hour due to above initiatives.
2. Magnetic device at Propane burner (tentative saving 2 Kg of Propane per hour) at Rudrapur Plant
3. Heat Recovery system (tentative saving of 6 Kg of Propane /Hr) at Rudrapur Plant

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules is as follows:-

FORM A

A	POWER & FUEL CONSUMPTION	Financial Year 2013-2014		Financial Year 2012-2013 **		
		The Company (stampings business)	TOTAL	STEEL **	STAMPINGS	TOTAL **
1	ELECTRICITY					
	a) PURCHASED					
	UNITS (KWH)	17,010,024.00	17,010,024.00	45,535,945.00	17,757,199.00	63,293,144.00
	TOTAL AMOUNT (Rs)	107,977,656.93	107,977,656.93	306,225,997.00	119,741,222.00	425,967,219.00
	RATE/UNIT (Rs)	6.35	6.35	6.72	6.74	6.73
	b) OWN GENERATED (KWH)	390,062.00	390,062.00	14,044.00	670,952.00	684,996.00
2	COAL FOR GASIFIER (MT)	N.A	-	531.00	N.A	531.00
	TOTAL AMOUNT (Rs)	N.A	-		N.A	
				3,540,104.00		3,540,104.00
	RATE/UNIT (Rs)	N.A	-	6,666.86	N.A	6,666.86
3	FURNACE OIL K.LTRS	N.A	-	3,030.00	N.A	3,030.00
	TOTAL AMOUNT (Rs)	N.A	-		N.A	
				128,167,805.00		128,167,805.00
	RATE/UNIT (Rs)	N.A	-	42,299.61	N.A	42,299.61
4	CARBON BLACK K. LTRS	N.A	-	1,390.00	N.A	1,390.00
	TOTAL AMOUNT (Rs)	N.A	-		N.A	
				56,182,145.00		56,182,145.00
	RATE /UNIT (Rs)	N.A	-	40,418.81	N.A	40,418.81
5	OTHER FUEL OIL (L.D.O.) K. LTRS	N.A	-	124.00	N.A	124.00
	TOTAL AMOUNT (Rs)	N.A	-		N.A	
				7,253,076.00		7,253,076.00
	RATE/UNIT (Rs)	N.A	-	58,492.55	N.A	58,492.55
	B) CONSUMPTION PER UNIT OF PRODUCTION		-			
1	PRODUCTS (MT) *	62,109.00	62,109.00	30,827.00	63,548.00	186,354.00
2	ELECTRICITY (KWH/MT)	280.15	280.15	1,477.60	289.99	2,078.00
	Total for the Plant					
3	FURNACE OIL (K. LTRS/MT)	N.A	-	0.098	N.A	0.10
	Total for the Plant					
4	COAL FOR GASIFIER (MT/MT)	N.A	-	0.017	N.A	0.02
	Total for the Plant					
5	OTHER FUEL OIL (K.LTRS/MT)	N.A	-	0.004	N.A	0.00
	Total for the Plant					
6	TOTAL FUEL (FURNACE OIL+L.D.O.) (K. Litres /MT)	N.A	-	0.102	N.A	0.10

* Indicates in house production only.

** The figures of Steel business are upto 9th July, 2012, the date of transfer of steel business by the Company.

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B of the Annexure to the Rules is as follows:

FORM B

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D carried out by the company during the financial year 2013-14 and benefits derived as result of the same:

There were no Research and Development activities undertaken by the Company during the financial year under review.-

2. Future Plan of action: Nil
3. Expenditure on R&D: Nil
4. Technology Absorption, Adaptation and Innovation: Nil
5. Import of Technology for the last five years: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars with regard to Foreign Exchange Earnings and outgo are given in the notes to Accounts.

For and on behalf of the Board

Anand Mahindra
Chairman

Mumbai: 21st May 2014

Particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., pursuant to Clause 32 of the Listing Agreement as on 31st March 2014

Loans and advances in nature of loans to subsidiaries;

Name of the Company	Balance as on 31st March, 2014 Rs. Crores	Maximum amount outstanding during the year Rs. Crores	Investment by the loanee in the shares of parent company No. of shares
Mahindra Sanyo Special Steel Private Limited (subsidiary till 3 rd October 2013)	0.11	0.11	NIL

Loans and advances in the nature of loans to associates

Name of the Company	Balance as on 31st March, 2014 Rs. Crores	Maximum amount outstanding during the year Rs. Crores	Investment by the loanee in the shares of parent company No. of shares
Mahindra Hotels and Resorts Limited. (associate till 3 rd October 2013)	0.64 *	0.64 *	Nil

*amount was provided for in the books of accounts of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

COMPANY OVERVIEW:

Mahindra Ugine Steel Company Limited (MUSCO) is one of the leading manufacturers of Stampings products in India and caters to the automobile industry with a wide range of automobile stampings-products..

MUSCO manufactures stampings products like skin and non skin panels, chassis reinforcements, cross members, engine components etc. from its production units located at Kanhe, Nashik, Rudrapur and Pantnagar and these units are located near important automotive clusters in India. Majority of the revenue of the stampings business comes from the utility vehicle segments though the company has significant presence in the tractor, light commercial vehicles, passenger cars and three wheeler segments of the automotive market. Some of the largest automotive and tractor manufactures in India are the customers of the stampings products of the Company.

The manufacturing facilities at the stampings business of your company provide various services ranging from conceptualization to design, testing, and manufacture of stamping products. The core strengths of the business lies in tool design and development, and in providing value-added services like welded assemblies and finishing operations such as powder coating and electrophoretic deposition (ED) coating.

INDUSTRY STRUCTURE AND OUTLOOK:

Indian Economy

Economic growth in India eased to 4.6 per cent in the first three quarters of FY14 and the just-concluded financial year may log a lower growth rate than last year. Overall, the Indian economy had been exhibiting inflationary tendencies in the previous years and as a response the Reserve Bank of India (RBI) started raising policy rates from March 2010. High rates as well as policy constraints adversely impacted investment, and in the subsequent two years viz. 2011-12 and 2012-13, the growth rate slowed to 6.2 per cent and 5.0 per cent respectively.

The slowdown, especially in 2012-13, has been across the board, with no sector of the economy unaffected. With the global economy also showing signs of a sustained recovery in 2013, and the post elections improved sentiments should help improve economic conditions. The country is expected to grow for the next five years, due to a likely stable government post-elections.

Automotive Market

The target segments of the Company in India are the passenger car, utility vehicles (UV), Light Commercial Vehicle (LCV) & tractor markets. In the current financial year, the cumulative UV production has declined marginally by ~2% compared to the previous year. Similarly, the production of cars the cumulative passenger cars production has declined by 7.4% compared to the previous year. Overall, passenger vehicle (cars + UVs) production shrank marginally by ~4% compared to the corresponding period in the previous year.

The cumulative LCV production fell even more sharply by approximately 14%. However, the Tractor industry production has shown a healthy 20% growth compared to the corresponding period in the previous year.

Leading auto industry analyst Crisil, expects the auto industry to return on to the growth trajectory in 2014-15, but this return to growth is expected to be gradual. Similarly they expect the LCV segment sales to remain sluggish for the first two quarters, and thereafter recover moderately.

In line with this we expect a slight growth in the overall passenger vehicles and LCV markets. The domestic tractor market is also expected to retain its growth momentum, even though Crisil expects the growth to slow down.

Performance

During the year under review the business of the Company, on the back of de-growth in Utility Vehicle, Passenger Vehicle and Light Commercial Vehicle segment, posted a negative growth in sales as compared to the previous year. The Farm equipment sector registered a good performance in the financial year under review, due to which the Company was able to fill the deficit of negative growth in the automotive sector to some extent.

In financial year 2013-14, the Stampings business had posted a negative growth. The key performance parameters are as follows:

- Sale of stampings & assemblies decreased from 69,318 tonnes in the financial year 2012-13 to 62,836 tonnes in the financial year 2013-14 posting a negative growth of 9%.
- Operating Income witness drop from Rs 766.39 crore recorded in financial year 2012-13 to Rs 723.02 crore in financial year 2013-14 posting a negative growth of 6%.
- Operating margin (EBIDTA) dropped from Rs 66.28 crore in financial year 2012-13 to Rs 56.84 crore in financial year 2013-14 mainly due to de-growth in Utility Vehicle, Light Commercial Vehicle and medium & heavy vehicle segment, in the year under review

Opportunities and Strategic Outlook

Your company operates in sheet metal components, assemblies and sub-assemblies, BIW segment of the Auto Components Industry. The demand for the auto components is directly related to the uptake by OEM's. By all estimates the Indian auto industry will continue to grow, even though there has been a slowdown in the growth in recent quarters. The Indian auto components industry is thus well poised to achieve strong growth in the near term. The drive towards localization by many foreign car manufacturers in India, also presents an opportunity for Indian Auto component manufacturers.

According to the Auto Components Manufacturers Association (ACMA), the Indian auto components industry is likely to grow to US\$ 110 billion by 2020 with the domestic market share of ~US\$ 80 billion. The share of the auto components industry in the country's GDP is likely to increase to 3.60% by 2020, up from 2.40% in FY12. Given good long term demand prospects in the domestic market and with India emerging as a favored low-cost sourcing destination, auto component manufacturers are likely to invest in increasing production capacities and technological capabilities. Your company is also looking to expand its manufacturing capacity to cater to the growing demand

of automotive products from southern parts of India.

Furthermore, companies would continue to diversify their product portfolio to de-risk their businesses. However, competition is expected to increase and prices of raw material are likely to follow an upward trend. This is expected to exert pressure on the industry's profit margins. In such a scenario, cost control programs would assume greater significance for the industry players, both big and small.

Threats and Risks

Indian auto components industry is poised to sustain its revenue growth momentum over the short to medium term. However, the industry profitability may face pressures due to;

Pricing pressures from OEMs, which in turn are entering into a phase of heightened competitive intensity thus putting constraints on their pricing power

- Threat of rising commodity prices
- Likely higher cost of funds consequent to hardening of interest rates
- Import from other low cost locations
- Increasing trend towards light weighting vehicle design and aluminum components.

FINANCIAL PERFORMANCE:

In continuance with the details provided above, summary of financial performance of the Company is presented below:

Amount in [Rs.] crore

Particulars	Steel (including Bearing Races)*		Stampings		Total*	
	April- Mar 14	April- Mar 13*	April- Mar 14	April- Mar 13	April- Mar 14	April- Mar 13*
Sales	-	224.44	723.02	766.39	723.02	990.83
Other Income	-	1.41	5.82	0.65	5.82	2.06
Total Income	-	225.85	728.84	767.04	728.84	992.89
EBIDTA	-	(5.41)	56.84	66.28	56.84	60.87
PBT	-	(25.26)	26.86	28.84	26.86	3.58
Exceptional items (loss on hive off) / profit on sale of land & investments	-	-	229.17	-	229.17	(47.00)
PAT	-	-	188.15	-	188.15	(33.72)

***Note:** The figures of financial year 2012-13 for the Steel business are up to 9th July 2012 being date of transfer of Steel business to the wholly owned subsidiary of the Company as at the closing hours of 9th July 2012, on slump sale basis as a going concern. Accordingly, the figures of the financial year 2012-13 of the Company comprises of financials figures of the Steel business up to 9th July 2012. Hence the financial figures of FY 2013-14 are not comparable with FY 2012-13.

The Mahindra – CIE Deal

On 15th June 2013, Mahindra & Mahindra Limited (M&M) and CIE Automotive Group of Spain (CIE) got into an agreement to create one of India's larger multi-technology automotive component companies.

Step 1:

- CIE has purchased controlling stakes in Mahindra CIE Automotive Ltd (MCAL) (formerly known as Mahindra Forgings Limited), Mahindra Composites Limited (MCL) and Mahindra Hinoday Industries Limited (MHIL) and is a majority shareholder after the closure of Open Offer of MCAL & MCL.

- Simultaneously, M&M has purchased an equity stake of 13.5% in CIE Automotive Limited, Spain. Therefore, M&M continues to be a strategic investor in the auto components business with participation in Mahindra CIE and CIE Spain (parent level).
- Effective 29th November 2013, Mahindra Forgings Limited has been renamed as Mahindra CIE Automotive Limited.

Step 2:

MUSCO, MHIL, Mahindra Gears International Limited, Participaciones Internacionales Autometal Tres, S.L. (PIA3) and Mahindra Investment India Private Limited will merge in to MCAL through an integrated scheme of merger. MCL will merge into MCAL through a separate

scheme of merger. This is expected to be completed by October 2014 subject to regulatory approvals.

The structure of the deal is also indicative that M&M is reaffirming its commitment to the automotive components business.

The Rationale for the Deal

Both CIE and M&M have had a strategy to globalize their auto components business interests. This partnership will help both the groups in furthering that aim.

SYNERGIES WITH PARENTS:

In light of the deal with CIE, your company would benefit in a lot of areas. Some of the partnering process has already begun in the form of technological support for new products in existing materials.

Relationship with CIE Group

CIE group is a group specialised in providing automotive components and sub-assemblies to, to the global automotive industry, working with complementary technologies and a number of different associated processes.

With the active involvement of the CIE group, MUSCO intends to achieve the following synergies:

CIE products and customers can be introduced in India.

1. Gaining Market Share in India with existing CIE customers (Western OEMs' from global markets) and expanding into all the technologies which CIE operates in viz. Aluminium, Painting, and Plastics.
2. Improving operational efficiencies by using CIE's expertise and enhancing the product offerings.

MUSCO will adhere to the corporate values, principles and established corporate governance practices of the CIE Group.

Relationship with Mahindra Group

Mahindra & Mahindra; which holds a majority stake in MUSCO, is the flagship company of the Mahindra group and one of the leading automotive manufacturers in India. M&M is an anchor customer but there is an arms-length relationship between M&M and MUSCO. Association with the Mahindra Group aids MUSCO in winning new businesses due to higher brand recall and obtaining financial assistance, whenever required.

SAFETY, HEALTH AND ENVIRONMENT:

The Company has an effective policy framework; on Safety, Health & Environment (SHE) for protecting the safety, health and welfare of its employees and workers. The Company accords sufficient priority to the objectives of preserving and developing the environment, maintaining a safe work place, enhancing the quality of the work conditions and health aspects of its employees. The company's SHE policy not only meets all applicable statutory requirements but also focuses on motivation, learning and training of employees. The process defined under the SHE Policy ensures leadership from the top management for improving safety, environment and health aspects in operations while laying down norms. It also lays down norms for participation from across the management and workforce hierarchy. External audits are conducted to ensure effectiveness of the SHE policy and initiatives and recommendations are considered for further improvements in SHE process. SHE issues are addressed

proactively and effectively in terms of ISO standards and guidelines. The Company plant at Rudrapur received ISO 14001 and OHSAS 18001 certificates. The Kanhe and Nashik locations received (EMS) ISO 14001: 2004 and OHSAS 18001: 2007 certificates.

The Company accords the highest importance to adopting safety measures for preventing accidents. In case of any accident, a thorough investigation is carried out to identify the root cause and immediate steps are taken to eliminate the root cause to ensure it does not recur. The Company regularly conducts counselling and safety review meetings for employees to appraise and educate them on the adoption of safety measures and avoidance of unsafe practices. Awareness and first aid trainings are conducted regularly along with mock drills as an exercise in disaster management readiness. The Company is in compliance with the regulations pertaining to safety. The objective is to achieve zero accident, zero incidents and a safe work environment.

The Company periodically conducts health checkups and health awareness programmes, First Aid training given by Govt. authorized institutes for all employees and if necessary provides prompt medical assistance to its employees. The Company has an internal plant dispensary which operates round the clock and is manned by qualified doctors supported by staff who are available for addressing health issues of employees. The Company maintains high hygienic and housekeeping standards across the work places. The goal of all occupation health and safety measures is to encourage a safe work environment.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:

The total employee strength of the Company at the end of the financial year 2013-14 was 997 employees comprised of 383 Officers and 614 permanent workmen and employees. Apart from above employee strength, the Company hires Apprentice, Trainees and Contract workers from time to time.

The Company conducts regular training programs for officers and workmen through internal and external professionals, experts in various areas of operations and selectively sends officers to attend Business Education Programs of reputed Institutions to improve their skills and knowledge.

The Company involves its employees in all HR Activities to develop them and recognize them from time to time to increase the Employee Morale and Motivation. The Human Resources policies are comprehensive and based on the best of the prevailing HR practise. The performance evaluation and management process continues to be the backbone of all HR activities and is based on an appropriate goal-setting process. The Company encourages all employees and workers to participate in a fair and transparent feedback system called "Bindass Bol" (talk candidly) for sharing views, concerns and opinions.

The Company has rolled out a Policy for prevention of sexual harassment in which it formalized a free and fair enquiry process with clear timeline. The Company has also constituted an internal complaint committee at major location to which employees can write their complaints. There was no case/complaint reported under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the financial year 2013-14. The

relationship of the Company with its Human Resources was cordial in the financial year 2013-14.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has adequate internal controls for its business processes across departments to ensure efficient operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions. The Company also has an internal audit system which is conducted by an independent firm of Chartered Accountants/Consultants so as to cover various operations on continuous basis. Summarized Internal Audit Observations/Reports are reviewed by the Audit Committee on a regular basis. The finance and accounts functions of the Company are well staffed with qualified and experienced members. The internal controls are complemented, on an on-going basis, by an extensive program of internal audits being implemented through-out the year. The Company uses an Enterprise Resource Planning (ERP) package, which enhances the internal control mechanism. The internal controls are designed to ensure that the financial and other records of the Company are reliable for preparing financial statement and other data for maintaining the accountability of assets.

Looking Ahead

With continued support of its parents the Mahindra and CIE groups, your company will continue to strive for improved financial performance. The Company also recognizes the long term trend towards growth especially in India, and will continue to look out for and evaluate opportunities in this direction.

Cautionary Statement

Certain statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those express or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

CORPORATE GOVERNANCE REPORT

Company's philosophy on code of Corporate Governance

The Company follows the good Corporate Governance practices in all spheres of its activities and operations. The sound corporate governance is an integral part of the philosophy of the Company with an objective of value creation for its stakeholders. The management governs the affairs of the Company in a fair, honest, ethical, transparent and legal manner to ensure optimum utilization of available resources for maximizing benefits for all its stakeholders. The Company has well defined Codes of Conduct for its employees as well as its Directors. Both these codes are available on the website of the Company. The Company makes prompt, complete and accurate disclosures under the applicable laws about its financials, shareholding and other material information for knowledge of its stakeholders. The corporate structure, business and disclosure practices at the Company are in complete adherence to its Corporate Governance Philosophy. The Company believes in setting high standards of ethical values, transparency, integrity and a disciplined approach to achieve excellence in all its sphere of activities for value creation for its stakeholders.

A Report on compliance with the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India and incorporated in Clause 49 of the Listing Agreement is given below.

I. BOARD OF DIRECTORS - Constitution and Composition

The Board of Directors of your Company as on 31st March, 2014 comprises of ten directors and the composition of the Board is in accordance with the requirements of Clause 49 of the Listing Agreement. All Directors have extensive experience, knowledge and expertise in their respective functional areas.

The Company has a Non-Executive Chairman and the number of Non-Executive Independent Directors comprises of more than fifty percent of the total number of Directors as on 31st March, 2014. The Managing Director along with the Senior Management Personnel of the Company, manage the day-to-day affairs of the Company. The Managing Director functions under the overall supervision and control of the Board.

The Chairman of the Company, though professional Director in his own individual capacity, belong to the promoter group of the holding company Mahindra & Mahindra Limited (M&M). Mr. Hemant Luthra, Non-Executive Director of the Company, is in the whole time employment of M&M, and draws remuneration

from it. Professional fees of Rs. 33,43,225/- for the year 2013-2014, has been paid to Khaitan & Co., Advocates & Solicitors, in which Mr. Nikhilesh Panchal, Non-Executive Independent Director is a partner.

Mr. Harsh Kumar, Non-Executive Director of the Company, is the Managing Director of Mahindra Intertrade Limited, a subsidiary of M&M and he draws remuneration from it.

Apart from the above and the reimbursement of expenses incurred in the discharge of their duties and the remuneration that these Directors would be entitled to under the Companies Act, 1956 or the Companies Act, 2013 as Non-Executive Directors, none of the Directors and Independent Directors, have any other material pecuniary relationship or transaction with the Company, its Promoters, its Directors, its Senior Management, its holding Company, subsidiaries and associate which, in their judgment, would affect their independence. The Independent Directors are not related to Promoters or senior management of the Company. The Directors of the Company are not inter-se related to each other.

The Senior Management have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

A. Composition of Board

The total strength of the Board as on 31st March, 2014 is Ten Directors comprising of a Non-Executive Chairman, Managing Director, Two Non-Independent Non-Executive Directors and Six Independent Non-Executive Directors.

During the year under review, Mr. Keshub Mahindra, resigned as the Director and the Chairman of the Board with effect from the conclusion of the Board meeting dated 29th October, 2013. All Directors including Independent Directors are professionals in their respective fields with expertise and experience in general corporate management, finance, banking and other allied fields.

The names and categories of Directors, the number of Directorships and Committee positions held by them in the Companies are given below. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement), across all the companies in which he is a Director.

The Constitution of the Board as on 31st March, 2014 is as under:

Directors	Category	Total number of Committee Memberships of Public Companies as on 31 st March, 2014. +	Total number of Chairmanships of Committees of Public Companies as on 31 st March, 2014. +	Directorships of Public Companies as on 31 st March, 2014. *
Non-Executive				
Mr. Anand G. Mahindra Chairman	Non Independent	1	Nil	8
Mr. Hemant Luthra	Non Independent	2	2	7
Mr. Harsh Kumar	Non Independent	1	Nil	3

Directors	Category	Total number of Committee Memberships of Public Companies as on 31 st March, 2014. +	Total number of Chairmanships of Committees of Public Companies as on 31 st March, 2014. +	Directorships of Public Companies as on 31 st March, 2014. *
Mr. R. R. Krishnan	Independent	2	1	2
Mr. Mukesh Kumar Gupta **	Independent	Nil	Nil	1
Mr. Manoj Kumar Maheshwari	Independent	3	Nil	6
Mr. Sanjiv Kapoor	Independent	7	5	7
Mr. Daljit Mirchandani	Independent	2	1	2
Mr. Nikhilesh Panchal	Independent	1	Nil	2
Executive				
Mr. Uday Gupta				
- Managing Director	Non Independent	1	Nil	1

** Treated as Non-independent with effect from 1st April, 2014 as per the provisions of the Companies Act, 2013.

* Excludes Directorships/membership in Private Companies, Foreign Companies, Companies registered under Section 25 of the Companies Act, 1956 and Government Bodies but includes Directorship in Mahindra UGINE Steel Company Limited.

+ Committees considered are Audit Committee and Stakeholders relationship Committee or Shareholders'/Investors' Grievance Committee, including in Mahindra UGINE Steel Company Limited. Total number of committee membership includes the Chairmanship.

B. Board Procedure

A detailed Agenda folder is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director briefs the Board at every Meeting on the overall performance of the Company, followed by presentations by other Senior Executives of the Company. A detailed functional report is also placed at Board Meetings. The Board also *inter alia* reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any, review of major legal issues, minutes of the Board Meetings of your Company's unlisted subsidiary company, adoption of quarterly /half-yearly/annual results, significant labour issues, transactions pertaining to purchase /disposal of property, major accounting provisions and write-offs, corporate restructuring, Minutes of Meetings of the Audit and other Committees of the Board, information on recruitment of Officers just below the Board level, including the Company Secretary/ Compliance Officer.

C. Number of Board Meetings, attendance record of the Directors at Meetings of the Board and at the last Annual General Meeting.

Six Meetings of Board of Directors were held during the year 1st April, 2013 to 31st March, 2014 on the following dates:

3 rd May, 2013	15 th June, 2013	25 th July, 2013
29 th October, 2013	7 th February, 2014	31 st March, 2014

The gap between two meetings did not exceed four months. These meetings were well attended by Directors.

The Fiftieth Annual General Meeting (AGM) of the Company was held on 25th July, 2013.

The attendance of the Directors at these Meetings was as under:

Director	Number of Board Meetings Attended	Attendance at the last AGM
Mr. Keshub Mahindra	1	No
Mr. Anand G. Mahindra	4	Yes
Mr. Uday Gupta	5	Yes
Mr. Hemant Luthra	5	Yes
Mr. R. R. Krishnan	6	Yes
Mr. S. Ravi (upto 24.09.2013)	0	No
Mr. Manoj Kumar Maheshwari	4	No
Mr. Harsh Kumar	5	Yes
Mr. Sanjiv Kapoor	5	Yes
Mr. Daljit Mirchandani	4	No
Mr. Nikhilesh Panchal	5	Yes
Mr. Mukesh Kumar Gupta * [Nominee of LIC]	4	No

* Appointed w.e.f. 25.07.2013.

D. Directors seeking appointment/re-appointment

Mr. Anand Mahindra and Mr. Uday Gupta, retire by rotation and, being eligible, have offered themselves for re-appointment.

During the year Mr. Mukesh Kumar Gupta was appointed as an additional director of the Company. His appointment, as Directors liable to retire by rotation, is proposed at the forthcoming annual general meeting. Mr. Mukesh Kumar Gupta holds the office of director upto the date of the forthcoming Annual General Meeting. A notice has been received from him proposing his

candidature for the office of Director at the ensuing Annual General Meeting.

Mr. Uday Gupta was reappointed by the Board of Directors at its meeting held on 31st March, 2014, as the Managing Director of the Company for a period of 1(one) year with effect from 5th May, 2014, on the terms, as approved and recommended, by the Nomination & Remuneration Committee of the Board, subject to approval of the members of the Company and such other approvals as may be required. His re-appointment as the Managing Director is proposed for the approval of the members at the forthcoming Annual General Meeting.

The Companies Act, 2013 provides appointment of Independent Directors. Further in terms of Section 152 (6) of the Companies Act 2013, independent directors are not are liable to retire by rotation, and pursuant to section 149 they can hold office for not more than two consecutive terms of five years each. In view of the above provisions, Mr. R. R. Krishnan, Mr. Manojkumar Maheshwari, Mr. Sanjiv Kapoor, Mr. Daljit Mirchandani directors, are proposed to be appointed as an independent Director, under the provisions of the Companies Act, 2013, for a fixed period of 1 year with effect from the date of forthcoming Annual General Meeting. Further, Mr. Nikhilesh Panchal, Independent Director, whose period of office was liable to determination by retirement of directors by rotation under the provisions of the companies Act, 1956 and whose term expires at this Annual General Meeting is proposed to be appointed for a fixed term of 1 (one) year as an independent director, with effect from the date of forthcoming Annual General Meeting.

Brief resume of the directors seeking re-appointment/appointment are presented below:

Mr. Anand Mahindra (DIN 00004695)

Mr. Anand G. Mahindra, Chairman of the Company, graduated with Honors (Magna cum laude) from Harvard College, Cambridge, Massachusetts, in 1977. In 1981 he secured an MBA degree from the Harvard Business School, Boston, Massachusetts. He returned to India that year and joined Mahindra Ugin Steel Company Ltd (MUSCO), the country's foremost producer of specialty steels, as Executive Assistant to the Finance Director. In 1989 he was appointed President and Deputy Managing Director of the company.

During his stint at MUSCO, he initiated the Mahindra Group's diversification into the new business areas of real estate development and hospitality management.

In the summer of 1991, he was appointed Deputy Managing Director of Mahindra & Mahindra Ltd., the country's dominant producer of off-road vehicles and agricultural tractors. He initiated a comprehensive change programme in Mahindra & Mahindra Ltd. to make the company an efficient and aggressive competitor in the new liberalized economic environment in India.

In April 1997, he was appointed Managing Director of Mahindra & Mahindra Ltd, and in January 2003 given the additional responsibility of Vice Chairman. On 9th August 2012, he was appointed Chairman and Managing Director of Mahindra & Mahindra Ltd.

Today, the Mahindra Group is a US \$ 16.7 billion organization, and one of India's top 10 industrial houses. Mahindra has evolved into a socially and environmentally responsible global federation of companies with a leading presence in each sector in which it is present.

Mahindra Group is present across the automotive spectrum - two-wheelers, three-wheelers, commercial vehicles, SUVs, MPVs to sedans, tractors, and even powerboats and aircrafts. In addition, the Group's diversified nature of business spans many frontiers - automotive components, Finance, Insurance, IT, Retail, Real Estate, Hospitality, Logistics, After-Market.

During Mr. Anand Mahindra's tenure, Mahindra Group has also grown inorganically, seizing opportunities across the globe. Recent acquisitions include Ssangyong Motors, Reva Electric Car Company, Satyam Computer Services, Aerostaff Australia, Gippsland Aeronautics among others.

Mr. Anand Mahindra is the co-founder of the Harvard Business School Association of India, an association dedicated to the promotion of professional management in India.

He was a co-promoter of Kotak Mahindra Finance Ltd., which in 2003 was converted into a bank. Kotak Mahindra is one of the foremost private sector banks today.

As a leading industry figure, he has served as President of the Confederation of Indian Industry in 2003-04 and has also been President of the Automotive Research Association of India (ARAI). He also served on the Boards of the National Stock Exchange of India and the National Council of Applied Economic Research, and as a member of the Council of Scientific & Industrial Research.

Recognition

Mr. Anand Mahindra continues to receive several honours, a few of which are:

- 'Knight of the Order of Merit' by the President of the French Republic.
- Rajiv Gandhi Award 2004 for outstanding contribution in the business field
- 2005 Leadership Award from the American India Foundation for his, and the Mahindra Group's commitment to corporate social responsibility.
- CNBC Asia Business Leader Award for the year 2006.
- The Most Inspiring Corporate Leader of the Year 2007 from NDTV Profit.
- Business Man of the Year 2007 from Business India.
- Harvard Business School Alumni Achievement Award 2008.
- National Statesman for Excellence in Business Practices - Qimpro Platinum Standard 2008 Award by Qimpro Foundation.
- CNBC TV18 Outstanding Business Leader of the Year 2009
- Business Leader of the Year 2009 by Economic Times
- Ernst & Young Entrepreneur of the Year India award for 2009
- Indian of the Year award 2009 by NDTV
- IMC Juran Quality Medal 2010 by IMC Ramkrishna Bajaj National Quality Award Trust
- Featured in Asia's 25 most powerful business people of 2011 by Fortune magazine
- Lloyds Banking Group Business Leader of the Year Award at The Asian Awards 2011

- JRD Tata Corporate Leadership Award 2011 from the All India Management Association
- Global Leadership Award June 2012 by the US-India Business Council
- Business Courage Award 2012 by Asia Business Leadership Forum
- Best Transformational Leader Award 2012 by the Asian Centre For Corporate Governance & Sustainability
- Business Leader of the Year 2012 by NDTV
- 'Special Recognition for Creating a True Global Indian MNC' at India's Best Market Analyst Award 2013 by Zee Business
- Forbes India Leadership Awards 2013 'Entrepreneur for the Year'
- Sustainable Development Leadership Award 2014 from The Energy and Resources Institute (TERI)

Mr. Anand Mahindra serves on the following Boards of other companies:

1. Mahindra & Mahindra Limited,
2. Tech Mahindra Ltd.,
3. Mahindra First Choice Wheels Ltd.,
4. Mahindra Two Wheelers Ltd.
5. Mahindra Holdings Ltd.,
6. Araku Originals Ltd.
7. Prudential Management & Services Pvt. Ltd.
8. Naandi Community Water Services Pvt. Ltd.
9. Tech Mahindra Foundation.
10. Avion Aerosols Pvt. Ltd.,
11. Prana Holdings Inc.,
12. US-India Business Council

Mr. Anand Mahindra is a member of the following committees:

Sr. No.	Name of the Company	Name of the Committee	Chairman/Member
1.	Mahindra & Mahindra Ltd.	Share Transfer & Shareholders/ Investors	Member
		Grievance Committee	
		Loans & Investment Committee	Member
2.	Mahindra Two Wheelers Ltd.	Research & Development Committee	Member
		Remuneration Committee	Member

Mr. Anand Mahindra holds 13,617 shares in the Company.

Mr. Uday Gupta (DIN 03514282)

Mr. Uday Gupta, 55 years, Bachelors of Engineering with 1st class honors, Jadavpur University and Master of Technology from IIT – Madras, (Chennai) where he was the recipient of A Grade Merit Award.

Mr. Uday Gupta has rich and vast experience in the field of manufacturing sector particularly metal and alloy industry. Mr. Uday Gupta was appointed as the CEO of the erstwhile Steel Division of the Company in the year 2008. As the CEO of

Steel Division, Mr. Uday Gupta has taken various initiatives to streamline the operations and infuse technological expertise for enhancing the overall working of the Divisions. Prior his appointment as the CEO (Steel), Mr. Uday Gupta was Executive Director of First Aluminum Nigeria Plc Group, the Company listed on the in Nigeria Stock Exchange. There Mr. Uday Gupta was a member of the Audit Committee of the Board and also heading the Profit Centre of Rolling Mill & Coating Division.

Mr. Uday Gupta has long association with Indian Aluminum Company Ltd., where he has worked in various capacities and has certain major achievements to his credit as listed below;

- Strategy Implementation for growing revenue from USD 53 million in 2006 to USD 100 million in 2009 by product – market stretch – installation of a new colour coating line (with Chinese soft credit) in January 2007.
- Paint tie-up with BASF for superior technology, flexibility of colours to customers in terms of range & delivery – stay ahead of the competition and strengthen brand. (2002 – 2006)
- Establish an operating JV for value added trading in the Manufacturing & Oil and Gas sectors. This germinated a separate SBU within First Aluminum.
- Increasing the customer base by way of increasing delivered value and maintaining customer relationship in Nigeria to market 12,000 TPA in 2006 from 6,000 TPA in 1998.
- Selectively upgrade plant & machinery of 60s vintage with state of the art technology for volume enhancement, quality upgrade and increased customer satisfaction – in collaboration with VAI, UK – Project Cost – USD 10 million. This modernization was done to retain market share. This also included building of a 33 KV sub-station & gas generating plant to leverage the low cost of natural gas and thereby reduce fabrication cost. (2000 – 2003)
- Introduced 'Becoming Globally Competitive' concept of TQM (as was practiced by Ford & other companies) in First Aluminum Nigeria for overall process improvement across the value chain.
- Installation / Commissioning of a state of the art Aluminum Cold Rolling Mill in Indal, Belur at a project cost of USD 7 million. The project was done in consortium with SMS (Germany), ABB (Sweden, Germany & India) and L & T. The plant capacity of INDAL, Belur moved from 20,000 TPA to 40,000 TPA.
- Capital Expenditure Projects : Annealing Furnaces, Slitters, Cut to Lengths, Layout Changes of plant for increasing material handling efficiency (1982 – 1988), Product Development

Mr. Gupta has also taken various initiatives in his past employments significantly contributing to the growth of such organizations.

Mr. Uday Gupta is also the Managing Director of Mahindra Sanyo Special Steel Private Limited. He is a Member of Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee of the Company. Mr. Uday Gupta does not hold any shares in the Company.

Mr. Mukesh Kumar Gupta (DIN 06638754)

Mr. Mukesh Kumar Gupta, 52 years, holds degree of Bachelor of Science from University of Rajasthan and M.B.A. (HRM) from Sikkim Manipal University, Gangtok.

Mr. Mukesh Gupta joined Life Insurance Corporation of India in the year 1984 as a Direct Recruit Officer and thereafter was elevated to the next higher cadre. During his illustrious career he has held very prominent positions and has worked at the Corporate Office and in 4 Zones. Job rotated in February 1992 as a Branch Manager he has remained in Marketing for a phenomenal period of more than 20 years. His key postings include Marketing Manager of Bikaner DO and Sr. Divisional Manager of two important Divisions viz., Amritsar and Hyderabad. He was also Regional Manager (Bancassurance & Alternate Channels) in South Central Zone and Regional Manager (Mktg.) of Western Zone twice – Once in Mumbai and later in Ahmedabad. His penchant for Marketing surfaced significantly during his tenure in the Corporate Office as Chief (Marketing). He was Principal, Zonal Training Centre, Agra before becoming the Director, Management Development Centre, LIC, Mumbai.

He has attended a training program of FALIA (Foundation of the Advancement of Life & Insurance around the world) and also some notable training programs at ISB-Hyderabad and NIA, Pune.

His Hobbies include reading and listening music.

Mr. Mukesh Gupta is a member of Nomination & Remuneration Committee of the Company.

Mr. Mukesh Gupta does not hold any shares in the Company.

Mr. Nikhilesh Panchal (DIN 00041080)

Mr. Nikhilesh Panchal, 46 years, holds masters degree in law and is practicing as an Advocate for more than 15 years. He is a Solicitor registered as Patent and Trademark Attorney. He is member of Bar Association of Maharashtra & Goa, Incorporated Law Society and the Supreme Court of England and Wales. He is a partner in M/s. Khaitan & Co. and M/s. Khaitan & Co. LLP.

Mr. Panchal has rich experience in acquisitions, takeover and mergers, foreign collaborations, joint ventures and technology transfers including connected procedures under Foreign Exchange Management Act (FEMA); and Corporate Law, Capital Markets transactions including public offerings; international offerings by Indian companies Intellectual Property and related rights matters etc.

Mr. Nikhilesh Panchal holds Directorships of other Indian companies namely EPC Industrie Limited and Vayugrid Marketplace Services Private Limited.

Mr. Nikhilesh Panchal is a member of the following committees:

Sr. No.	Name of the Company	Name of the Committee	Chairman/Member
1	Mahindra Ugine Steel Co. Ltd.	Audit Committee	Member
		CSR Committee	Member
2.	EPC Industrie Limited	Remuneration Committee	Member

Mr. Nikhilesh Panchal does not hold any shares in the Company.

Mr. R. R. Krishnan (DIN 00097716)

Mr. R. R. Krishnan is an Honors graduate in Mathematics from University of Delhi and has also done his GPMD course from Michigan Business School. Mr. R. R. Krishnan was with Mahindra Group for around 47 years and has held several senior positions during his stint with Mahindra Group. He was Member of the Group Management Board of Mahindra & Mahindra Ltd., until

March 2005 and was also the Managing Director of Mahindra Intertrade Ltd. and Mahindra Steel Service Center Ltd. (MSSCL). Mr. R. R. Krishnan was responsible for the activities of the then Intertrade Division of Mahindra and Mahindra Limited (M&M), which subsequently became 'Mahindra Intertrade Ltd.' (MIL). During his tenure he was responsible for setting up the facilities of MSSCL and the expansion thereof. MIL also expanded globally to set up a facility in UAE – Mahindra Middleeast Electrical Steel Service Centre -FZC. Mr. R.R. Krishnan carries with himself rich experience and expert knowledge of steel industry. Mr. Krishnan was a senior advisor in M&M.

Mr. R. R. Krishnan holds Directorship of Mahindra Composites Ltd. He is a member of the following Board Committees;

Sr. No.	Name of the Company	Name of the Committee	Chairman/Member
1	Mahindra Ugine Steel Co. Ltd.	Audit Committee	Member
		CSR Committee	Chairman
2	Mahindra Composite Ltd.	Shareholders/Investors Grievance Committee	Chairman

Mr. R. R. Krishnan holds 7500 shares in the Company.

Mr. Manojkumar Maheshwari (DIN 00012341)

Mr. Manoj Kumar Maheshwari is 56 years of age and is a second-generation entrepreneur with interests in the Information Technology, Marketing and Chemical industries. He is a graduate from the Bombay University with a major in Chemistry and has done his post graduation in Industrial Management. Mr. Maheshwari work experience encompasses the project management, production, marketing, financial and general management areas of medium sized companies.

He is also a Director of Mahindra CIE Automotive Ltd., Hamilton & Co. Ltd., RPG Life Sciences Ltd., Ador Welding Ltd., Metro Shoes Ltd., Ignite Education Pvt. Ltd., Maheshwari Investors Pvt. Ltd., R.J. Investments Pvt. Ltd., Quadrum Solutions Pvt. Ltd. As a director he brings a judicious mix of entrepreneurial and professional skills to the various Boards that he serves on.

Mr. Manoj Kumar Maheshwari is a member of the following committees:

Sr. No.	Name of the Company	Name of the Committee	Chairman/Member
1.	Mahindra CIE Automotive Limited	Audit Committee	Member
2.	Ador welding Ltd.	Audit Committee	Member
		Remuneration Committee	Member
3.	Mahindra Ugine Steel Co. Ltd.	Audit Committee	Member

Mr. Manoj Kumar Maheshwari does not hold any shares in the Company.

Mr. Sanjiv Kapoor (DIN 00004005)

Mr. Sanjiv Kapoor is a Commerce Graduate and Fellow member of Institute of Chartered Accountant of India. He is the senior

partner of M/s. S. K. Kapoor & Co., Chartered Accountants, one of the leading Chartered Accountancy firms. As the partner of the firm, he has conducted audits of number of large Corporates such as R.B.I., L.I.C., N.T.P.C., Indian Oil, U.T.I., Banks etc.

Mr. Kapoor was a Director of Mahindra & Mahindra Ltd., Ballarpur Industries Ltd., Indian Bank, Corporation Bank, UPSE Securities Ltd., Sahara Asset Management Co. (P) Ltd., Sahara India Life Insurance Co. Ltd and U. P. Stock Exchange Ltd. He was the president of Kanpur Chartered Accountants Society in the year 1988-89. He was also the Vice President of Upper India Chamber of Commerce.

At the present Mr. Kapoor is also Director on the Board of Mahindra Lifespace Developers Limited, Mahindra World City Developers Limited, Sahara India Medical Institute Ltd., HLL Life Care Limited, General Insurance Corporation of India and HLL Biotech Ltd.

Mr. Sanjiv Kapoor is a chairman/member of the following committees:

Sr. No.	Name of the Company	Name of the Committee	Chairman/Member
1.	Mahindra Life Space Developers Ltd.	Audit Committee	Chairman
		Remuneration Committee	Chairman
2.	Mahindra World City Developers Ltd.	Audit Committee	Chairman
3.	HLL Life Care Ltd.	Strategy formulation & Investment Committee	Member
		Audit Committee	Chairman
		Remuneration Committee	Chairman
4.	Sahara India Medical Institute Ltd.	Audit Committee	Chairman
		Remuneration Committee	Member
5.	Mahindra UGINE Steel Co. Ltd.	Audit Committee	Chairman
		Nomination and Remuneration Committee	Chairman
6.	General Insurance Corporation of India	Audit Committee	Member
		Ethics Committee	Member
7.	HLL Biotech Ltd.	Audit Committee	Member

Mr. Sanjiv Kapoor does not hold any shares in the Company.

Mr. Daljit Mirchandani (DIN 00022951)

Mr. Daljit Mirchandani was appointed as an Additional Director of the Company with effect from 27th October, 2010.

Mr. Daljit Mirchandani, born in Karachi on October 26th 1947, is a Graduate Engineer from Birla Institute of Technology.

Beginning his career in 1971 as Graduate Trainee Engineer, in 1992 he rose to the position of Executive Director in Kirloskar Oil Engines, the flagship company of the Kirloskar Group. Between 1992 and 1997, for the Kirloskar Group, he set up the first in a kind, Pig Iron plant with a capacity of 500 thousand ton

integrated to a state -of- the-art Foundry with a capacity of 60 thousand tons per annum.

In 1998, he joined Ingersoll-Rand India as the Chairman and Managing Director and retired in 2008.

In 2005, he was the Chairman of the Karnataka State Council of the Confederation of Indian Industries (CII), and in 2007 was nominated by the CII to be the Chairman of the Task Force formed by the Ministry of Agriculture, to examine and recommend policy interventions and set technical standards for the formation of the Cold Chain Infrastructure in India for Fresh Fruits and Vegetables. Implementation of these recommendations has been initiated by the Ministry of Agriculture.

Presently, in partnership with the Sarva Shiksha Abhayan, the flagship project of the Government of India, he is working on the development of a scalable interventions to bring the joy of learning and improve the quality of education to children enrolled in Government Aided schools in Rural Maharashtra.

He serves on the advisory and statutory Board of various Companies in the space of Bio Fuels, Infrastructure Development, Infrastructure Finance, Forgings and a MNC.

Mr. Daljit Mirchandani holds Directorships of other Indian companies namely Mahindra CIE Automotive Limited and Mahindra Sanyo Special Steel Private Limited.

Mr. Daljit Mirchandani is a member of the following committees:

Sr. No.	Name of the Company	Name of the Committee	Chairman/Member
1.	Mahindra UGINE Steel Company Limited	Audit Committee	Member
		Nomination & Remuneration committee	Member
2.	Mahindra CIE Automotive Limited	Audit Committee	Chairman

Mr. Daljit Mirchandani does not hold any shares in the Company.

E. Codes of Conduct

The Board has laid down two separate Codes of Conduct- one for Board Members and the other for Senior Management and Employees of the Company. These Codes have been posted on the Company's website www.muscoindia.com. All Board Members and Senior Management Personnel have affirmed compliance with these Codes of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

F. CEO/CFO Certification

As required under clause 49 V of the Listing Agreement with Stock Exchanges, the Managing Director and Chief Finance Officer have certified to the Board on the financial statements, internal controls and frauds, if any, for the year ended 31st March, 2014.

II. REMUNERATION TO DIRECTORS

A. Remuneration Policy

While deciding on the remuneration of Directors, the Board and the Nomination & Remuneration Committee considers the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance and other relevant factors. The Board/Nomination

& Remuneration Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies from time to time.

B. Remuneration to Non-Executive Directors for the year ended 31st March, 2014.

Non-Executive Directors are paid a sitting fee of Rs. 7,500/- each for every Meeting of the Board and Audit Committee attended and a sitting fee of Rs. 3,750/- each is paid per Meeting in case of Investors' Grievance and Nomination & Remuneration Committee Meetings. The fees paid to Non-Executive Directors for the year ended 31st March, 2014 along with their shareholdings are as under:

Director	Sitting Fees for Board and Committee Meetings Paid during the year (Rs.)	No. of Equity shares held as on 31 st March, 2014
Mr. Keshub Mahindra (Resigned w.e.f the conclusion of Board meeting dated 29/10/2013)	7500	1231
Mr. Anand G. Mahindra	30000	13617
Mr. Hemant Luthra	-	68406
Mr. R. R. Krishnan	97500	7500
Mr. S. Ravi	-	-
Mr. Manojkumar Maheshwari	52500	-
Mr. Harsh Kumar	-	-
Mr. Sanjiv Kapoor	82500	-
Mr. Daljit Mirchandani	63750	-
Mr. Nikhilesh Panchal	82500	-
Mr. Mukesh Kumar Gupta (Appointed w.e.f. 25/07/2013)	33750	-

A total of 2,15,000 Stock Options have been granted to Non-Executive Directors under the Company's Stock Option Scheme on 18th August, 2006. The Stock options were granted at 15% discount to the average of high and low share prices of the Company on the Bombay Stock Exchange Limited during the 15 days preceding the date of grant of options. Details of these are given in the Statement attached to Annexure I of the Directors' Report. Apart from the above sitting fees, Non-Executive Directors received no remuneration during the year under review.

C. Remuneration paid/payable to the Managing Director

Remuneration paid/payable to Mr. Uday Gupta, Managing Director, for the year ended 31st March, 2014, was fixed by the Nomination & Remuneration Committee and approved by the Board of Directors and the shareholders within the limits as specified under the provisions of the Companies Act, 1956.

Following is the details of the remuneration paid/payable to Mr. Uday Gupta, as the Managing Directors during the year ended 31st March, 2014.

1. Mr. Uday Gupta was also appointed as the Managing Director, with effect from 4th August 2012, of Mahindra Sanyo Special Steel Private Limited, [the subsidiary of the Company upto 3rd October 2013] after complying with necessary statutory provisions in this respect, on the same terms and conditions of his appointment on which he was appointed as the Managing Director of the Company. Accordingly, he holds the position of Managing Director of the Company and MSSSPL and is entitled to remuneration from the Company or MSSSPL or from both the companies provided that his total remuneration in aggregate from the Company or MSSSPL or both shall not exceed the maximum remuneration as approved by the Company or MSSSPL.
2. Mr. Uday Gupta received entire remuneration for the financial year 2013-14 from MSSSPL and he has not drawn any remuneration from the Company. The performance pay, if any, for the financial year 2013-14 may be paid by MSSSPL.
3. The Company has not granted any stock option to Mr. Uday Gupta, Managing Director. Mr. Uday Gupta does not hold any shares in the Company.
4. The contract period of Mr. Uday Gupta as the Managing Director is from 5th May, 2011 to 4th May 2014 and has been renewed for further 1 year upto 4th May, 2015, subject to approval of the shareholders of the Company at the ensuing Annual General Meeting of the Company. Notice period applicable to Mr. Uday Gupta is three months.
5. Performance pay is the only component of remuneration that is linked to the performance. All other components are fixed. The Nomination & Remuneration Committee, on the basis of detailed appraisal of the performance of the Company and the Managing Director recommends and approves the performance payment for any particular financial year.

III. RISK MANAGEMENT

The Company has a well defined framework of Risk management. The said framework comprises objectives of the Risk framework, the process through which risks (Internal as well as External Risks) to the Company and its businesses are identified and steps to be taken for mitigating such risks and threats to the Company. The frame work has proper procedure for reporting the risks to various levels of operating management depending on the criticality and sensitivity of risk to the business of the Company. The framework defines the roles of the risk control owners, risk committee, risk manager, audit committee and the Board. The operating management periodically places before the Board, a report on the Risk Assessment and management process followed by the Company and steps taken for mitigating the risks to the Company. The broad threats and risks to the businesses of the Company are discussed in the Management Discussion and Analysis chapter of this Annual Report.

IV. COMMITTEES OF THE BOARD OF DIRECTORS

A. Audit Committee

The Audit Committee of the Board of Directors comprises Mr. Sanjiv Kapoor (Chairman), Mr. R.R. Krishnan, Mr. Manoj Kumar Maheshwari, Mr. Daljit Mirchandani and Mr. Nikhilesh Panchal. All the members of the Committee are Independent-Non-Executive Directors. All the Members of the Committee have

vast experience and knowledge of corporate affairs and financial management and possess strong accounting and financial management expertise. The Company Secretary acts as the Secretary to the Committee.

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered *inter alia* to review the remuneration payable to the Statutory Auditors and to recommend a change in the Auditors, if felt necessary. It is also empowered to review Financial Statements of the Company, Management Discussion & Analysis and Material individual transactions with related parties not in normal course of business or which are not on an arm's length basis. It is also empowered to review Financial Statements and investments of unlisted subsidiary company. All items listed in Clause 49 II D of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 II C.

The Meetings of the Audit Committee are also attended by the Managing Director, Chief Executive officer, Chief Finance Officer, the Statutory Auditors and the Internal Auditors.

The Chairman of the Committee, Mr. Sanjiv Kapoor, was present at the Annual General Meeting held on 25th July, 2013 to answer queries of shareholders.

Six (6) Meetings of Committee were held during the year 1st April, 2013 to 31st March, 2014 on the following dates:

3 rd May, 2013	15 th June, 2013	25 th July, 2013
29 th October, 2013	7 th February, 2014	31 st March, 2014

The gap between two Meetings did not exceed four months. The attendance at the Meetings were as under:

Sr. No.	Members	Meetings Attended	Remarks
1	Mr. Sanjiv Kapoor – Chairman	5	-
2	Mr. R. R. Krishnan	6	-
3	Mr. Manoj Kumar Maheshwari	3	-
4	Mr. S. Ravi	0	Resigned w.e.f 24/09/2013
5	Mr. Daljit Mirchandani	4	-
6	Mr. Nikhilesh Panchal	5	-

B. Stakeholders Relationship Committee

The Investors' Grievance Committee was renamed as Stakeholders Relationship Committee. The said Committee has been re-constituted by the Board of Directors and it comprises of Mr. Hemant Luthra, Mr. Harsh Kumar and Mr. Uday Gupta, as its members. Mr. Hemant Luthra is the Chairman of the Committee.

Mr. Ajay Kadhao the Company Secretary is the Compliance Officer of the Company.

The Committee meets as and when required, to deal with matters relating to transfers/transmissions of shares, issue

of duplicate share certificates etc. and monitors redressal of complaints from shareholders relating to transfers, non-receipt of balance-sheet, non-receipt of dividends declared etc.

One Committee Meeting was held on 7th February, 2014, during the year 2013-14. The attendance at this Meeting was as under:

Sr. No.	Members	Meetings Attended
1.	Mr. Hemant Luthra – Chairman	1
2.	Mr. Uday Gupta	0
3.	Mr. Harsh Kumar	1

The Board of Directors has authorized the Managing Director, the Chief Finance Officer and the Company Secretary to deal with the matters relating to approval of the transfer, transmission, replacement, consolidation of shares etc., to certain extent, in order to expedite the process of Share Transfer/Transmission. Normally the said officials approve once in 15 days the share transfers and other related matters, if any. The details of share transfer/transmission approved by above officials are properly recorded in the Stakeholders Relationship Committee meetings and are also placed before Board, for its record.

During the year, 6 Letters/complaints were received from the shareholders, all of which were attended to/resolved to date.

As on date, there were no pending share transfers pertaining to the year under review.

C. Nomination & Remuneration Committee.

The Remuneration Committee has been re-constituted by the Board of Directors as Nomination & Remuneration Committee. The Powers and duties of the Nomination & Remuneration Committee are well defined by the Board. The role of the Committee is to review the qualifications, positive attributes and independence of a director while recommending to the Board the appointment and/or remuneration of the directors. The Committee also review the market practices while deciding the remuneration packages applicable to the Managing Director/ Executive Director. During the course of its review, the Committee also decides on the Commission or Performance pay and/or other incentives payable, taking into account the individual's performance as well as that of the Company. The Nomination & Remuneration Committee is also empowered to decide on matters relating to Employee Stock Option Scheme of the Company.

The Nomination & Remuneration Committee comprises of Mr. Sanjiv Kapoor, Mr. Hemant Luthra, Mr. Mukesh Kumar Gupta, and Mr. Daljit Mirchandani. The Company Secretary acts as the Secretary to the Committee.

Mr. Sanjiv Kapoor is the Chairman of the Committee.

Two Committee Meetings were held on 25th July, 2013 and 31st March, 2014, during the year 2013-14. The attendance at this Meetings were as under:

Sr. No.	Members	Meetings Attended
1.	Mr. Sanjiv Kapoor – Chairman	2
2.	Mr. Daljit Mirchandani	1
3.	Mr. Hemant Luthra	2
4.	Mr. Mukesh Kumar Gupta	1

D. Corporate Social Responsibility (CSR) Committee:

During the year under review the Board of Directors of your Company has established Corporate Social Responsibility. The major role of this Committee is to formulate and recommend to the Board of Directors the CSR Policy and indicate the activities to be undertaken by the company to meet/contribute to objectives of the CSR policy. Accordingly the Committee has also framed its CSR policy and empower to monitor the same, it will provide its recommendations to the Board for the amount of expenditure to be incurred on activities specified in the policy.

The Corporate Social Responsibility (CSR) Committee of the Board of Directors comprises of Mr. R R Krishnan, Mr. Uday Gupta and Mr. Nikhilesh Panchal. The Company Secretary acts as the Secretary to the Committee.

Mr. R. R. Krishnan is chairman of the Committee.

One Committee Meeting was held on 31st March, 2014, during the year 2013-14. The attendance at this Meeting was as under:

Sr. No.	Members	Meetings Attended
1.	Mr. R. R. Krishnan - Chairman	1
2.	Mr. Uday Gupta	1
3.	Mr. Nikhilesh Panchal	1

The Committee's constitution and terms of reference are in compliance with provisions of the Companies Act, 2013

V. Subsidiary Company

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Under this definition, as on 31st March, 2014 the Company did not have any material non-listed subsidiary. Mahindra Sanyo Special Steel Private Limited (MSSSPL), earlier known as Navyug Special Steel Private Limited, ceased to be the subsidiary of the Company with effect from 3rd October 2013. The Company has complied with the relevant provisions of clause 49 applicable in respect of the erstwhile material subsidiary MSSSPL till 3rd October, 2013 .

VI. DISCLOSURES

A. Disclosures relating to related party

During the financial year 2013-14, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management, Subsidiaries or Relatives, etc. that may have potential conflict with the interests of the Company at large. Further, details of related party transactions are presented in Note no. "39" to the financial statements in the Annual Report.

B. Disclosure of Accounting Treatment in Preparation of Financial Statements

Your Company has followed the Guidelines of Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.

C. Code for Prevention of Insider Trading Practices

In compliance with SEBI's regulation on prohibition and prevention of insider trading, your Company has instituted a comprehensive Code of Conduct for prohibition and prevention of Insider Trading for its designated employees. The Code lays down Guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

VII. SHAREHOLDER INFORMATION

I) Company Registration Details

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L99999MH1962PLC012542.

II) Annual General Meeting

The Fifty first Annual General Meeting of the Company will be held on Tuesday, the 5th August, 2014 at 4.00 p.m. at Pama Thadhani Auditorium, Jai Hind College, A Road, Churchgate, Mumbai - 400 020 to transact such business as stated in the Notice of the Meeting.

III) Financial Year of the Company

The financial year covers the period 1st April to 31st March.

Financial Reporting for:

- Quarter ending 30.06.2014 - by end of July, 2014.
- Half-year ending 30.09.2014 - by end of October, 2014.
- Quarter ending 31.12.2014 - by end of January, 2015.
- Year ending 31.03.2015 - by end of April, 2015.

Note: The above dates are indicative.

IV) Date of Book Closure

Wednesday, the 30th July, 2014 to Tuesday, the 5th August, 2014 (both days inclusive).

V) Dividend Payment date

Not Applicable.

VII) Listing of Equity Shares on Stock Exchanges

1. Bombay Stock Exchange Limited.
2. National Stock Exchange of India Limited.

The Company has paid the Listing Fees to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

VII) Stock Codes:

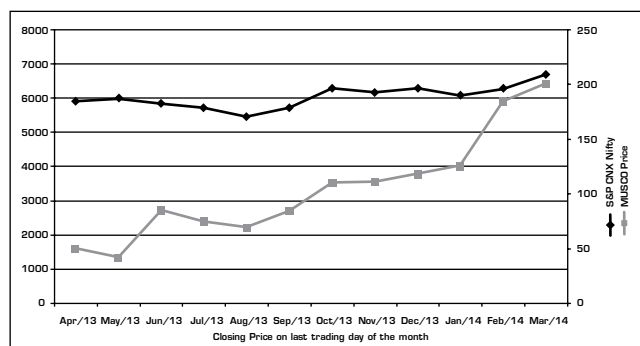
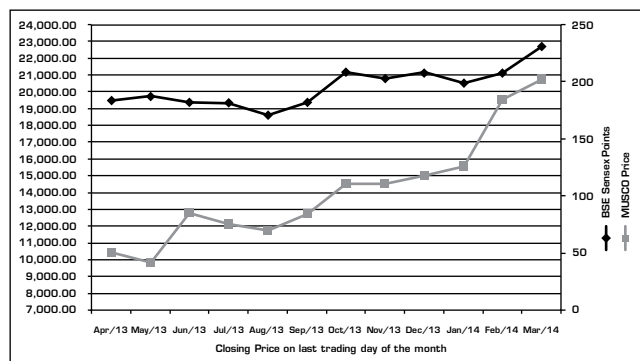
- (a) Bombay Stock Exchange Limited (BSE) - 504823
- (b) National Stock Exchange of India Ltd. (NSE) - MAHINDUGIN
- (c) International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares - INE 850AO1010

VIII) Stock Market price data:

High/low prices during each month in last financial year on Bombay Stock Exchange Limited/National Stock Exchange of India Limited.

Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2013	53.65	46.45	53.65	46.40
May 2013	50.70	41.50	50.50	41.50
June 2013	100.30	40.65	100.35	40.55
July 2013	86.00	74.20	85.75	74.05
August 2013	76.35	66.05	77.50	66.00
September 2013	85.00	65.80	84.90	63.45
October 2013	113.15	83.05	113.15	83.10
November 2013	114.90	106.00	113.45	106.00
December 2013	122.45	106.85	122.70	106.25
January 2014	135.00	115.00	133.95	114.00
February 2014	201.90	122.75	202.40	125.15
March 2014	210.60	174.35	210.45	174.15

IX) Stock Performance in comparison to BSE - Sensitive Index.



X) Registrar and Transfer Agents-

Sharepro Services (India) Private Limited.
Unit: Mahindra UGINE Steel Co. Ltd.
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai - 400 072
Tel. No. 022-67720300/67720400
Fax No. 022-28591568/28508927
E-mail: sharepro@shareproservices.com

XI) Share Transfer System

The Board of Directors has authorized the Managing Director, the Chief Finance Officer and the Company Secretary to deal jointly with all matters relating to approval of the transfer, transmission, replacement, consolidation of shares etc., in order to expedite the process of Share Transfer/Transmission. Normally the said officials meet once in 15 days to approve share transfers and other related matters, if any. The details of share transfer/transmission approved by above officials are properly recorded in the Stakeholders Relationship Committee meetings and are also placed before Board, for its record.

XII) Pattern of shareholding as on 31st March, 2014

Sr. No.	Description	Number of Shares	% to capital
1	Promoters and Promoter Group	18,019,489	55.17
2	Mutual Funds/UTI	173864	0.53
3	Financial Institutions/Banks	22171	0.07
4	Insurance Companies	1,539,159	4.71
5	Foreign Institutional Investors	18,450	0.06
6	Bodies Corporate	1,460,181	4.47
7	Foreign Company	1,000	0.00
8	Non Resident Indian/ Foreign National	267530	0.82
9	Indian Public (Individuals)	11,162,204	34.17
10	Trusts	231	0.00
	TOTAL	32,664,279	100.00

XIII) Distribution of shareholding as on 31st March, 2014

Shares Held	No. of Shareholders	% to Shareholders	No. of Shares	% to Shares
Up to - 500	20116	89.19	2,181,937	6.68
501 - 1000	1200	5.32	956,631	2.93
1001 - 2000	541	2.40	844,045	2.58
2001 - 3000	219	0.98	565,656	1.73
3001 - 4000	101	0.44	360,500	1.10
4001 - 5000	91	0.40	434,967	1.33
5001 - 10000	156	0.69	1,175,517	3.60
10001-and above	131	0.58	26,145,026	80.05
TOTAL	22555	100.00	32,664,279	100.00

XIV) Dematerialization of Shares and Liquidity as on 31st March, 2014.

Physical Form : 1.96%

Dematerialized Form : 98.04%

Trading in equity shares of the Company is permitted in dematerialized form only as per the notification issued by Securities and Exchange Board of India (SEBI). Non-promoters share holding is 44.83% and the liquidity of the stock is fairly good.

XV) Outstanding ADRs/GDRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity.

Your Company has not issued any ADRs/GDRs/Warrants or any convertible instruments.

XVI) Plant Locations :

- 371, Takwe Road, At & Post-Kanhe, Tal. Maval, Dist. Pune - 412 106.
- D-2, MIDC, Ambad, Nashik- 422 010.
- Maharajapur Road, Lalpur, Rudrapur, (U.S. Nagar), Uttarakhand.
- Plot No.2, Sector - 11, Tata Vendor Park, IIE, Pantnagar, Rudrapur - 263 153 Uttarakhand.

XVII) Address for correspondence

Registered Office:-

74, Ganesh Apartment, Opp. Sitaladevi Temple, L. J. Road, Mahim (W), Mumbai - 400 016.

Tel.: 022-24444287, Tele fax: 022-24458196

Email: investors_relation@mahindra.com and kadhao.ajay@mahindra.com

For all investor related matters, Mr. Ajay Kadhao, Company Secretary & Compliance Officer, can be contacted at the above address.

XVIII) OTHER DISCLOSURES

- Annual General Meetings held during the past three years:

Financial Year	Date	Time
2010-11	27.07.2011	3.00 p.m.
2011-12	03.08.2012	4.00 p.m.
2012-13	25.07.2013	4.00 pm

Meetings for the year 2010-11 was held at Amar Gian Grover Auditorium, Lala Lajpatrai Marg, Mahalaxmi, Mumbai - 400034 and meeting for the year 2011-12 and 2012-13 were held at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.

The following Special Resolutions were passed in the previous three Annual General Meetings:

Financial Year	Date of Meeting	Special Resolutions passed
2010-11	27.07.2011	<ol style="list-style-type: none"> Appointment of Mr. Uday Gupta as the Managing Director of the Company for a period of 3 (Three) years with effect from 5th May, 2011 and approval of remuneration. Approval of revision in remuneration payable to Mr. K. V. Ramarathnam for a period with effect from 1st April, 2011 upto the remainder of his tenure i.e. 4th May, 2011 Payment of remuneration to Non-Executive Directors by way of Commission upto one percent of the net profits of the Company, for a period of five years with effect from 1st April, 2011..

Financial Year	Date of Meeting	Special Resolutions passed
2011-12	03.08.2012	<ol style="list-style-type: none"> Alteration/substitution of Article No. 126 of the Articles of Association of the Company in respect of appointment of Directors. Alteration of the Articles of Association of the Company in respect of : <ol style="list-style-type: none"> Participation through Electronic Mode-the Company may provide Video Conference facility and/or other permissible electronic or virtual facilities for communication to enable the Shareholders of the Company to participate in General Meetings of the Company. Participation through Electronic Mode-the Director(s) may participate in Meetings of the Board and Committees thereof, through Video Conference facility and/or other permissible electronic or virtual facilities for communication. Participation through Electronic Mode- a Director participating in a Meeting through use of Video Conference or any other permissible electronic mode of communication shall be counted for the purpose of quorum. A document may be served by the Company on any Member by any electronic mode of communication and in such manner as is/ may be permitted by any law.
2012-13	25.07.2013	Alteration/substitution of Article No. 187 of the Articles of Association of the Company in respect of authorisation and manner of affixing of the Common Seal of the Company.

Postal Ballot

During the year under review, the Company has not passed any special resolution by way of Postal Ballot process. The Company has not proposed any special resolution to be conducted through postal ballot.

2. Details of non-compliance etc.

Your Company has complied with all the requirements of regulatory authorities. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets.

3. Means of Communication

The quarterly, half yearly and yearly results are published in Business Standard and Sakal which are national and local dailies respectively. These are not sent individually to the Shareholders. The Company's financial results and official news releases are displayed on the Company's website at www.muscoindia.com.

During the year ended 31st March, 2014, no presentations were made to institutional investors or analysts.

4. Management Discussion and Analysis Report (MDA):

The Management Discussion and Analysis Report (MDA), has been attached and forms part of this Annual Report.

5. Compliance with mandatory & non-mandatory requirements:

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

Further, your Company has adopted the following non-mandatory requirements of the Clause:

- I Your Company has set up the Nomination & Remuneration Committee (earlier known as Remuneration Committee).
- II During the year under review, there is no audit qualification in the Company's financial statements.

Your Company has not adopted the other non-mandatory requirements as specified in Annexure ID of the clause 49.

Your Company has been a strong believer in good corporate governance and has been adopting the best practices that have evolved over the last two decades.

Your Company will always endeavour to attain the best practices in Corporate Governance.

Mumbai, 21st May, 2014.

DECLARATION BY THE MANAGING DIRECTOR PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of Mahindra Ugin Steel Company Limited

I, Uday Gupta, Managing Director of Mahindra Ugin Steel Company Limited, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Codes of Conduct for the year ended 31st March, 2014.

Uday Gupta
Managing Director

Place: Mumbai

Date: 21st May, 2014.

CERTIFICATE

To the Members of Mahindra Ugin Steel Company Limited

We have examined the compliance of the conditions of Corporate Governance by Mahindra Ugin Steel Company Limited for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreements of the said Company with relevant stock exchanges [hereinafter referred to as clause 49].

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in clause 49.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells LLP
Chartered Accountants
[Firm's Registration No.117366W/W-100018]

Rajesh K. Hiranandani
Partner
[Membership No.: 36920]

Place: Mumbai

Date: 21st May, 2014.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA UGINE STEEL COMPANY LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 aforesaid 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 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani

Partner
(Membership No. 36920)

MUMBAI, 21st May, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA UGINE STEEL COMPANY LIMITED

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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|---|--|
| <p>(i) Having regard to the nature of the Company's business/ activities/ result, clauses [xii], [xiii], [xiv], [xvi], [xviii], [xix] and [xx] of CARO are not applicable.</p> <p>(ii) In respect of its fixed assets:</p> <p>a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.</p> <p>b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.</p> <p>c) The fixed assets disposed off during the year do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.</p> <p>(iii) In respect of its inventory:</p> <p>a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. The stock of scrap, having regard to its nature and manner of storage, was verified by the Management by visual estimation (relied upon by us). In respect of inventories lying with third parties, a significant portion of inventory items has been confirmed by them.</p> <p>b) In our opinion and according to the information and explanations given to us, having regard to our comments with regard to stock of scrap referred in (iii) (a) above, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. As the stock of scrap is verified by visual estimation (relied upon by us), no adjustments have been made for the difference between the stocks so determined and the book records as it has been explained to us by the Management that such an</p> | <p>adjustment would not be proper having regard to the method of verification and the quantum of discrepancy noticed. No material discrepancies were noticed on physical verification.</p> <p>(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.</p> <p>v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.</p> <p>vi) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.</p> <p>vii) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.</p> <p>viii) In our opinion, the internal audit function carried out during the year by an external agency appointed by the Management has been commensurate with the size of the Company and the nature of its business.</p> <p>ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, <i>prima facie</i>, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.</p> <p>x) According to the information and explanations given to us in respect of statutory dues:</p> |
|---|--|

- a) The Company has generally been regular in depositing 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 and other material statutory dues applicable to it with the appropriate authorities.
- b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection

Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

- c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. Crores)
Sales Tax Laws	Sales Tax	Joint Commissioner Appeals	F.Y. 2008-2009, F.Y. 2010-2011 and F.Y. 2011-2012	3.62
Sales Tax Laws	Sales Tax	Maharashtra Sales Tax Tribunal	F.Y. 2006-2007 and F.Y. 2007-2008	8.51
The Central Excise and Customs Act, 1944	Excise Duty	Customs, Excise & Service Tax Appellate Tribunal	April 1999 to March 2007 and April 2008 to March 2010	6.43
		Deputy Commissioner	July 2001 to June 2003 and July 2010 to March 2011	0.93
		Assistant Commissioner	January 2004 to September 2004 and April 2008 to June 2010	0.47
		Joint Commissioner	October 2004 to October 2006	1.49
		Commissioner	November 2006 to July 2007	0.53
		Additional Commissioner	July 2003 to December 2003, August 2007 to March 2008 and April 2010 to July 2012	0.78
Chapter V of Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal	April 2007 to March 2012	4.47*

*The Company is in the process of filing an appeal with Customs, Excise & Service Tax Appellate Tribunal against a demand of Rs. 2.94 Crores.

- (xi) The Company does not have any accumulated losses as at 31st March, 2014. The Company has not incurred cash losses during the financial year covered by our audit, but has incurred cash losses in the immediately preceding financial year.
- (xii) In our opinion and accordingly to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xiv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company (for part of the year) for loans taken by its

subsidiary from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.

- (xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 21st May, 2014

BALANCE SHEET AS AT 31st MARCH, 2014

Note No. 31st March, 2014
Rs. Crores

31st March, 2013
Rs. Crores

EQUITY AND LIABILITIES

Shareholders' funds

(a) Share capital	1	32.66	32.48
(b) Reserves and surplus	2	324.99	135.59
		357.65	168.07

Non-current liabilities

(a) Long-term borrowings	3	-	159.38
(b) Deferred tax liability (net)	4	6.90	10.77
(c) Long-term provisions	5	7.81	7.54
		14.71	177.69

Current liabilities

(a) Short-term borrowings	6	-	68.52
(b) Trade payables	7	77.78	75.30
(c) Other current liabilities	8	10.14	12.71
(d) Short-term provisions	9	7.09	1.74
		95.01	158.27

TOTAL

467.37	504.03
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ASSETS

Non-current assets

(a) Fixed assets			
(i) Tangible assets	10	137.16	136.76
(ii) Intangible assets	10	0.01	0.04
(iii) Capital work-in-progress		6.42	2.77
(b) Non-current investments	11	-	111.35
(c) Long-term loans and advances	12	63.50	65.68
(d) Other non-current assets	13	0.84	0.95
		207.93	317.55

Current assets

(a) Current investments	14	7.00	-
(b) Inventories	15	37.32	40.68
(c) Trade receivables	16	111.91	132.15
(d) Cash and bank balances	17	30.91	5.41
(e) Short-term loans and advances	18	68.76	7.41
(f) Other current assets	19	3.54	0.83
		259.44	186.48

TOTAL

467.37	504.03
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See accompanying notes forming part of the financial statements

1 - 48

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

For and on behalf of the Board

Uday Gupta

Managing Director

Rajesh K. Hiranandani
Partner

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Hemant Luthra
Harsh Kumar
Daljit Mirchandani
Sanjiv Kapoor

Directors

Mumbai : 21st May, 2014

Mumbai : 21st May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

	Note No.	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
Continuing operations (Stampings division)			
I Revenue from operations	20	799.63	849.73
Less : Excise duty		76.61	83.34
		723.02	766.39
II Other income	21	5.82	0.64
III Total revenue (I+II)		728.84	767.03
IV Expenses:			
Cost of raw materials and components consumed <i>(See note 31)</i> (includes processing cost Rs. 5.83 Crores; 2012-13 Rs. 8.84 Crores)		533.11	579.10
Changes in inventories of finished goods and work-in-progress	22	(0.01)	(4.39)
Employee benefits expense	23	65.39	66.71
Finance costs	24	13.91	26.16
Depreciation and amortisation expense (See note 10)		16.07	14.73
Provision for doubtful trade receivables		15.46	-
Other expenses	25	58.05	55.88
Total expenses		701.98	738.19
V Profit before exceptional items and tax (III-IV)		26.86	28.84
VI Exceptional items :			
- Profit on sale of land and buildings		124.55	-
- Profit on sale of long term investments		104.62	-
VII Profit for the year from continuing operations before tax (V+VI)		256.03	28.84
VIII Tax expense:			
- Current tax		69.70	12.40
- Short provision in respect of earlier years (net)		2.05	-
- Deferred tax (credit) / charge		(3.87)	1.30
		67.88	13.70
Profit for the year from continuing operations (VII-VIII)	(A)	188.15	15.14
Discontinuing operations (Steel division) (See note 41)			
IX Loss for the year from discontinuing operations before tax		-	(25.26)
X Loss on transfer of steel business		-	(47.00)
XI Tax expense:			
- Current tax credit		-	(10.45)
- Current tax charge relating to transfer of steel business		-	0.58
- Deferred tax credit		-	(13.53)
		-	(23.40)
Loss for the year from discontinuing operations after tax (IX+X-XI)	(B)	-	(48.86)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

	Note No.	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
XII Profit/ (Loss) for the year	(A+B)	188.15	(33.72)
XIII Earnings per share (EPS) (See note 40)			
(a) Basic EPS for (face value Rs. 10 per share)			
- Profit for the year from continuing operations			
- Before exceptional item (in Rupees)		4.84	4.66
- After exceptional item (in Rupees)		57.91	4.66
- Profit/(Loss) for the year from total operations			
- Before exceptional item (in Rupees)		4.84	(10.38)
- After exceptional item (in Rupees)		57.91	(10.38)
(b) Diluted EPS for (face value Rs. 10 per share)			
- Profit for the year from continuing operations			
- Before exceptional item (in Rupees)		4.83	4.66
- After exceptional item (in Rupees)		57.82	4.66
- Profit/(Loss) for the year from total operations			
- Before exceptional item (in Rupees)		4.83	(10.38)
- After exceptional item (in Rupees)		57.82	(10.38)
See accompanying notes forming part of the financial statements	1 - 48		

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Rajesh K. Hiranandani

Partner

Sandeep Jain

Chief Finance Officer

Ajay Kadhao

Company Secretary

For and on behalf of the Board

Uday Gupta

Managing Director

Hemant Luthra

Harsh Kumar

Daljit Mirchandani

Sanjiv Kapoor

Directors

Mumbai : 21st May, 2014

Mumbai : 21st May, 2014

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

Particulars	31 st March, 2014		31 st March, 2013	
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit / (Loss) before tax		256.03		(43.42)
Adjustments for:				
Depreciation and amortisation	16.07		20.15	
Loss on sale / write off of fixed assets (net)	0.06		0.18	
Write back on account of ESOPs lapsed	(0.32)		(0.32)	
Finance costs	13.91		42.19	
Interest income	(4.69)		(0.39)	
Dividend income	(0.18)		(0.00) *	
Provision for doubtful trade receivables made / (written back)	15.46		(1.15)	
Provision for water charges (disputed)	-		0.17	
Profit on sale of land and buildings	(124.55)		-	
Profit on sale of long term investments	(105.09)		-	
Loss on transfer of steel business	-		47.00	
Net unrealised exchange loss	-		0.05	
		(189.33)		107.88
Operating profit before working capital changes		66.70		64.46
Changes in working capital				
Adjustments for (increase) / decrease in operating assets:				
Inventories	3.36		(42.92)	
Trade receivables	4.78		(7.25)	
Short-term loans and advances	(1.94)		(6.54)	
Long-term loans and advances	(0.35)		(24.06)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	2.49		(32.37)	
Other current liabilities	0.39		(0.84)	
Short-term provisions	1.16		(0.54)	
Long-term provisions	0.27		2.36	
		10.15		(112.16)
Cash generated from operations		76.85		(47.70)
Income tax paid		(0.77)		(11.89)
Net cash flow from / (used in) operating activities (A)		76.08		(59.59)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	(27.69)		(24.57)	
Proceeds from transfer of steel business (See note 1 below)	-		22.25	
Proceeds from sale of other fixed assets	0.20		0.12	
Proceeds on sale of long term investment in subsidiary	214.33		-	
Proceeds from sale of land and buildings	124.99		-	
Proceeds from sale of other long-term investments	2.11		-	
Bank balances not considered as cash and cash equivalents	0.23		(0.86)	
Inter-corporate deposit placed	(59.13)		-	
Investment in mutual funds (net)	(7.00)		-	
Interest received	1.70		0.39	
Dividend received	0.18		0.00 *	
Cash generated from investing activities		249.92		(2.67)
Income tax paid		(55.04)		-
Net cash flow from / (used in) investing activities (B)		194.88		(2.67)

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

Particulars	31 st March, 2014		31 st March, 2013	
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares under ESOP	1.75		-	
Proceeds from long-term borrowings	-		150.00	
Repayment of long-term borrowings	(163.13)		(61.16)	
Net increase / (decrease) in working capital borrowings	(68.52)		43.99	
Repayment of other short-term borrowings (net)	-		(25.00)	
Finance costs	(15.35)		(42.88)	
Dividend paid	(0.09)		(0.07)	
Net cash flow from / (used in) financing activities (C)		(245.34)		64.88
Net increase in cash and cash equivalents (A+B+C)		25.62		2.62
Cash and cash equivalents at the beginning of the year #		5.07		2.57
Less: Cash and cash equivalents transferred on divestiture of steel business		-		(0.12)
Cash and cash equivalents at the end of the year #		30.69		5.07
# Comprises:				
(a) Cash on hand		0.04		0.01
(b) Cheques, drafts on hand		0.11		4.95
(c) Balances with banks				
- In current accounts	15.53		0.11	
- In fixed deposit accounts	15.01		-	
		30.54		0.11
		30.69		5.07

* denotes amounts less than Rs. 50,000

Notes:

- The previous year's figures exclude non cash effect of equity shares amounting to Rs.111.25 Crores of Mahindra Sanyo Special Steel Private Limited received for transfer of steel business pursuant to the business transfer agreement.
- The previous year's figures include cash flow of steel business (discontinuing operations) upto 9th July, 2013, subsequent to which the same was transferred to Mahindra Sanyo Special Steel Private Limited and accordingly the figures for the current year are not comparable with that of the previous year.
- Total tax paid during the year - Rs. 55.81 Crores; (2012-13 - Rs. 11.89 Crores)
- Previous year's figures have been regrouped, wherever necessary to conform to current year's classifications.

See accompanying notes 1 to 48 forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Rajesh K. Hiranandani

Partner

Sandeep Jain

Chief Finance Officer

Ajay Kadhao

Company Secretary

For and on behalf of the Board

Uday Gupta

Managing Director

Hemant Luthra

Harsh Kumar

Daljit Mirchandani

Sanjiv Kapoor

Directors

Mumbai : 21st May, 2014

Mumbai : 21st May, 2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
1. SHARE CAPITAL		
Authorised capital		
119,000,000 Equity shares of Rs.10 each	119.00	119.00
3,100,000 Redeemable cumulative preference shares of Rs.100 each	31.00	31.00
Issued, subscribed and fully paid up		
32,664,279 (2012-13 - 32,482,529) Equity shares of Rs.10 each fully paid up	32.66	32.48
	<u>32.66</u>	<u>32.48</u>

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

	31 st March, 2014		31 st March, 2013	
	No. of shares	Rs. Crores	No. of shares	Rs. Crores
Issued, subscribed and fully paid up				
Balance at the beginning of the year	32,482,529	32.48	32,482,529	32.48
Add :				
Equity shares issued under ESOP scheme	181,750	0.18	-	-
	<u>32,664,279</u>	<u>32.66</u>	<u>32,482,529</u>	<u>32.48</u>

(b) Terms/rights and restrictions attached to equity shares:

The Company has only one class of equity shares having a face value of Rs. 10 per share. The rights of the equity shareholders rank pari-passu for all matters, including dividend and each shareholder is entitled to one vote per share. 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 the holding company:

	31 st March, 2014		31 st March, 2013	
	No. of shares	Rs. Crores	No. of shares	Rs. Crores
Mahindra & Mahindra Limited	16,466,789	16.47	16,466,789	16.47

(d) Shares held by each shareholder holding more than 5% shares, specifying the number of shares held:

Name of the Shareholder	No. of shares	% holding	No. of shares	% holding
Mahindra & Mahindra Limited	16,466,789	50.41%	16,466,789	50.69%
Mr. Girdharilal Agrawal	2,024,152	6.20%	2,041,510	6.28%

(e) Shares reserved for issue under ESOP scheme:

[See note 43]

	No. of shares	No. of shares
Number of shares reserved for ESOP scheme	175,125	536,500
Number of shares vested but not exercised	175,125	536,500

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
2. RESERVES AND SURPLUS		
(a) Capital Reserve (on redemption of preference shares, being the amount originally paid-up on shares forfeited) - As per last balance sheet	0.00* 0.00	0.00* 0.00
(b) Capital Redemption Reserve - As per last balance sheet	16.46 16.46	16.46 16.46
(c) Securities Premium Reserve - As per last balance sheet Add : - Amount received on exercise of ESOPs - Transfer from share options outstanding on exercise of ESOPs	- 1.57 0.32 1.89	- - - -
(d) Share Options Outstanding - As per last balance sheet Less : - Transfer to Securities premium reserve on exercise of ESOPs - Written back during the year on account of ESOPs lapsed <i>(See note 43)</i>	0.95 (0.32) (0.32) 0.31	1.27 - (0.32) 0.95
(e) General Reserve - As per last balance sheet	74.72 74.72	74.72 74.72
(f) Surplus i.e. Balance in the Statement of Profit and Loss - As per last balance sheet Add/[Less] : Profit/[Loss] for the year	43.46 188.15 231.61 324.99	77.18 (33.72) 43.46 135.59
*denotes amounts less than Rs. 50,000		
3. LONG-TERM BORROWINGS		
Secured <i>(See note 27)</i>		
Term loans - From banks	- -	159.38 159.38
4. DEFERRED TAX LIABILITY (NET)		
Deferred tax liability:		
- On fiscal allowances on fixed assets	14.37 14.37	13.43 13.43
Less: Deferred tax assets		
- On employee separation and retirement	1.59	1.46
- On provision for doubtful debts	5.44	0.18
- On other timing differences	0.44 7.47	1.02 2.66
Deferred tax liability (net)	6.90	10.77

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

	Rs. Crores	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
5. LONG-TERM PROVISIONS			
Provision for employee benefits			
- Compensated absences		4.13	3.86
Provision for water charges (disputed) <i>[See note 42]</i>		3.68	3.68
		<u>7.81</u>	<u>7.54</u>
6. SHORT-TERM BORROWINGS			
Secured			
Loans repayable on demand - from banks			
- Cash credit and working capital demand loan (secured by hypothecation of raw materials, finished goods, work in progress, stores and book debts)		-	68.52
		<u>-</u>	<u>68.52</u>
7. TRADE PAYABLES			
Acceptances		0.67	1.18
Due to micro and small enterprises <i>[See note 37]</i>		0.93	1.66
Due to others		76.18	72.46
		<u>77.78</u>	<u>75.30</u>
8. OTHER CURRENT LIABILITIES			
Current maturities of long-term debt <i>[See note 27]</i>		-	3.75
Interest accrued and due on borrowings		-	1.43
Unclaimed dividends		0.21	0.30
Unclaimed matured deposits and interest on fixed deposits		0.01	0.02
Other payables			
- Statutory dues	4.48		3.90
- Capital creditors	3.36		1.04
- Security deposits received	1.60		1.76
- Others	0.48		0.51
		9.92	7.21
		<u>10.14</u>	<u>12.71</u>
9. SHORT-TERM PROVISIONS			
Provision for employee benefits			
- Compensated absences	0.54		0.43
- Gratuity <i>[See note 44]</i>	1.91		1.31
- Other employee benefits	0.45		-
		2.90	1.74
Provision - Others			
- Provision for taxation (net of advance tax Rs. 65.51 Crores; 2012-13- Rs. Nil)		4.19	-
		<u>7.09</u>	<u>1.74</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

10. FIXED ASSETS

Rs. Crores

Particulars	COST				DEPRECIATION				WRITTEN DOWN VALUE
	As at 1 st April, 2013	Additions and adjustment	Deletions and adjustment	As at 31 st March, 2014	As at 1 st April, 2013	For the year discontinuing operations steel	For the year continuing operations stampings	Deletions and adjustment	As at 31 st March, 2014
Tangible assets:									
Freehold land	0.46 (0.52)	2.50 (-)	0.06 (-)	2.90 (0.46)	- (-)	- (-)	- (-)	- (-)	2.90 (0.46)
Leasehold land	2.36 (2.36)	- (0.00)*	- (-)	2.36 (2.36)	0.36 (0.30)	- (-)	0.05 (0.06)	- (-)	1.95 (2.00)
Buildings	39.70 (68.17)	1.18 (0.85)	0.81 (0.31)	40.07 (39.70)	14.19 (23.10)	- (0.24)	1.30 (1.26)	0.44 (0.06)	15.05 (14.19)
Plant and equipment	250.03 (552.37)	13.15 (27.04)	1.24 (0.26)	261.94 (250.03)	143.81 (285.86)	- (5.06)	13.98 (12.74)	0.96 (0.26)	105.11 (106.22)
Furniture and fixtures	2.24 (3.07)	0.03 (0.17)	- (-)	2.27 (2.24)	1.20 (1.61)	- (0.02)	0.12 (0.15)	- (0.01)	0.95 (1.04)
Office equipments	1.40 (2.49)	0.06 (0.13)	- (-)	1.46 (1.40)	0.68 (1.08)	- (0.02)	0.20 (0.15)	- (0.01)	0.58 (0.72)
Computers	2.68 (5.63)	0.22 (0.17)	0.01 (1.02)	2.89 (2.68)	2.33 (5.07)	- (0.02)	0.25 (0.21)	0.01 (1.01)	2.57 (0.35)
Vehicles	1.51 (3.68)	- (0.25)	0.35 (0.66)	1.16 (1.51)	1.05 (2.67)	- (0.06)	0.14 (0.14)	0.36 (0.60)	0.33 (0.46)
Intangible assets:									
Computer software	1.54 (4.14)	- (-)	- (-)	1.54 (1.54)	1.50 (4.08)	- (-)	0.03 (0.02)	- (-)	1.53 (0.04)
Total	301.92 (642.43)	17.14 (28.61)	2.47 (2.25)	316.59 (301.92)	165.12 (323.77)	- (5.42)	16.07 (14.73)	1.77 (1.95)	179.42 (165.12)
Previous year									

* deonotes amounts less than Rs. 50,000
Previous year's figures have been disclosed in parenthesis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

	31 st March, 2014	31 st March, 2013
Rs. Crores	Rs. Crores	Rs. Crores
11. NON-CURRENT INVESTMENTS		
Trade investments: (fully paid up) (At cost)		
a) Investments in equity shares		
Quoted		
- Orissa Sponge Iron Ltd.		
Nil (2012-13 - 2,785) equity shares of Rs. 10 each	-	0.00 *
- Dena Bank		
Nil (2012-13 - 9,917) equity shares of Rs. 10 each	-	0.03
Unquoted		
(i) Investment in a subsidiary :		
- Mahindra Sanyo Special Steel Private Ltd.		
Nil (2012-13 - 51,00,000) equity shares of Rs. 10 each	-	111.26
Other Investments: (fully paid up) (At cost)		
a) Investments in equity shares		
Quoted		
- Kotak Mahindra Bank Ltd.		
Nil (2012-13 - 6,000) equity shares of Rs. 5 each	-	0.00 *
Unquoted		
(i) Investment in an associate :		
- Mahindra Hotels and Resorts Ltd.		
Nil (2012-13 - 49,990) equity shares of Rs. 10 each	-	0.05
(ii) Investment in other companies :		
- Mahindra & Mahindra Contech Ltd.		
Nil (2012-13 - 35,000) equity shares of Rs. 10 each	-	0.04
- The Indian and Eastern Engineer Co. Ltd.		
Nil (2012-13 - 3) ordinary shares of Rs. 10 each	-	0.00 *
Nil (2012-13 - 10,000) equity shares of Rs.10 each	-	0.02
- Mahindra Construction Co. Ltd.		
Nil (2012-13 - 300,000) equity shares of Rs. 10 each	-	0.30
	-	111.70
Less : Provision for diminution	-	0.35
	-	111.35
* denotes amounts less than Rs. 50,000		
Notes : (1) Aggregate of quoted investments :		
- Cost	-	0.03
- Market value	-	0.50
(2) Aggregate of unquoted investments :		
- Cost	-	111.67
(3) All investments have been sold during the year		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

	Rs. Crores	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
12. LONG-TERM LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
Capital advances		11.18	1.96
Security deposits (includes amounts deposited under protest)		28.28	28.01
Loans and advances to a related party (See note 39)			
- Security deposit to holding company		0.57	0.57
Other loans and advances			
- Taxation - advance tax less provision for tax (net of provision for tax of Rs. 104.06 Crores; 2012-13 - Rs. 100.89 Crores)		21.84	25.00
- MAT credit entitlement		-	8.59
- Employee loans and advances		0.28	0.19
- Advances (considered doubtful)	2.73		2.73
Less : Provision for doubtful advances	(2.73)		(2.73)
		-	-
- Others		1.35	1.36
		<u>63.50</u>	<u>65.68</u>
13. OTHER NON-CURRENT ASSETS			
Deposits with banks held as margin money or security against guarantees issued		0.84	0.95
		<u>0.84</u>	<u>0.95</u>
14. CURRENT INVESTMENTS			
(at lower of cost and fair value)			
Investments in mutual funds			
Unquoted			
- Prudential ICICI Mutual Fund - QIP Series III 6,875,890 (2012-13 - Nil) units of Rs. 10 each		7.00	-
		<u>7.00</u>	<u>-</u>
15. INVENTORIES			
(At lower of cost and net realisable value)			
Raw materials		14.43	17.52
(includes in transit Rs. 0.61 Crore; 2012-13 - Rs 1.53 Crores)			
Work-in-progress			
- Pressed sheet metal components, assemblies and dies		11.75	12.24
Finished goods			
- Pressed sheet metal components, assemblies and dies		7.59	7.09
Stores and spares		3.55	3.83
		<u>37.32</u>	<u>40.68</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

	Rs. Crores	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
16. TRADE RECEIVABLES			
(Unsecured)			
Outstanding for a period exceeding six months from the date they were due for payment			
- considered good	3.31		20.28
- considered doubtful	15.46		-
		18.77	20.28
Others			
- considered good #		108.60	111.87
		127.37	132.15
Less :- Provision for doubtful debts		15.46	-
		111.91	132.15
# includes debts due from a private company in which a director is a director		0.11	-
17. CASH AND BANK BALANCES			
Cash and cash equivalents:			
- Cash on hand	0.04		0.01
- Cheques on hand	0.11		4.95
- Balances with banks			
- In current accounts	15.53		0.11
- In fixed deposit accounts	15.01		-
		30.69	5.07
Other bank balances :			
- Earmarked balances			
- In earmarked current accounts for :			
- Unclaimed dividend/interest on fixed deposits accounts		0.22	0.34
		30.91	5.41
18. SHORT-TERM LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
Other loans and advances			
- Inter corporate deposit (ICD)		59.13	-
- Trade advance			
- considered good		4.49	2.90
- considered doubtful	0.54		0.54
Less : Provision for doubtful advance	(0.54)		(0.54)
- Balances with excise, customs and other statutory authorities		4.30	4.01
- Prepaid expenses		0.70	0.35
- Employee loans and advances		0.14	0.15
		68.76	7.41
19. OTHER CURRENT ASSETS			
Interest accrued on ICD		2.99	-
Others		0.55	0.83
		3.54	0.83

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

	31 st March, 2014	31 st March, 2013
Rs. Crores	Rs. Crores	Rs. Crores
20. REVENUE FROM OPERATIONS		
Sale of		
- Pressed metal, sheet components and dies	670.46	708.85
Sale of Services		
- Income from processing	6.19	9.52
Other operating revenue		
- Scrap sales	122.37	130.97
- Others	0.61	0.39
	122.98	131.36
	799.63	849.73
21. OTHER INCOME		
Interest income		
- Fixed deposits with banks	1.54	0.07
- ICD	2.99	-
- Others	0.16	-
	4.69	0.07
Dividend income from		
- Long term investments	0.00 *	0.00 *
- Current investments	0.18	-
	0.18	0.00 *
Rent income	0.05	0.05
Provision for doubtful debts / advances written back		
- Opening provision for doubtful debts	-	5.65
- Less: Provision relating to steel business written back, included in discontinuing operations	-	1.07
- Less: transferred on divestiture of steel business	-	4.50
	-	0.08
Profit on sale of long term investments (other than disclosed as an exceptional item)	0.47	-
Other non-operating income	0.43	0.44
	5.82	0.64
*denotes amounts less than Rs. 50,000		
22. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening stock : (Pressed metal, sheet components and dies)		
Work-in-progress	12.24	9.01
Finished goods	7.09	5.93
Total	19.33	14.94
Less:		
Closing stock : (Pressed metal, sheet components and dies)		
Work-in-progress	11.75	12.24
Finished goods	7.59	7.09
	19.34	19.33
Net (increase)	(0.01)	(4.39)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

	Rs. Crores	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
23. EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		57.18	57.91
Contribution to			
- Provident and other funds (See note 44)	2.89		2.33
- Gratuity fund	0.60		1.27
		3.49	3.60
Employee stock option write back (See note 43)		(0.32)	(0.32)
Staff welfare expenses		5.04	5.52
		65.39	66.71
24. FINANCE COSTS			
Interest expense on			
- borrowings	13.26		22.16
- income tax	0.04		-
- others	0.36		0.55
		13.66	22.71
Other borrowing costs		0.25	3.45
		13.91	26.16
25. OTHER EXPENSES			
Stores consumed		8.74	8.38
Packing material consumed		8.31	5.24
Power and fuel		12.83	14.19
Rent including lease rentals		1.30	1.31
Rates and taxes		0.55	0.67
Insurance		0.68	0.37
Repairs and maintenance			
- Buildings	0.51		0.46
- Machinery	4.48		3.39
(including stores and spares consumed - Rs. 3.45 Crores; 2012-13 - Rs. 3.18 Crores)			
- Others	3.01		2.86
(including stores and spares consumed - Rs. 0.28 Crores; 2012-13 - Rs. 1.68 Crores)			
		8.00	6.71
Legal and professional charges		4.87	4.99
Freight outward		5.29	7.04
Loss on foreign exchange transactions and translations (net)		0.07	0.05
Loss on fixed assets scrapped/ written off (net)		0.06	0.18
Excise duty charge		0.19	0.10
Investment written off (Rs. Nil; 2012-13 Rs. 200)		-	0.00 *
Miscellaneous expenses (see note 28)		7.16	6.65
		58.05	55.88

*denotes amounts less than Rs. 50,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

26. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting and preparation of financial statements:

The financial statements have been prepared on accrual basis and comply in all material respects with the Generally Accepted Accounting Principles in India (Indian GAAP) and the relevant provisions of the Companies Act, 1956 including the Accounting Standards notified under the said Act.

b) Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported revenue and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) (A) Tangible fixed assets:

Fixed assets are recorded at historical cost of purchase and do not reflect current values. Cost includes interest and other financial charges attributable to the acquisition of fixed assets.

Depreciation is provided for as follows:

The Company provides depreciation on straight line method and except as stated in note (i) below, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956:

- i) Depreciation on heavy vehicles, other vehicles, office equipment and data processing equipment are provided at 25%, 20%, 20% and 33% of cost respectively.
- ii) Leasehold land is amortised over the period of lease.
- iii) In respect of extra shift, depreciation is provided on the basis of the actual utilisation of assets. In determining actual utilisation, it has been assumed that the individual items of plant in each shop have worked for the same number of hours as the main plant in that shop, except where separate records are maintained for any item.

When an asset is disposed off, the cost and related depreciation are removed from the books of account and the resultant profit (including capital profit) or loss is reflected in the Statement of Profit and Loss.

(B) Intangible assets:

Software expenditure incurred is amortised equally over the period of 36 months.

d) Investments:

Non-current investments are valued at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of non-current investments. Dividend income is recognised when the right to receive payment is established. Current investments are stated at lower of cost and fair value.

e) Inventories:

Inventories are valued at cost or net realisable value, whichever is lower. Cost of inventories is arrived at on a weighted average basis and is inclusive of overheads and duties, where appropriate. Scrap generated is valued at net realisable value.

f) Foreign exchange transactions:

Foreign exchange transactions are initially recognised at the exchange rate prevailing on the transaction date. At each balance sheet date foreign currency monetary items are translated at the relevant rates of exchange prevailing at that date. In respect of forward contracts, the premium or discount arising at the inception of such a contract is amortised as expense or income over the life of the contract.

In case of monetary items, the exchange differences are recognised in the Statement of Profit and Loss.

g) Revenue recognition:

Sales of products are recognised when the products are shipped or on transfer of significant risks and rewards of ownership to the buyer depending upon the terms agreed with the customers. Sales of services are recognised when the services are rendered.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

h) Employee benefits:

i) Provident fund:

The Company's contribution to the recognised provident fund, paid/payable during the year, is debited to the Statement of Profit and Loss. The shortfall, if any between the return guaranteed by the statute and actual earnings of the fund is provided for by the Company and contributed to the fund.

ii) Superannuation and other funds / schemes:

Company's contributions paid / payable during the year to officer's superannuation fund, employees' pension scheme, employees' state insurance scheme and labour welfare fund are recognised in the Statement of Profit and Loss.

iii) Gratuity and compensated absences:

Company's liability towards gratuity and compensated absences is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate determined by reference to market yield at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and the estimated terms of the defined benefit obligation.

i) Borrowing costs:

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs are eligible for capitalisation during the year.

j) Earnings per share:

Basic earnings per share are computed by dividing the profit / [loss] after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / [loss] after tax as adjusted for dividend, interest and other expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit or increase the net loss per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

k) Taxes on income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax during the specified period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of losses under tax laws are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on account of other timing differences are recognised to the extent that there is a reasonable certainty of its realisation.

l) Research and development expenditure:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

development are capitalised and depreciated in accordance with the policies stated for tangible fixed assets and intangible assets.

m) Impairment of assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

n) Provisions and contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Contingent liabilities are disclosed in the financial statements.

27. LONG-TERM BORROWINGS:

- a. Terms of repayment of secured term loans from banks are as under :-

Sr. No.	As at 31 st March, 2014		As at 31 st March, 2013		Terms of repayment and other relevant terms
	Non-current Rs. Crores	Current Rs. Crores	Non-current Rs. Crores	Current Rs. Crores	
1.	-	-	9.38	3.75	The loan was to be repaid in 16 equal quarterly instalments of Rs. 0.9375 Crore each from December 2012 till September 2016. The interest rate applicable was 11.50% p.a.
2.	-	-	150.00	-	The loan was to be repaid in 12 equal quarterly instalments of Rs. 12.50 Crores each from September 2014 till June 2017. The interest rate applicable was 11.50% p.a.
	-	-	159.38	3.75	

- b) Company has prepaid both the term loans at Sr. No 1 and 2 in table above in November 2013 and October 2013 respectively consequent to which first equitable mortgage on entire fixed assets of the Company is released.

28. PAYMENT TO AUDITORS*:

	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
To Statutory Auditor		
(a) As auditor	0.15	0.15
(b) For other services	0.13	0.13
(c) For company law matters ** (Rs. 15,000 ; 2012-13: Rs. 15,000)	0.00 **	0.00 **
(d) For reimbursement of expenses *** (Rs. 29,539; 2012-13: Rs. 97,607)	0.00 ***	0.01 ***
To Cost Auditor		
(a) As auditor	0.01	0.01

* Amounts mentioned are exclusive of service tax.

Amounts paid to network firms of auditors, not included above is Rs. 0.03 Crore; 2012-13 Rs. 0.01 Crore

29. Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March, 2014 Rs. 36.40 Crores (2012-2013: Rs. 8.25 Crores).

30. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

- a) Customer bills discounted but not matured Rs. 5.10 Crores (2012-2013: Rs. 7.26 Crores).
- b) Excise duty and Service Tax:
Excise and Service Tax matters for which the Company is contingently liable amounting to Rs. 16.31 Crores (2012-2013: Rs. 13.34 Crores). This includes:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

- i) Rs. 0.52 Crore (2012-2013: Rs. 0.52 Crore) - relating to the method of valuation of customer processed finished goods for the purpose of discharge of excise duty, where the customer supplies raw material. This matter has been settled by Custom, Excise & Service Tax Appellate Tribunal (CESTAT) in favour of the Company. The Department has gone in further appeal in the Supreme Court.
- ii) Rs. 5.05 Crores (2012-2013: Rs. 4.96 Crores) – demand relating to alleged availment of Cenvat credit on invoices issued by certain registered dealers without actually receiving the material covered therein. The Company has filed an appeal in CESTAT against the said demand.
- iii) Rs. 0.45 Crore (2012-2013: Rs. 0.42 Crore) being matters related to availment of service tax credit.
- iv) Rs. 1.08 Crores (2012-2013: Rs.1.01 Crores) being disallowance of input credit availed on canteen expenses.
- v) Rs 2.94 Crores (2012-2013: Rs. Nil) being disallowance of input credit availed on banking services without having registration as input service distributor.
- vi) Rs. 1.78 Crores (2012-2013: Rs. 1.90 Crores) - being other matters.

In respect of [b] (i) above and other valuation issues, the excise department has continued to issue show cause cum demand notices for subsequent periods aggregating Rs. 4.53 Crores (2012-2013: Rs. 4.53 Crores).

c) Sales Tax:

Sales Tax matters for which the Company is contingently liable amounting Rs. 12.96 Crores (2012-2013: Rs. 9.31 Crores). This includes:

- i) A demand of Rs. 8.51 Crores (2012-2013: Rs. 8.51 Crores) for financial year 2006-07 and financial year 2007-08 by treating the branch transfer of goods as sales made by the Company and for non-submission of 'C' forms. The amount is inclusive of interest and penalty. The Company has filed an appeal in Sales Tax Tribunal against the said demand.
- ii) A demand of Rs. 3.65 Crores (2012-2013 : Rs. Nil) for financial year 2008-09 by disallowing the input vat set off claimed by the Company and for non submission of 'C' forms. The amount is inclusive of interest and penalty. The Company has filed an appeal with Joint Commissioner Appeals against the said demand.
- iii) Other sales tax matters Rs. 0.80 Crore (2012-2013: Rs. 0.80 Crore)

d) Taxation demands against which the Company is in appeal Rs. 7.11 Crores (2012-2013: Rs. 6.33 Crores).

- e) Other matter for which the Company is contingently liable is Rs. 58.74 Crores (2012-2013: Rs. 58.74 Crores). This represents dispute in the rate of water charges, inclusive of penal charge of Rs. 10.19 Crores (2012-2013: Rs. 10.19 Crores) and late fee charge of Rs. 22.31 Crores (2012-2013: Rs. 22.31 Crores), demanded by the Irrigation department.

The Company is in dispute with the Irrigation Department [Water Resource Department] in respect of levy of charge for use of water from Patalganga River, for the period from July 1991 to May 2012. The Hon'ble Court of Alibag district, before whom the appeal was filed by the Irrigation Department against the Order of the Court of the Civil Judge, Senior Division Panel, decided the appeal against the Company. Consequently the Company filed an appeal before the Hon'ble High Court of Judicature of Bombay challenging the Order of the Alibag Court. The Hon'ble Bombay High Court has admitted the appeal for the disputed period of July 1991 to March 2001, since for the period April 2001 to May 2012 there has been no agreement in force between the Company and the Irrigation department. As per the directions of the Hon'ble Bombay High Court, the Company has deposited Rs. 2.88 Crores with the Hon'ble Bombay High Court, being the demand as per the Irrigation department for the said period of July 1991 to March 2001.

In respect of the demand for period from April 2001 to May 2012, the Company has filed a writ petition before the Hon'ble Bombay High Court. The Hon'ble Bombay High Court, vide Order dated 2nd July, 2012, has admitted the writ petition of the Company in relation to water charges demanded by the Irrigation Department, District - Raigad for the said period. In compliance with the conditions of the Order, the Company has paid an amount of Rs. 23.35 Crores with the Irrigation Department, being the arrears of water charges for the period from July 1991 to May 2012 and has also given a bank guarantee towards penal rate charges of Rs. 10.19 Crores claimed by the Irrigation Department. The High Court has also allowed the Irrigation Department to withdraw the amount of arrears of Rs. 2.88 Crores deposited earlier with it in respect of disputed water charge claim for the period from July 1991 to March 2001. As per the Order, the Company is entitled to pursue the proceedings filed by it before the Hon'ble Bombay High Court and that the State of Maharashtra [Irrigation Department] shall not adopt any coercive steps for recovery of the aforesaid penal rate charges of Rs. 10.19 Crores and the late fee of Rs. 22.31 Crores.

Pending the hearing and final disposal of these proceedings and based on the Company's assessment of water charges dues, the aforesaid amount of Rs. 26.23 Crores is considered as recoverable and an amount of Rs. 3.68 Crores has been cumulatively provided for based on the management's estimate as to the expected charge on this account.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

f) Other claims against the Company not acknowledged as debts:

- i. Claim pertaining to material supply contract Rs. Nil (2012-2013: Rs. 9.66 Crores). The arbitration award is received during the year.
- ii. Claims relating to lease rentals Rs. 1.02 Crores (2012-2013: Rs. 1.02 Crores).

31. COST OF RAW MATERIALS AND COMPONENTS CONSUMED:

Continuing operations	31 st March, 2014	31 st March, 2013
Stamping division	Rs. Crores	Rs. Crores
1) Metal sheets	474.95	497.24
2) Components, Paints and tools	52.33	73.02
3) Processing charges	5.83	8.84
	<u>533.11</u>	<u>579.1</u>
Discontinuing operations		
Steel division		
1) Ferrous scrap	-	100.64
2) Ferro alloys	-	37.37
3) Processing charges	-	3.59
4) Others	-	6.55
	<u>-</u>	<u>148.15</u>

	31 st March, 2014		31 st March, 2013	
	Rs. Crores	%	Rs. Crores	%
Continuing operations				
Stamping division				
Imported – at landed cost	1.12	0.21	5.67	0.98
Indigenously obtained	531.99	99.79	573.43	99.02
	<u>533.11</u>	<u>100.00</u>	<u>579.10</u>	<u>100.00</u>
Discontinuing operations				
Steel division				
Imported – at landed cost	-	-	54.65	36.89
Indigenously obtained	-	-	93.5	63.11
	<u>-</u>	<u>-</u>	<u>148.15</u>	<u>100.00</u>

32. STORES AND SPARES CONSUMED:

	31 st March, 2014		31 st March, 2013	
	Rs. Crores	%	Rs. Crores	%
Continuing operations- Stamping division				
Imported – at landed cost	-	-	-	-
Indigenously obtained	12.47	100.00	13.24	100.00
	<u>12.47</u>	<u>100.00</u>	<u>13.24</u>	<u>100.00</u>
Discontinuing operations - Steel division				
Imported – at landed cost	-	-	2.57	12.96
Indigenously obtained	-	-	17.23	87.04
	<u>-</u>	<u>-</u>	<u>19.80</u>	<u>100.00</u>

Consumption value is after considering excesses and shortages ascertained on physical verification and write off for obsolescence.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

33. C.I.F. VALUE OF IMPORTS:

	31 st March, 2014	31 st March, 2013
	Rs. Crores	Rs. Crores
(a) Raw materials	0.54	87.32
(b) Stores and spares	-	4.48
(c) Capital goods	-	0.17

34. EXPENDITURE IN FOREIGN CURRENCY:

	31 st March, 2014	31 st March, 2013
	Rs. Crores	Rs. Crores
Interest	-	0.43
Others	0.00*	0.10

* Denotes amount less than Rs. 50,000

35. EARNINGS IN FOREIGN EXCHANGE:

	31 st March, 2014	31 st March, 2013
	Rs. Crores	Rs. Crores
(a) F.O.B. value of exports	-	14.29
(b) Freight and insurance	-	0.41

36. Research and development expenditure debited to the Statement of Profit and Loss aggregates Rs. Nil (2012-2013: Rs. 0.46 Crores) consisting of materials, salaries and power based on allocations made by the Company.

37. Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are as follows:

Sr. No.	Particulars	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
(a)	Principal amount outstanding	0.93	1.66
(b)	Interest due on the above Rs. Nil; (2011-2012: Rs. 33,230)	-	-
(c)	Principal amount paid during the year beyond appointed day	3.29	2.91
(d)	Interest paid during the year beyond the appointed day	0.03	0.03
(e)	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	0.00*	-
(f)	Amount of interest accrued and remaining unpaid at the end of the year	0.00*	-
(g)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	-	-

* Denotes amount less than Rs. 50,000

Note:

- The above information and that given in Note 7 'Trade payables' regarding micro enterprises and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.
- The interest computation for vendors, who have submitted their registration certificates during the year, is done from the date of receipt of such certificates by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

38. FOREIGN CURRENCY EXPOSURES:

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below

- a. Amount payable in foreign currency on account of the following:

	Indian Rupees Rs. Crores	Foreign Currency Rs. Crores
Import of goods and services	Nil	Euro Nil
	(0.45)	(Euro 0.01)

Previous year's figures have been disclosed in parenthesis.

39. RELATED PARTY DISCLOSURES:

- a) Related parties where Control exists:
- | | |
|-----------------|--------------------------|
| Holding Company | Mahindra & Mahindra Ltd. |
|-----------------|--------------------------|
- b) Names of other related parties with whom transactions have taken place during the year:
- | | |
|-----------------------------|--|
| 1) Subsidiary Company | Mahindra Sanyo Special Steel Pvt. Ltd. # |
| 2) Associate Company | Mahindra Hotels and Resorts Ltd. # |
| 3) Fellow subsidiaries | Mahindra Forgings Ltd. # |
| | Mahindra Gujarat Tractors Ltd. |
| | Mahindra Inter trade Ltd. |
| | Mahindra Logistics Ltd. |
| | Mahindra Gears and Transmission Pvt. Ltd. |
| | Mahindra Vehicle Manufacturers Ltd. |
| | Mahindra Steel Service Centre Ltd. |
| | Mahindra Trucks and Bus Ltd. |
| | Mahindra BPO Services Pvt. Ltd. |
| | Mahindra Hinoday Industries Ltd # |
| | Mahindra Automobile Distributors Pvt. Ltd. |
| | Metalcastello S.p.A. |
| | Mahindra Sanyo Special Steel Pvt. Ltd. ## |
| 4) Key Management Personnel | Mr. Uday Gupta, Managing Director |
| | Mr. Ajit Lele, Chief Executive Officer |

Related party up to 3rd October, 2013

Fellow subsidiary w.e.f 3rd October, 2013

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

c) Transactions and balances with the related parties referred to in (a) and (b) above in the ordinary course of business:

FS : Fellow Subsidiaries

Rs. Crores

Sr. No.	Particulars	Holding Co. Mahindra & Mahindra Ltd.	Subsidiary Mahindra Sanyo Special Steel Pkt. Ltd.	FS Mahindra Sanyo Special Steel Pkt. Ltd.	FS Mahindra Forgings Ltd.	FS Mahindra Gujarat Tractors Ltd.	FS Mahindra Intervale Ltd.	FS Mahindra Logistics Ltd.	FS Mahindra Gears & Transmission Pkt. Ltd.	FS Mahindra Vehicle Manufacturers Ltd.	FS Mahindra Steel Service Center Ltd.	FS Mahindra Trucks & Bus Ltd.	FS Mahindra BPO Services Pkt. Ltd.	FS Mahindra Hindray Industries Ltd.	FS Metalcastello S.p.A.	FS Mahindra's First choice Wheels Ltd.	Key Management Personnel Mr. Ajit Lele Mr. Uday Gupta
1	Purchases of goods or services	0.14 (0.38)	-	-	-	-	40307 (425.25)	-	-	-	0.04 (0.08)	-	-	-	-	-	-
2	Receiving of services	1.65 (1.13)	-	-	-	-	-	-	-	-	-	-	0.12 (0.13)	-	-	-	-
3	Shared IT services received	0.96 (1.32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Rent paid	1.35 (1.31)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Sale of goods	574.31 (955.14)	0.43 (1.30)	-	-	1.30 (1.81)	-	-	-	41.32 (64.03)	-	1.63 (2.79)	-	13.72 (4.81)	-	-	-
6	Rendering of services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Rent income	-	-	-	-	-	-	0.00*	-	-	-	-	-	-	-	-	-
8	Sale of fixed assets	126.00 (1.31)	-	-	-	-	0.06 (0.06)	-	-	-	-	-	-	-	-	-	-
9	Purchase of fixed assets / capex services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Deputation of personnel	0.28 (0.37)	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-
11	Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.79#
12	Provision for doubtful debts made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.78#
13	Provision for doubtful debts written back	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Consideration received for sale of steel business	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Consideration received for sale of share in subsidiary	214.33 (1.33.50)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Interest expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	ICD received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

c) Transactions and balances with the related parties referred to in (a) and (b) above in the ordinary course of business:

FS : Fellow Subsidiaries

Rs. Crores

Sr. No.	Particulars	Holding Co. Mahindra & Mahindra Ltd.	Subsidiary Mahindra Sanyo Special Steel Pte. Ltd.	FS Mahindra Sanyo Special Steel Pte. Ltd.	FS Mahindra Forgings Ltd.	FS Mahindra Tractors Ltd.	FS Mahindra Gujarat Tractors Ltd.	FS Mahindra Intra-trade Ltd.	FS Mahindra Logistics Ltd.	FS Mahindra & Transmission Pte. Ltd.	FS Mahindra Vehicle Manufacturers Ltd.	FS Mahindra Steel Service Center Ltd.	FS Mahindra Trucks & Bus Ltd.	FS Mahindra BPO Services Pvt. Ltd.	FS Mahindra Hindray Industries Ltd.	FS Mahindra First choice Wheels Ltd.	Key Management Personnel Mr. Aft. Lale	Mr. Uday Gupta
18	100 refunded	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Guarantees & collaterals given	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
20	Outstandings	(1)	(285.00)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
a)	Payables																	
	i) Payables / credit balances	1.56 (1.61)	-	-	-	-	-	46.00 (39.33)	0.05 (0.05)	-	-	-	-	0.01 (0.01)	-	-	-	-
	ii) Deposit received	-	-	-	-	-	-	0.02 (0.02)	-	-	-	-	-	-	-	-	-	-
b)	Receivables	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
	i) Receivables and debtors	82.05 (78.14)	-	0.11 (1)	-	-	0.04 (0.05)	-	-	-	8.84 (10.76)	-	0.66 (1.18)	-	-	-	-	-
	ii) Deposits outstanding	0.57 (0.57)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	iii) Provision for doubtful debts and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c)	Investment in equity shares	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
d)	Guarantees & collaterals given	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
		(1)	(285.00)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

* denotes amount less than Rs. 50,000/-

reimbursed to Mahindra & Mahindra Ltd.

Notes:

1. The transaction amounts reported above are inclusive of applicable taxes.
2. Previous year figures have been disclosed in parenthesis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

40. EARNINGS PER SHARE (EPS):

	31 st March, 2014	31 st March, 2013
a) Profit for the year from continuing operations (Rs. Crores)	188.15	15.14
b) Exceptional items [2013 -14 Rs 229.17 Crores less tax thereon Rs. 56.74 Crores : 2012-13 Rs.Nil] (Rs. Crores)	172.43	-
c) Profit for the year from continuing operations before exceptional items (Rs. Crores) [a]-[b]	15.72	15.14
d) Profit/(Loss)for the year (Rs. Crores)	188.15	(33.72)
e) Profit for the year from continuing operations before exceptional items (Rs. Crores) [d]-[b]	15.72	(33.72)
f) Weighted Average Equity Shares (Nos.)	32,490,496	32,482,529
-32,482,529 shares outstanding for 349 days (2012-13 - 365 days)		
-32,664,279 shares outstanding for 16 days		
g) Diluted Equity Shares (Nos.)	32,539,456	32,482,529
Weighted average equity shares plus 48,900 shares (2012-13 - Nil) that would be issued for no consideration to ESOP holders on account of difference between the exercise price and fair value of shares		
h) i) Basic earnings per equity share for (in Rupees)		
Continuing operations		
- Before exceptional item[c]/[f]	4.84	4.66
- After exceptional item[a]/[f]	57.91	4.66
Total operations		
- Before exceptional item[e]/[f]	4.84	(10.38)
- After exceptional item[d]/[f]	57.91	(10.38)
ii) Diluted earnings per equity share for (in Rupees)		
- Before exceptional item[c]/[g]	4.83	4.66
- After exceptional item[a]/[g]	57.82	4.66
Total operations		
- Before exceptional item[e]/[g]	4.83	(10.38)
- After exceptional item[d]/[g]	57.82	(10.38)

41. DISCONTINUING OPERATIONS:

The Company had in previous year, pursuant to a Business Transfer Agreement had transferred its Steel business to Mahindra Sanyo Special Steel Private Limited [Mahindra Sanyo], an erstwhile subsidiary of the Company, by way of a slump sale, with effect from the closing hours of 9th July, 2012 after obtaining necessary approvals and satisfying various contractual conditions mentioned in the aforesaid agreements. The Company had received consideration of Rs.133.50 Crores in the form of 50,90,000 equity shares of Rs. 10 each of Mahindra Sanyo at a premium of Rs. 208.57 per equity share and cash consideration of Rs. 22.25 Crores. The figures for the current year are accordingly not comparable with that of the previous year.

The shortfall of Rs. 47.00 Crores between the value of net assets of steel business transferred and the consideration received had been debited to the Statement of Profit and Loss. Further, the deferred tax liability of Rs. 13.53 Crores relating to the steel business as at 9th July, 2012, not taken over by Mahindra Sanyo, had been credited to deferred tax expense.

The steel business had accordingly been classified as "Discontinuing Operations" in the financial statements of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

The following table summarises the financial information for discontinuing operations (also given alongside is the corresponding financial information for the continuing operations and the aggregate):

Rs. Crores

Particulars	Continuing Operations		Discontinuing Operations		Total	
	(Stamping Division)		(Steel Division)		Company	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
I. Assets						
Non-current assets	207.93	317.55	-	-	207.93	317.55
Current assets	259.44	186.48	-	-	259.44	186.48
Total assets	467.37	504.03	-	-	467.37	504.03
II. Liabilities						
Non-current liabilities	14.71	177.69	-	-	14.71	177.69
Current liabilities	95.01	158.27	-	-	95.01	158.27
Total Liabilities	109.72	335.96	-	-	109.72	335.96
III. Revenues and expenses						
Revenues						
Revenues from operations	723.02	766.39	-	224.44	723.02	990.83
Other income	5.82	0.64	-	1.41	5.82	2.05
Total revenue	728.84	767.03	-	225.85	728.84	992.88
Expenses						
Cost of materials and components consumed	533.11	579.10	-	148.15	533.11	727.25
Changes in inventories of finished goods and work in progress	(0.01)	(4.39)	-	(18.65)	(0.01)	(23.04)
Employee benefits expense	65.39	66.71	-	12.20	65.39	78.91
Finance costs	13.91	32.76	-	9.43	13.91	42.19
Depreciation and amortisation expense	16.07	14.74	-	5.41	16.07	20.15
Other expenses including provision for doubtful trade receivables	73.51	56.30	-	87.54	73.51	143.84
Total expenses	701.98	745.22	-	244.08	701.98	989.30
Profit/ (Loss) before exceptional item, loss on transfer of steel business and tax expense	26.86	21.81	-	(18.23)	26.86	3.58
Estimated effect of expenses then included in discontinuing operations which will continue in continuing operations and hence included / (excluded) in/from amounts reported above for respective division *	-	7.03	-	(7.03)	-	-
Profit/(Loss) before exceptional item, loss on transfer of steel business and tax expense as per the Statement of Profit and Loss	26.86	28.84	-	(25.26)	26.86	3.58
* comprising of						
-Finance costs	-	6.60	-	(6.60)	-	-
-Depreciation and amortisation expense	-	0.01	-	(0.01)	-	-
-Other expenses	-	0.42	-	(0.42)	-	-
Total	-	7.03	-	(7.03)	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

Rs. Crores

Particulars	Continuing Operations		Discontinuing Operations		Total	
	(Stamping Division)		(Steel Division)		Company	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
IV. Cash Flows:						
Net Cash from/ (used in) Operating Activities	76.08	77.61	-	(137.20)	76.08	(59.59)
Net Cash from / (used in) Investing Activities	194.88	-	-	(2.67)	194.88	(2.67)
Net Cash from / (used in) Financing Activities	(245.34)	(73.42)	-	138.30	(245.34)	64.88

42. PROVISION FOR WATER CHARGES (DISPUTED):

Rs. Crores

Particulars	Opening balance	Provision made during the year	Amount utilised / written back	Closing balance
Water Charges	3.68 (3.51)	- (0.17)	- -	3.68 (3.68)

Note: Previous year's figures have been disclosed in parentheses.

The details regarding dispute in water charges have been mentioned in Note 30 [e].

- 43.** The Company had granted 142,500 and 955,500 Options during the year ended 31st March, 2008 and 31st March, 2007 respectively to eligible employees including Directors of the Company. Out of the above Options granted, 741,125 Options have lapsed till 31st March, 2014. 179,625 Options have lapsed during the year and 181,750 Options have been exercised during the year.

The equity settled Options vest one year from the date of the grant and are exercisable on specified dates in 4 tranches within a period of 5 years from the date of each vesting. The eligible employee must exercise a minimum of 50 (Fifty only) Options or Options vested, whichever is lower; and the Options in respect of each tranche may be exercised on the date of vesting or at the end of each year from the date of each vesting, provided that at the end of five (5) years from the date of each vesting (or such extended period as may be decided by the Remuneration Committee), the eligible employee may exercise all Options vested but not exercised by him/her failing which all the unexercised Options shall lapse.

The Compensation costs of stock Options granted to employees are accounted by the Company using the intrinsic value method.

Summary of Stock Options

	No. of stock Options	Weighted average exercise price (Rs.)
Options outstanding on 1 st April, 2013	536,500	95.10
Options exercised during the year	181,750	96.32
Options lapsed during the year	179,625	-
Options outstanding on 31 st March, 2014	-	92.82
Options vested but not exercised on 31 st March, 2014	175,125	92.82
Information in respect of Options outstanding as at 31 st March, 2013:	175,125	92.82
Exercise price	Number of Options	Weighted average remaining life
Rs. 99.00	133,500	-
Rs. 73.00	41,625	-

The fair value of Options granted on 18th August, 2006 is Rs. 67.25 per share.

The fair value of Options granted during the year on 24th October, 2007 is Rs. 43.39 per share.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

The fair value has been calculated using the Black Scholes Options Pricing model and the significant assumptions made in this regards are as follows:

	Grant dated 24th October, 2007	Grant dated 18th August, 2006
Risk free interest rate	7.95%	7.27%
Expected life	3.5 Yrs.	3.5 Yrs.
Expected volatility	60.00%	73.54%
Expected dividend yield	4.32%	4.65%
Exercise price	Rs. 73.00	Rs. 99.00
Stock price	Rs. 85.50	Rs. 117.45

The volatility is calculated considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

In respect of options granted under the Employee Stock Options Plan, in accordance with guidelines issued by the SEBI, since the scheme provides for graded vesting, the vesting period is determined separately for each vesting portion of the option, as if the option was, in substance a multiple option and the amount of employee compensation cost is accounted for and amortised accordingly on a straight line basis over the vesting periods. Consequently salaries, wages, bonus, etc. includes credit of Rs. 0.32 Crore (2012-13: Rs. 0.32 Crore) being the reversals on account of options lapsed/expired.

Had the Company adopted fair value method in respect of Options granted, the employee compensation cost would have been lower by Rs. 0.56 Crore (2012-13: lower by Rs. 0.56 Crore), profit for the year after tax higher by Rs. 0.37 Crore (2012-13: loss for the year lower by Rs. 0.38 Crore) and the basic and diluted earnings per share would have been higher by Rs. 0.11 (2012-13: Rs. 0.12).

The above disclosures have been made consequent to the issue of Guidance Note on Accounting for Employee share based payments issued by the Institute of Chartered Accountants of India in the year 2005 and applicable for the period on or after 1st April, 2005.

* Denotes amounts less than 50,000/-

44. EMPLOYEE BENEFIT PLANS:

A Defined benefit plans:

Provident Fund:

The Company makes monthly contributions to Provident Fund managed by MUSCO Staff Provident Fund Trust for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Company has contributed Rs.1.25 Crores (2012-13: Rs. 1.43 Crores; Steel Rs. 0.35 Crores, Stamping Rs.1.08 Crore) to the Provident Fund Trust. The Company is obliged to meet interest shortfall, if any, with respect to covered employees. Having regard to the assets of the fund and return on investments, the Company provides for the shortfall in interest on an estimated basis. Accordingly a provision of Rs. 0.45 Crore (2012-13: Rs. Nil) has been made during the year towards the guarantee given for notified interest rates.

The major categories of plan assets in which the contributions are invested by MUSCO Staff Provident Fund Trust are as under:

Category Particulars	% of each to total plan assets	
	31 st March, 2014	31 st March, 2013
Bonds and Securities of Central Government	11.53	13.97
Bonds and Securities of State Government	13.21	10.67
Bonds and Securities of Public Sector Undertakings	38.79	38.78
Special Deposits with Banks	36.47	36.58

Gratuity:

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. In case of one unit, the Company pays two -third month's salary to executives who have completed 10 years of service payable for each completed year of service or part thereof in excess of six months. In case of death of the employee while in service, gratuity is paid for an amount equivalent to 30 days salary for each completed year of service or part thereof in excess of six months.

The ceiling limit for gratuity payment is as per the Gratuity Act, 1972 except for executives at one unit who enjoy no ceiling limit. Vesting occurs upon completion of five years of service.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

Detailed disclosures on Defined Benefit Plan - Gratuity is as follows:

Particulars	GRATUITY	
	31st March, 2014 Rs. Crores	31st March, 2013 Rs. Crores
I Expenses / (Income) recognised in the Statement of Profit and Loss for the year ended 31st March, 2014		
1. Current Service Cost	0.57	0.55
2. Interest Cost	0.55	0.68
3. Expected return on plan assets	(0.54)	(0.60)
4. Actuarial (Gains)/ Losses	0.02	0.38
5. Gain on transfer of steel business	-	(0.82)
6. Total Expense / (Income)	0.60	0.19
II Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2014		
1. Present Value of Defined Benefit Obligation as at 31st March, 2014	6.53	6.37
2. Fair value of plan assets as at 31st March, 2014	(4.62)	(5.06)
3. Net Asset/(Liability) as at 31st March, 2014	(1.91)	(1.31)
III Change in Obligation during the year ended 31st March, 2014		
1. Present Value of Defined Benefit Obligation at the beginning of the year	6.37	17.50
2. Current Service Cost	0.57	0.55
3. Interest Cost	0.55	0.68
4. Actuarial (Gains)/ Losses	(0.07)	0.21
5. Liabilities settled on transfer of steel business	-	(12.51)
6. Benefit Payments	(0.89)	(0.06)
7. Present Value of Defined Benefit Obligation as at the end of the year	6.53	6.37
IV Change in Assets during the year ended 31st March, 2014		
1. Plan assets at the beginning of the year	5.06	16.02
2. Expected return on plan assets	0.54	0.60
3. Contributions by employer	-	0.36
4. Assets distributed on transfer of steel business	-	(11.69)
5. Actual benefits paid	(0.89)	(0.06)
6. Actuarial Gains/ (Losses)	(0.09)	(0.17)
7. Plan assets at the end of the year	4.62	5.06
V Actual return on plan assets (1+2)	0.45	0.43
1. Expected return on plan assets	0.54	0.60
2. Actuarial Gains/ (Losses)	(0.09)	(0.17)
VI The major categories of plan assets as a percentage of total Plan		
Funded with LIC of India (See note below)	100%	100%
VII Actuarial Assumptions:		
1. Discount Rate	9.15%	8.00%
2. Expected rate of return on plan assets	9.40%	9.40%
3. Mortality	2006-08 Mortality base	2006-08 Mortality base
4. Turnover rate	1 to 2%	1 to 2%
5. Salary escalation rate	7.50%	7.50%

Note: The Company is unable to obtain the details of major category of plan assets from the Insurance Company (LIC of India) and hence the disclosure thereof is not made.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

B. Net Assets / (Liabilities) recognised in the Balance Sheet as at respective year ends and experience adjustments:

Particulars		31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010
		Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
1.	Present Value of Defined Benefit Obligation	6.53	6.37	17.50	16.19	15.01
2.	Fair value of plan assets	(4.62)	(5.06)	(16.02)	(15.15)	(15.33)
3.	Funded Status [Surplus/(Deficit)]	(1.91)	(1.31)	(1.48)	(1.04)	0.32
4.	Net Asset/(liability)	(1.91)	(1.31)	(1.48)	(1.04)	0.32
5.	Experience adjustment arising on:					
	a. Plan Liabilities	0.77	(0.06)	0.83	0.42	0.42
	b. Plan Assets	(0.09)	(0.16)	0.13	(0.26)	0.34

C. Basis used to determine expected rate of return on assets:

This is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

D. The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

E. The Company expects to fund the entire shortfall in the Employees' Group Gratuity-cum-Life Assurance Scheme with Life Insurance Corporation of India during the first quarter of the next financial year.

F. Defined Contribution Plans:

The Company makes contribution to Employees' pension scheme, Superannuation fund and Employees' State Insurance Scheme (ESIS), which are defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

Company's contribution paid/ payable during the year to Employees' pension scheme, Superannuation fund and ESIS are recognised in the Statement of Profit and Loss. These amounts are recognised as an expense and included in Note 23 of the Statement of Profit and Loss under the heading "Employee benefits expense" in line item "Contribution to provident and other funds".

Particulars	31st March, 2014 Rs. Crores	31st March, 2013 Rs. Crores
Continuing operations- Stamping division		
i) Superannuation fund	0.15	0.14
ii) Employees' pension scheme	0.78	0.80
iii) Employees State Insurance Scheme	0.27	0.31
Discontinuing operations - Steel division		
i) Superannuation fund	-	0.06
ii) Employees' pension scheme	-	0.14

44. The net foreign exchange loss debited to the Statement of Profit and Loss is Rs. 0.07 Crore (2012-2013: Rs. 2.19 Crores) of which Rs. Nil (2012-2013: Rs. 2.14 Crores) pertains to discontinuing operations.

46. The Company has presented segmental information in its consolidated financial statements which are presented in the same annual report. Accordingly, in terms of the provisions of Accounting Standard (AS17) "Segment Reporting", no disclosures related to segments are presented in its standalone financial statements.

47. As a part of Mahindra Group strategy to consolidate the auto components business and formation of global alliance with CIE Automotive, Spain (CIE), the Board of Directors of the Company, at their meeting held on 15th June, 2013, duly considering the recommendation of the Audit committee, has approved the Integrated Scheme (the scheme) of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, involving the Company, Mahindra Hinoday Industries Limited, Mahindra Gears International Limited, Mahindra Investments (India) Private Limited and Participaciones Internacionales Autometal Tres S.L. ("Transferor Companies") with Mahindra Forgings Limited ("Transferee Company"), with effect from 1st October, 2013 ("the Scheme").

The Company had intimated the Stock Exchanges on which it is listed on 15th June, 2013 detailing the share SWAP ratios.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

The BSE Limited ("BSE") and the National Stock Exchange of India limited ("NSE"), vide their Observation letters both dated 7th March 2014, have conveyed their respective no-objections to file the Integrated Scheme as mentioned in point a) above with the Hon'ble High Court of Bombay.

Subsequently, the Company has filed application under Sections 391-394 of the Companies Act, 1956 before the Hon'ble High Court Of Judicature at Bombay seeking its directions for; a) holding meetings of its equity shareholders to seek their approval to the Scheme and b) dispensing with the requirement of convening meetings of its secured and unsecured creditors. As per the Order dated 2nd May, 2014 of the Hon'ble Bombay High Court, the meeting of equity shareholders of the Company will be convened on 5th June, 2014, as per the notice dated 6th May, 2014 of the said meeting sent to the shareholders of the Company. The Hon'ble Bombay High Court vide its above Order has dispensed with requirement of convening meetings of secured and unsecured creditors of the Company. The Company is in process of filing necessary petition under section 391-394 of the Companies Act 1956 read with applicable provisions of the Companies Act, 2013, if any, with Hon'ble Bombay High Court of Judicature at Bombay, seeking its approval for the Scheme.

The Company has also sent notice of postal ballot dated 10th May, 2014, alongwith required annexure and explanatory statement, for seeking the approval of public shareholders of the Company to the Scheme through postal ballot and e-voting, as required under the provisions of the relevant circulars issued by Securities Exchange Board of India (SEBI), in this respect and will take such other steps as may be necessary for the approval and implementation of the scheme.

48. Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

Signature to Notes 1 to 48

For and on behalf of the Board

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Uday Gupta Managing Director

Hemant Luthra
Harsh Kumar
Daljit Mirchandani
Sanjiv Kapoor Directors

Mumbai : 21st May, 2014

Mumbai : 21st May, 2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies for the financial ended 31st March, 2014.

Name of the Subsidiary Companies	Number of shares in the Subsidiary Company held by Mahindra Ugine Steel Company Limited at the end of the financial year		The net aggregate of profits / (losses) of the Subsidiary Company so far as they concern the members of Mahindra Ugine Steel Company Limited.			
			For Current Financial Year		For Previous Financial Years	
	Equity	Extent of holding	Dealt with in the accounts of Mahindra Ugine Steel Company Limited for the year ended 31 st March, 2014.	Not Dealt with in the accounts of Mahindra Ugine Steel Company Limited for the year ended 31 st March, 2014.	Dealt with in the accounts of Mahindra Ugine Steel Company Limited for the year ended 31 st March, 2013.	Not Dealt with in the accounts of Mahindra Ugine Steel Company Limited for the year ended 31 st March, 2013.
	Nos.	%	Rupees crores	Rupees crores	Rupees crores	Rupees crores
Mahindra Sanyo Special Steel Pvt. Ltd	51,00,000 (till 3rd October, 2013)	51%	-	(31.53)	-	(38.03)

For and on behalf of the Board

Uday Gupta

Managing Director

Sandeep Jain

Chief Finance Officer

Ajay Kadhao

Company Secretary

Hemant Luthra

Harsh Kumar

Daljit Mirchandani

Sanjiv Kapoor

Directors

Mumbai : 21st May, 2014

Mumbai : 21st May, 2014

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF MAHINDRA UGINE STEEL COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **MAHINDRA UGINE STEEL COMPANY LIMITED** ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated 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 aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani

Partner
(Membership No. 36920)

MUMBAI, 21st May, 2014

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	32.66	32.48
(b) Reserves and surplus	2	324.99	189.77
		<u>357.65</u>	<u>222.25</u>
Minority Interest			
		-	158.95
Non-current liabilities			
(a) Long-term borrowings	3	-	233.65
(b) Deferred tax liability (net)	4	6.90	10.77
(c) Other long term liabilities	5	-	5.00
(d) Long-term provisions	6	7.81	12.23
		<u>14.71</u>	<u>261.65</u>
Current liabilities			
(a) Short-term borrowings	7	-	90.37
(b) Trade payables	8	77.78	237.45
(c) Other current liabilities	9	10.14	27.70
(d) Short-term provisions	10	7.09	3.24
		<u>95.01</u>	<u>358.76</u>
TOTAL		<u><u>467.37</u></u>	<u><u>1,001.61</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	137.16	334.67
(ii) Intangible assets	11	0.01	0.03
(iii) Capital work-in-progress		6.42	4.64
(b) Non-current investments	12	-	14.09
(c) Long-term loans and advances	13	63.50	67.53
(d) Other non-current assets	14	0.84	0.95
		<u>207.93</u>	<u>421.91</u>
Current assets			
(a) Current investments	15	7.00	-
(b) Inventories	16	37.32	180.62
(c) Trade receivables	17	111.91	295.44
(d) Cash and bank balances	18	30.91	82.19
(e) Short-term loans and advances	19	68.76	20.26
(f) Other current assets	20	3.54	1.19
		<u>259.44</u>	<u>579.70</u>
TOTAL		<u><u>467.37</u></u>	<u><u>1,001.61</u></u>

See accompanying notes forming part of the consolidated financial statements 1 - 39

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

For and on behalf of the Board

Uday Gupta Managing Director

Hemant Luthra
Harsh Kumar
Daljit Mirchandani
Sanjiv Kapoor

Directors

Mumbai : 21st May, 2014

Mumbai : 21st May, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
Continuing operations (Stampings business)			
I Revenue from operations	21	799.63	848.59
Less : Excise duty		76.61	83.34
		723.02	765.25
II Other income	22	5.82	0.64
III Total revenue (I+II)		728.84	765.89
IV Expenses:			
Cost of raw materials and components consumed		533.11	579.10
(includes processing cost Rs. 5.83 Crores; 2012-13 Rs. 8.84 Crores)			
Changes in inventories of finished goods and work-in-progress	23	(0.01)	(4.39)
Employee benefits expense	24	65.39	66.71
Finance costs	25	13.91	26.16
Depreciation and amortisation expense <i>(See note 11)</i>		16.07	14.73
Provision for doubtful trade receivables		15.46	-
Other expenses	26	58.05	55.88
Total expenses		701.98	738.19
V Profit before exceptional items and tax (III-IV)		26.86	27.70
VI Exceptional items :			
- Profit on sale of land and buildings		124.55	-
- Profit on sale of long term investments		1.67	-
VII Profit for the year from continuing operations before tax (V+VI)		153.08	27.70
VIII Tax expense:			
- Current tax		48.95	2.53
- Short provision in respect of earlier years (net)		2.05	-
- Deferred tax (credit) / charge		(3.87)	1.30
		47.13	3.83
Profit for the year from continuing operations (VII-VIII) (A)		105.95	23.87
Discontinuing operations (Steel business)			
IX Loss for the year from discontinuing operations before tax <i>(See note 34b)</i>		(31.53)	(75.68)
X Gain on deemed disposal of partial stake in the subsidiary <i>(See note 28B)</i>		-	45.45
XI Gain on disposal of subsidiary <i>(See note 34a)</i>		64.85	-
XII Tax expense:			
- Current tax charge relating to disposal of subsidiary		20.75	-
- Deferred tax credit on ordinary activities of steel business		-	(13.53)
		20.75	(13.53)
XIII Profit / (loss) for the year from discontinuing operations (IX+X+XI-XII) (B)		12.57	(16.70)
Profit after tax before share of loss of minority (A+B)		118.52	7.17
XIV Add : Minority interest in loss of the subsidiary (C)		15.45	13.30
XV Profit for the year (A+B+C)		133.97	20.47

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
XVI Earnings per share (EPS) (See note 36)			
(a) Basic EPS for (face value Rs. 10 per share)			
- Profit for the year from continuing operations			
- Before exceptional item (in Rupees)		4.84	7.35
- After exceptional item (in Rupees)		32.61	7.35
- Profit for the year from total operations			
- Before exceptional item (in Rupees)		13.46	6.30
- After exceptional item (in Rupees)		41.23	6.30
(b) Diluted EPS for (face value Rs. 10 per share)			
- Profit for the year from continuing operations			
- Before exceptional item (in Rupees)		4.83	7.35
- After exceptional item (in Rupees)		32.56	7.35
- Profit for the year from total operations			
- Before exceptional item (in Rupees)		13.44	6.30
- After exceptional item (in Rupees)		41.17	6.30

See accompanying notes forming part of the consolidated financial statements 1 - 39

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Rajesh K. Hiranandani

Partner

Sandeep Jain

Chief Finance Officer

Ajay Kadhao

Company Secretary

For and on behalf of the Board

Uday Gupta

Managing Director

Hemant Luthra

Harsh Kumar

Daljit Mirchandani

Sanjiv Kapoor

Directors

Mumbai : 21st May, 2014

Mumbai : 21st May, 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	31 st March, 2014		31 st March, 2013	
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax		186.40		(2.53)
Adjustments for:				
Depreciation and amortisation	26.41		35.15	
Provision for doubtful trade receivables	15.46		0.59	
Loss on sale / write off of fixed assets (net)	0.03		0.27	
Write back on account of ESOPs lapsed	(0.32)		(0.32)	
Finance costs	22.27		55.55	
Interest income	(8.19)		(4.74)	
Dividend income	(0.18)		(0.00) *	
Profit on sale of land and buildings	(124.55)		-	
Profit on sale of long term investments	(66.99)		-	
Provision for water charges (disputed)	-		0.17	
Gain on deemed disposal of partial stake in the subsidiary	-		(45.45)	
Net unrealised exchange loss	-		0.82	
		(136.06)		42.04
Operating profit before working capital changes		50.34		39.51
Changes in working capital				
Adjustments for (increase) / decrease in operating assets:				
Inventories	4.90		(8.15)	
Trade receivables	21.33		(6.38)	
Short-term loans and advances	(9.44)		0.62	
Long-term loans and advances	(0.32)		(24.57)	
Other current assets	(0.75)		(0.17)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(3.57)		(58.43)	
Other current liabilities	6.47		(1.65)	
Short-term provisions	1.37		0.69	
Long-term provisions	0.19		2.32	
		20.18		(95.72)
Cash generated from operations		70.51		(56.21)
Income tax (paid)		(1.06)		(12.26)
Net cash flow from / (used in) operating activities (A)		69.45		(68.47)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	(30.07)		(47.76)	
Proceeds from sale of land and building	124.99		-	
Proceeds from sale of other fixed assets	0.24		0.17	
Bank balances not considered as cash and cash equivalents	0.23		(0.86)	
Investment in mutual funds (net)	(7.00)		-	
Proceeds on sale of long term investment in a subsidiary	214.33		-	
Proceeds from sale of other long term investments	2.11		-	
Inter corporate deposit placed	(59.13)		-	
Interest received	4.55		4.74	
Dividend received	0.18		0.00 *	
Cash generated from investing activities		250.43		(43.71)
Income tax (paid)		(55.04)		-
Net cash flow from / (used in) investing activities (B)		195.39		(43.71)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	31 st March, 2014		31 st March, 2013	
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares under ESOP	1.75		217.69	
Proceeds from long-term borrowings	-		220.00	
Repayment of long-term borrowings	(165.86)		(69.63)	
Net increase / (decrease) in working capital borrowings	(87.82)		(94.53)	
Proceeds from/ repayment of other short-term borrowings	35.00		(25.00)	
Finance costs	(23.66)		(57.01)	
Dividends paid	(0.09)		(0.07)	
Net cash flow from / (used in) financing activities (C)		(240.68)		191.45
Net increase / (decrease) in cash and cash equivalents (A+B+C)		24.16		79.27
Cash and cash equivalents at the beginning of the year #		81.85		2.58
less : Cash and Cash equivalents transferred on sale of steel business		(75.32)		-
Cash and cash equivalents at the end of the year #		30.69		81.85
# Comprises:				
(a) Cash on hand	0.04		0.03	
(b) Cheques, drafts on hand	0.11		4.95	
(c) Balances with banks				
- In current accounts	15.53		1.37	
- In deposits	15.01		75.50	
		30.69		81.85

* denotes amounts less than Rs. 50,000

Note:

- Total tax paid during the year-Rs. 56.10 Crores; (2012-13 - Rs. 12.26 Crores)
- Previous year's figures have been regrouped, wherever necessary to conform to current year's classifications.

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Rajesh K. Hiranandani

Partner

Sandeep Jain

Chief Finance Officer

Ajay Kadhao

Company Secretary

For and on behalf of the Board

Uday Gupta

Managing Director

Hemant Luthra

Harsh Kumar

Daljit Mirchandani

Sanjiv Kapoor

Directors

Mumbai : 21st May, 2014

Mumbai : 21st May, 2014

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
1. SHARE CAPITAL		
Authorised capital		
119,000,000 Equity shares of Rs. 10 each	119.00	119.00
3,100,000 Redeemable cumulative preference shares of Rs. 100 each	31.00	31.00
Issued, subscribed and fully paid up		
32,664,279 (2012-13 - 32,482,529) Equity shares of Rs. 10 each fully paid up	32.66	32.48
	<u>32.66</u>	<u>32.48</u>

- (a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

	31 st March, 2014		31 st March, 2013	
	No. of shares	Rs. Crores	No. of shares	Rs. Crores
Issued, subscribed and fully paid up				
Balance at the beginning of the year	32,482,529	32.48	32,482,529	32.48
Add :				
Equity shares issued under ESOP scheme	181,750	0.18	-	-
	<u>32,664,279</u>	<u>32.66</u>	<u>32,482,529</u>	<u>32.48</u>

- (b) Terms/ rights and restrictions attached to equity shares: The Company has only one class of equity shares having a face value of Rs. 10 per share. The rights of the equity shareholders rank pari-passu for all matters, including dividend and each shareholder is entitled to one vote per share. 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 the holding company:

	31 st March, 2014		31 st March, 2013	
	No. of shares	Rs. Crores	No. of shares	Rs. Crores
Mahindra & Mahindra Limited, the holding company.	16,466,789	16.47	16,466,789	16.47

- (d) Shares held by each shareholder holding more than 5% shares, specifying the number of shares held:

Name of the Shareholder	No. of shares	% holding	No. of shares	% holding
Mahindra & Mahindra Limited	16,466,789	50.41%	16,466,789	50.69%
Mr. Girdharilal Agrawal	2,024,152	6.20%	2,041,510	6.28%

- (e) Shares reserved for issue under ESOP scheme:

	No. of shares	No. of shares
Number of shares reserved for ESOP scheme	175,125	536,500
Number of shares vested but not exercised	175,125	536,500

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

	Rs. Crores	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
2. RESERVES AND SURPLUS			
(a) Capital Reserve (on redemption of preference shares, being the amount originally paid-up on shares forfeited)			
- As per last balance sheet		0.00 *	0.00 *
		<u>0.00</u>	<u>0.00</u>
(b) Capital Redemption Reserve			
- As per last balance sheet		16.46	16.46
		<u>16.46</u>	<u>16.46</u>
(c) Securities Premium Reserve			
- As per last balance sheet		-	-
Add :			
- Amount received on exercise of ESOPs		1.57	-
- Transfer from share options outstanding account on exercise of ESOPs		0.32	-
		<u>1.89</u>	<u>-</u>
(d) Share Options Outstanding			
- As per last balance sheet		0.95	1.27
Less :			
- Transfer to Securities premium reserve on exercise of ESOPs		(0.32)	-
- Written back during the year on account of ESOPs lapsed		(0.32)	(0.32)
		<u>0.31</u>	<u>0.95</u>
(e) General Reserve			
- As per last balance sheet		74.72	74.72
		<u>74.72</u>	<u>74.72</u>
(f) Surplus i.e. Balance in the Statement of Profit and Loss			
- As per last balance sheet		97.64	77.17
Add : Profit for the year		133.97	20.47
		<u>231.61</u>	<u>97.64</u>
		<u>324.99</u>	<u>189.77</u>
*denotes amounts less than Rs. 50,000			
3. LONG-TERM BORROWINGS			
Secured			
Term loans			
- From banks		-	233.65
		<u>-</u>	<u>233.65</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

	Rs. Crores	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
4. DEFERRED TAX LIABILITY (NET)			
Deferred tax liability:			
- On fiscal allowances on fixed assets	14.37		33.62
		14.37	33.62
Less: Deferred tax assets			
- On employee separation and retirement	1.59		3.33
- On provision for doubtful debts	5.44		2.31
- On unabsorbed depreciation	-		16.19
- On other timing differences	0.44		1.02
		7.47	22.85
Deferred tax liability (net)		6.90	10.77
5. OTHER LONG-TERM LIABILITIES			
- Trade advance		-	5.00
		-	5.00
6. LONG-TERM PROVISIONS			
Provision for employee benefits			
- Compensated absences		4.13	8.44
- Other employee benefits		-	0.11
Provision for water charges (disputed) (See note 35)		3.68	3.68
		7.81	12.23
7. SHORT-TERM BORROWINGS			
Secured			
Loans repayable on demand - from banks			
- Cash credit		-	70.37
- Working capital demand loans		-	20.00
		-	90.37
8. TRADE PAYABLES			
Acceptances		0.67	92.61
Due to micro and small enterprises		0.93	5.74
Due to others		76.18	139.10
		77.78	237.45

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

		31 st March, 2014	31 st March, 2013
	Rs. Crores	Rs. Crores	Rs. Crores
9. OTHER CURRENT LIABILITIES			
Current maturities of long-term debt		-	14.84
Interest accrued but not due on borrowings		-	0.23
Interest accrued and due on borrowings		-	1.71
Unclaimed dividends		0.21	0.30
Unclaimed matured deposits and interest on fixed deposits		0.01	0.02
Other payables			
- Statutory dues	4.48		6.10
- Capital creditors	3.36		1.94
- Security deposits received	1.60		1.76
- Others	0.48		0.80
		9.92	10.60
		10.14	27.70
10. SHORT-TERM PROVISIONS			
Provision for employee benefits			
- Compensated absences	0.54		1.23
- Gratuity (Funded)	1.91		1.97
- Other employee benefits	0.45		0.02
		2.90	3.22
Provision - Others			
- Provision for taxation (net of advance tax Rs. 65.51 Crores; 2012-13 - Rs. Nil)		4.19	0.02
		7.09	3.24

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11. FIXED ASSETS

*denotes amounts less than Rs. 50,000
Previous year's figures have been disclosed in parenthesis.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

	Rs. Crores	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
12. NON-CURRENT INVESTMENTS			
Trade investments: (fully paid up) (At cost)			
a) Investments in equity shares			
- Quoted		-	0.03
- Unquoted		-	6.19
b) Investments in preference shares			
- Unquoted		-	7.81
Other Investments: (fully paid up) (At cost)			
a) Investments in equity shares			
(i) Investment in an associate <i>(See note 28)</i> :			
- Unquoted		-	-
(ii) Investment in other companies :			
- Quoted		-	0.00 *
- Unquoted		-	0.36
		-	14.39
Less : Provision for diminution		-	0.30
		-	14.09
Notes : (1) Aggregate of quoted investments :			
- Cost		-	0.03
- Market value		-	0.50
(2) Aggregate of unquoted investments :			
- Cost		-	14.36
* denotes amounts less than Rs. 50,000			
13. LONG-TERM LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
Capital advances		11.18	2.17
Security deposits (includes amounts deposited under protest)		28.28	28.96
Loans and advances to a related party <i>(See note 33)</i>			
- Security deposit to holding company		0.57	0.57
Other loans and advances			
- Taxation - advance tax less provision for tax (net of provision for tax of Rs. 104.06 Crores; 2012-13 - Rs. 100.89 Crores)		21.84	25.39
- MAT credit entitlement		-	8.59
- Employee loans and advances		0.28	0.39
- Advances (considered doubtful)	2.73		2.73
Less : Provision for doubtful advances	(2.73)		(2.73)
		-	-
- Others		1.35	1.46
		63.50	67.53

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

		31 st March, 2014	31 st March, 2013
	Rs. Crores	Rs. Crores	Rs. Crores
14. OTHER NON-CURRENT ASSETS			
Deposits with banks held as margin money or security against guarantees issued		0.84	0.95
		<u>0.84</u>	<u>0.95</u>
15. CURRENT INVESTMENTS			
(at lower of cost and fair value)			
Investments in mutual funds (unquoted)		7.00	-
		<u>7.00</u>	<u>-</u>
16. INVENTORIES			
(At lower of cost and net realisable value)			
Raw materials		14.43	65.15
(includes in transit Rs. 0.61 Crore; 2012-13 - Rs 16.04 Crores)			
Work-in-progress			
- Pressed sheet metal components, assemblies and dies	11.75		12.24
- Tool alloy and special steel	-		57.31
		11.75	69.55
Finished goods			
- Pressed sheet metal components, assemblies and dies	7.59		7.09
- Tool alloy and special steel	-		6.70
		7.59	13.79
Stores and spares		3.55	30.47
(includes in transit Rs. Nil; 2012-13 - Rs. 0.48 Crore)			
Loose tools		-	1.66
		<u>37.32</u>	<u>180.62</u>
17. TRADE RECEIVABLES			
(Unsecured)			
Outstanding for a period exceeding six months from the date they were due for payment			
- considered good	3.31		21.47
- considered doubtful	15.46		4.98
		18.77	26.45
Others			
- considered good	108.60		273.97
- considered doubtful	-		1.26
		108.60	275.23
		<u>127.37</u>	<u>301.68</u>
Less :- Provision for doubtful debts		15.46	6.24
		<u>111.91</u>	<u>295.44</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

		31 st March, 2014	31 st March, 2013
	Rs. Crores	Rs. Crores	Rs. Crores
18. CASH AND BANK BALANCES			
Cash and cash equivalents:			
- Cash on hand	0.04		0.03
- Cheques on hand	0.11		4.95
- Balances with banks			
- In current accounts	15.53		1.37
- In fixed deposit accounts	15.01		75.50
		30.69	81.85
Other bank balances :			
- Earmarked balances			
- In earmarked current accounts for :			
- Unclaimed dividend/interest on fixed deposits accounts		0.22	0.34
		30.91	82.19
19. SHORT-TERM LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
Other loans and advances			
- Inter corporate deposit (ICD)		59.13	-
- Trade advance			3.65
- considered good		4.49	2.90
- considered doubtful	0.54		0.54
Less : Provision for doubtful advance	(0.54)		(0.54)
		-	-
- Balances with excise, customs and other statutory authorities		4.30	10.99
- Prepaid expenses		0.70	1.14
- Employee loans and advances		0.14	0.41
- Others		-	1.17
		68.76	20.26
20. OTHER CURRENT ASSETS			
Unamortised premium on forward contracts		-	0.66
Interest accrued on fixed deposits and ICD		2.99	0.53
Others		0.55	-
		3.54	1.19
21. REVENUE FROM OPERATIONS			
Sale of :			
- Pressed metal, sheet components and dies		670.46	708.85
Sale of Services:			
- Income from processing		6.19	9.52
Other operating revenue			
- Scrap sales	122.37		129.83
- Others	0.61		0.39
		122.98	130.22
		799.63	848.59

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

		31 st March, 2014	31 st March, 2013
	Rs. Crores	Rs. Crores	Rs. Crores
22. OTHER INCOME			
Interest income			
- Fixed deposits with banks	1.54		0.07
- ICD	2.99		-
- Others	0.16		-
		4.69	0.07
Dividend income from			
- Long term investments	0.00 *		0.00 *
- Current investments	0.18		-
		0.18	0.00
Rent income		0.05	0.05
Provision for doubtful debts/ advances written back		-	0.08
Profit on sale of long term investments (other than disclosed as exceptional items)		0.47	-
Other non-operating income		0.43	0.44
		5.82	0.64
* denotes amounts less than Rs. 50,000			
23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS			
Opening stock :			
Work-in-progress		12.24	9.01
Finished goods		7.09	5.93
Total		19.33	14.94
Less:			
Closing stock :			
Work-in-progress		11.75	12.24
Finished goods		7.59	7.09
		19.34	19.33
Net increase		(0.01)	(4.39)
24. EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		57.18	57.91
Contribution to			
- Provident and other funds (See Note 37)	2.89		2.33
- Gratuity fund (See note 37)	0.60		1.27
		3.49	3.60
Employee stock option write back		(0.32)	(0.32)
Staff welfare expenses		5.04	5.52
		65.39	66.71
25. FINANCE COSTS			
Interest expense on			
- borrowings	13.26		22.16
- income tax	0.04		-
- others	0.36		0.55
		13.66	22.71
Other borrowing costs		0.25	3.45
		13.91	26.16

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

		31 st March, 2014	31 st March, 2013
	Rs. Crores	Rs. Crores	Rs. Crores
26. OTHER EXPENSES			
Stores consumed		8.74	8.38
Packing material consumed		8.31	5.24
Power and fuel		12.83	14.19
Rent including lease rentals		1.30	1.31
Rates and taxes		0.55	0.67
Insurance		0.68	0.37
Repairs and maintenance			
- Buildings	0.51		0.46
- Machinery	4.48		3.39
- Others	3.01		2.86
		8.00	6.71
Legal and professional charges		4.87	4.99
Freight outward		5.29	7.04
Loss on foreign exchange transactions and translations (net)		0.07	0.05
Loss on fixed assets scrapped/written off (net)		0.06	0.18
Excise duty charge		0.19	0.10
Investment written off (Rs. Nil; 2012-13 Rs. 200)		-	0.00 *
Payment to auditors			
- To Statutory Auditor			
- as auditor	0.15		0.15
- for other services	0.13		0.13
- for company law matters	0.00 *		0.00 *
- for reimbursement of expenses	0.00 *		0.00 *
- To Cost Auditor			
- as auditor	0.01		0.01
		0.29	0.29
Miscellaneous expenses		6.87	6.36
		58.05	55.88

*denotes amounts less than Rs. 50,000

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

27. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting and preparation of financial statements:

The financial statements have been prepared on accrual basis and comply in all material respects with the Generally Accepted Accounting Principles in India (Indian GAAP) and the relevant provisions of the Companies Act, 1956 including the Accounting Standards notified under the said Act.

b) Use of estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported revenue and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) (A) Tangible fixed assets:

Fixed assets are recorded at historical cost of purchase and do not reflect current values. Cost includes interest and other financial charges attributable to the acquisition of fixed assets.

Depreciation is provided for as follows:

The Company provides depreciation on straight line method and except as stated in note (i) below, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956:

- i) Depreciation on heavy vehicles, other vehicles, office equipment and data processing equipment are provided at 25%, 20%, 20% and 33% of cost respectively.
- ii) Leasehold land is amortised over the period of lease.
- iii) In respect of extra shift, depreciation is provided on the basis of the actual utilisation of assets. In determining actual utilisation, it has been assumed that the individual items of plant in each shop have worked for the same number of hours as the main plant in that shop, except where separate records are maintained for any item.

When an asset is disposed off, the cost and related depreciation are removed from the books of account and the resultant profit (including capital profit) or loss is reflected in the Statement of Profit and Loss.

(B) Intangible assets:

Software expenditure incurred is amortised equally over the period of 36 months.

d) Investments:

Non-current investments are valued at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of non-current investments. Dividend income is recognised when the right to receive payment is established. Current investments are stated at lower of cost and fair value.

e) Inventories:

Inventories are valued at cost or net realisable value, whichever is lower. Cost of inventories is arrived at on a weighted average basis and is inclusive of overheads and duties, where appropriate. Scrap generated is valued at net realisable value.

f) Foreign exchange transactions:

Foreign exchange transactions are initially recognised at the exchange rate prevailing on the transaction date. At each balance sheet date foreign currency monetary items are translated at the relevant rates of exchange prevailing at that date. In respect of forward contracts, the premium or discount arising at the inception of such a contract is amortised as expense or income over the life of the contract.

In case of monetary items, the exchange differences are recognised in the Statement of Profit and Loss.

g) Revenue recognition:

Sales of products are recognised when the products are shipped or on transfer of significant risks and rewards of ownership to the buyer depending upon the terms agreed with the customers. Sales of services are recognised when the services are rendered.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

h) Employee benefits:

i) Provident fund:

The Company's contribution to the recognised provident fund, paid/payable during the year, is debited to the Statement of Profit and Loss. The shortfall, if any between the return guaranteed by the statute and actual earnings of the fund is provided for by the Company and contributed to the fund.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

ii) Superannuation and other funds/schemes:

Company's contributions paid/payable during the year to officer's superannuation fund, employees' pension scheme, employees' state insurance scheme and labour welfare fund are recognised in the Statement of Profit and Loss.

iii) Gratuity and compensated absences:

Company's liability towards gratuity and compensated absences is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate determined by reference to market yield at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and the estimated terms of the defined benefit obligation.

i) Borrowing costs:

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs are eligible for capitalisation during the year.

j) Segment reporting:

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group and are identified having regard to the dominant nature of risks and returns and internal organisation and management structure.

Revenues and expenses have been identified to the segments based on their relationship to the business activity of the segment. Income and expenses relating to the enterprise as a whole and not allocable on a reasonable basis to the business segments are reflected as unallocated corporate expenses and income.

Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that are not allocable to any segment.

k) Earnings per share:

Basic earnings per share are computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit or increase the net loss per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

l) Taxes on income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax during the specified period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of losses under tax laws are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on account of other timing differences are recognised to the extent that there is a reasonable certainty of its realisation.

m) Research and development expenditure:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for tangible fixed assets and intangible assets.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

n) Impairment of assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

o) Provisions and contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Contingent liabilities are disclosed in the financial statements.

28. A. BASIS OF CONSOLIDATION:

a) The consolidated financial statements relate to Mahindra UGINE Steel Company Limited ('the Company'), its subsidiary and an associate. The Company and its subsidiary constitute the Group. These consolidated financial statements have been prepared on the historical cost convention and comply in all material respects with the Accounting Standards notified by Companies Accounting Standard Rules, 2006 and other generally accepted accounting principles.

b) Principles of Consolidation

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions have been eliminated.
- The consolidated financial statements include the share of profit/loss of the associate, which are accounted under the 'Equity method' and accordingly, the share of profit/loss of the associate (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- The excess of cost to the Company of its investment in subsidiary over its share of the equity of the subsidiary company at the dates on which the investments in the subsidiary company is made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in subsidiary as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and surplus', in the consolidated financial statements.
- Minority interest in the net assets of consolidated subsidiary company, if any, consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary company and further movements in their share in the equity, subsequent to the dates of investments.

c) The following subsidiary company is considered in the consolidated financial statements:

Name of the subsidiary company	Country of Incorporation	% holding 31 st March, 2014	% holding 31 st March, 2013
Mahindra Sanyo Special Steel Pvt. Ltd. [Mahindra Sanyo]	India	51.00 (up to 3 rd October, 2013)	51.00 (w.e.f 5 th September, 2012)

d) The particulars of investment in an associate company as at 31st March, 2014 is as follows:

(Rs. Crores)

Name of the Associate	Country of Incorporation	Ownership Interest (%)	Original Cost of Investment	Amount of Goodwill / (Capital Reserve) in Original Cost	Share of post-acquisition Reserves and Surplus	Carrying Cost of Investment
Mahindra Hotels and Resorts Limited	India	49.90 (up to 3 rd October, 2013)	0.05 <i>0.05</i>	Nil <i>Nil</i>	(0.05) <i>(0.05)</i>	- -

Previous year's figures are disclosed in italics.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

Note: The share of loss in the associate is restricted to the original cost of investment as per the equity method of accounting for associates under AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements". During the year ended 31st March, 2014, the associate has been disposed of at Re.1.00 resulting in no profit or loss on disposal.

B. Gain on deemed disposal of partial stake in the subsidiary:

During the previous year, in accordance with the terms of the Share Subscription Agreement, Sanyo Special Steel Company Limited, Japan [Sanyo] and Mitsui & Company Limited, Japan [Mitsui] had subscribed to 29,00,000 equity shares of Rs. 10 each at a premium of Rs. 434.27 per share amounting to Rs. 128.84 Crores and 20,00,000 equity shares of Rs. 10 each at a premium of Rs. 434.27 per share amounting to Rs. 88.85 Crores respectively of Mahindra Sanyo on 5th September, 2012 after which the holding of the Company in Mahindra Sanyo had reduced from 100% to 51% and resulted in a gain of Rs. 45.45 Crores.

29. Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March, 2014 Rs. 36.40 Crores (2012-2013: Rs. 8.82 Crores).

30. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

a) Customers bills discounted but not matured Rs. 5.10 Crores (2012-2013: Rs. 24.71 Crores).

b) Excise duty and Service Tax:

Excise and Service Tax matters for which the Company is contingently liable amounting to Rs. 16.31 Crores (2012-2013: Rs. 13.34 Crores). This includes:

- i) Rs. 0.52 Crore (2012-2013: Rs. 0.52 Crore) - relating to the method of valuation of customer processed finished goods for the purpose of discharge of excise duty, where the customer supplies raw material. This matter has been settled by Custom, Excise & Service Tax Appellate Tribunal (CESTAT) in favour of the Company. The Department has gone in further appeal in the Supreme Court.
- ii) Rs. 5.05 Crores (2012-2013: Rs. 4.96 Crores) - demand relating to alleged availment of Cenvat credit on invoices issued by certain registered dealers without actually receiving the material covered therein. The Company has filed an appeal in CESTAT against the said demand.
- iii) Rs. 0.45 Crore (2012-2013: Rs. 0.42 Crore) being matters related to availment of service tax credit.
- iv) Rs. 1.08 Crores (2012-2013: Rs. 1.01 Crores) being disallowance of input credit availed on canteen expenses.
- v) Rs. 2.94 Crores (2012-2013: Rs. Nil) being disallowance of input credit availed on banking services without having registration as input service distributor.
- vi) Rs. 1.78 Crores (2012-2013: Rs. 1.90 Crores) - being other matters.

In respect of (b) (i) above and other valuation issues, the excise department has continued to issue show cause cum demand notices for subsequent periods aggregating Rs. 4.53 Crores (2012-2013: Rs. 4.53 Crores).

c) Sales Tax:

Sales Tax matters for which the Company is contingently liable amounting Rs. 12.96 Crores (2012-2013: Rs. 9.31 Crores). This includes:

- i) A demand of Rs. 8.51 Crores (2012-2013: Rs. 8.51 Crores) for financial year 2006-07 and financial year 2007-08 by treating the branch transfer of goods as sales made by the Company and for non-submission of 'C' forms. The amount is inclusive of interest and penalty. The Company has filed an appeal in Sales Tax Tribunal against the said demand.
- ii) A demand of Rs. 3.65 Crores (2012-2013: Rs. Nil) for financial year 2008-09 by disallowing the input vat set off claimed by the Company and for non submission of 'C' forms. The amount is inclusive of interest and penalty. The Company has filed an appeal with Joint Commissioner Appeals against the said demand.
- ii) Other sales tax matters Rs. 0.80 Crore (2012-2013: Rs. 0.80 Crore)

d) Taxation demands against which the Company is in appeal Rs. 7.11 Crores (2012-2013: Rs. 6.33 Crores).

e) Other matter for which the Company is contingently liable is Rs. 58.74 Crores (2012-2013: Rs. 58.74 Crores). This represents dispute in rate of water charges, inclusive of penal charge of Rs. 10.19 Crores (2012-2013: Rs. 10.19 Crores) and late fee charge of Rs. 22.31 Crores (2012-2013: Rs. 22.31 Crores), demanded by the Irrigation department.

The Company is in dispute with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water from Patalganga River, for the period from July 1991 to May 2012. The Hon'ble Court of Alibag district, before whom the appeal was filed by the Irrigation Department against the Order of the Court of the Civil Judge, Senior Division Panvel, decided the appeal against the Company. Consequently the Company filed an appeal before the Hon'ble High Court of Judicature of Bombay challenging the Order of the Alibag Court. The Hon'ble Bombay High Court has admitted the appeal for the disputed period of July 1991 to March

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

2001, since for the period April 2001 to May 2012 there has been no agreement in force between the Company and the Irrigation department. As per the directions of the Hon'ble Bombay High Court, the Company has deposited Rs. 2.88 Crores with the Hon'ble Bombay High Court, being the demand as per the Irrigation department for the said period of July 1991 to March 2001.

In respect of the demand for the period from April 2001 to May 2012, the Company has filed a writ petition before the Hon'ble Bombay High Court. The Hon'ble Bombay High Court, vide Order dated 2nd July, 2012, has admitted the writ petition of the Company in relation to water charges demanded by the Irrigation Department, District - Raigad for the said period. In compliance with the conditions of the Order, the Company has paid an amount of Rs. 23.35 Crores with the Irrigation Department, being the arrears of water charges for the period from July 1991 to May 2012 and has also given a bank guarantee towards penal rate charges of Rs. 10.19 Crores claimed by the Irrigation Department. The High Court has also allowed the Irrigation Department to withdraw the amount of arrears of Rs. 2.88 Crores deposited earlier with it in respect of disputed water charge claim for the period from July 1991 to March 2001. As per the Order, the Company is entitled to pursue the proceedings filed by it before the Hon'ble Bombay High Court and that the State of Maharashtra (Irrigation Department) shall not adopt any coercive steps for recovery of the aforesaid penal rate charges of Rs. 10.19 Crores and the late fee of Rs. 22.31 Crores.

Pending the hearing and final disposal of these proceedings and based on the Company's assessment of water charges dues, the aforesaid amount of Rs. 26.23 Crores is considered as recoverable and an amount of Rs. 3.68 Crores has been cumulatively provided for based on the management's estimate as to the expected charge on this account.

- f) Other claims against the Company not acknowledged as debts:
- Claim pertaining to material supply contract Rs. Nil (2012-2013: Rs. 9.66 Crores). The arbitration award is received during the year.
 - Claims relating to lease rentals Rs. 1.02 Crores (2012-2013: Rs. 1.02 Crores).

31. FOREIGN CURRENCY EXPOSURES:

- a) The forward exchange contracts outstanding as at 31st March, 2014 are as follows:

Currency	Amount in Crores	Buy/Sell	Cross Currency
US Dollar	NIL	Buy	Rupees
(US Dollar)	(1.28)	(Buy)	(Rupees)

- b) The year - end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amounts receivable / payable in foreign currency on account of the following:

	Indian Rupees Rs. Crores	Foreign Currency Rs. Crores
Import of goods and services	Nil (0.67)	US \$ Nil (US \$ 0.01)
	Nil (0.45)	Euro Nil (Euro 0.01)
Export of goods and services	Nil (0.38)	US \$ Nil (US \$ 0.01)
	Nil (1.79)	EURO Nil (Euro 0.03)

Previous year's figures have been disclosed in parentheses.

32. SEGMENT REPORTING:

Notes:

- The Company has considered business segment as primary segment for disclosure. The segments have been identified taking into account the organisational structure as well as the differing risk and returns of the segments. Steel segment (discontinuing operations) comprises of sale of alloy steel and rings. Stamping segment (continuing operation) comprises sale of pressed metal components. Inter segment revenue is market led.
- The geographical segments considered for disclosure are:
 - Sales within India
 - Sales outside India

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

	Steel	Stamping	Elimination	Rs. Crores Consolidated Total
a) Primary segment information (Business segment)				
i) Segment revenue (net):				
External sales	382.23 <i>811.02</i>	723.02 <i>765.25</i>	- -	1,105.25 <i>1,576.27</i>
Inter-segment revenue	- -	- <i>1.14</i>	- <i>[1.14]</i>	- -
Total segment revenue from operations	382.23 <i>811.02</i>	723.02 <i>766.39</i>	- <i>[1.14]</i>	1,105.25 <i>1,576.27</i>
ii) Segment result:				
Segment result before exceptional item	39.00# <i>[4.76]#</i>	37.29 <i>57.89</i>	- -	76.29 <i>53.13</i>
Exceptional Item – Profit on sale of land and buildings	- -	124.55 -	- -	124.55 -
Segment result after exceptional item	39.00 <i>[4.76]</i>	161.84 <i>57.89</i>	- -	200.84 <i>53.13</i>
Unallocated corporate expenses (net of unallocated income)				2.69 <i>4.85</i>
Profit before finance cost, interest and dividend income, profit on sale of investments, unallocated exceptional item and tax expense				198.15 <i>48.28</i>
Finance cost				(22.26) <i>[55.55]</i>
Interest and dividend income and profit on sale of investments				8.84 <i>4.74</i>
Exceptional item (Unallocated) – Profit on sale of long term investments in an associate and group companies				1.67 -
Profit/(loss) before tax				186.40 <i>[2.53]</i>
Tax expense/(credit)				67.88 <i>[9.70]</i>
Profit after tax and before share of profit / loss of minority				118.52 <i>7.17</i>
# includes gain on disposal of steel business, through disposal of stake in the subsidiary, Rs. 64.85 Crores (2012-13 – gain on deemed disposal of partial stake in the subsidiary Rs. 45.45 Crores.)				
iii) Assets:				
Segment assets	- <i>518.59</i>	367.24 <i>357.83</i>	- <i>0.17</i>	367.24 <i>876.25</i>
Unallocated corporate assets				100.13 <i>125.36</i>
Total assets				467.37 <i>1001.61</i>
iv) Liabilities:				
Segment liabilities	- <i>172.71</i>	104.49 <i>91.23</i>	- <i>0.17</i>	104.49 <i>263.77</i>
Unallocated corporate liabilities				5.23 <i>356.64</i>
Total liabilities				109.72 <i>620.41</i>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

	Steel	Stamping	Elimination	Rs. Crores Consolidated Total
v) Capital expenditure	2.84 <i>19.53</i>	30.01 <i>26.96</i>	- -	32.85 <i>46.49</i>
vi) Depreciation and amortisation	10.34 <i>20.42</i>	16.07 <i>14.73</i>	-	26.41 <i>35.15</i>
vii) Non cash expenditure other than depreciation	- <i>1.92</i>	15.46 <i>0.17</i>	- -	15.46 <i>2.09</i>
b) Secondary segment information (Geographical segment)	Within India		Outside India	Total
Revenue from external customers	1,090.17 <i>1,532.98</i>		15.08 <i>43.29</i>	1,105.25 <i>1,576.27</i>
Segment assets	467.37 <i>999.44</i>		- <i>2.17</i>	467.37 <i>1,001.61</i>
Capital expenditure	32.85 <i>46.18</i>		- <i>0.31</i>	32.85 <i>46.49</i>

Previous year figures have been disclosed in italics.

33. RELATED PARTY DISCLOSURES:

- a) Related parties where control exists:
Holding Company Mahindra & Mahindra Ltd.
- b) Names of other related parties with whom transactions have taken place during the year
- 1) Associate Company Mahindra Hotels and Resorts Ltd.#
 - 2) Fellow subsidiaries
 - Mahindra Forgings Ltd. #
 - Mahindra Gujarat Tractors Ltd.
 - Mahindra Intertrade Ltd.
 - Mahindra Logistics Ltd.
 - Mahindra Gears and Transmission Pvt. Ltd.
 - Mahindra Vehicle Manufacturers Ltd.
 - Mahindra Steel Service Centre Ltd.
 - Mahindra Trucks and Bus Ltd.
 - Mahindra BPO Services Pvt. Ltd.
 - Mahindra Hinoday Industries Ltd. #
 - Mahindra Automobile Distributors Pvt. Ltd.
 - Metalcastello S.p.A.
 - Mahindra First choice Wheels Ltd.
 - Mahindra Sanyo Special Steel Pvt Ltd. ##
 - 3) Key Management Personnel
 - Mr. Uday Gupta, Managing Director
 - Mr. Ajit Lele, Chief Executive Officer

Related party up to 3rd October, 2013

Fellow subsidiary w.e.f 3rd October 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

c) Transactions and balances with the related parties referred to in (a) and (b) above in the ordinary course of business:

FS : Fellow Subsidiaries

Rs. Crores

Sr. No.	Particulars	Mahindra & Mahindra Ltd.	Mahindra Sanyo Special Steel Pvt. Ltd.	FS Mahindra Forgings Ltd.	FS Mahindra Tractors Ltd.	FS Mahindra Intertrade Ltd.	FS Mahindra Logistics Ltd.	FS Mahindra Gears & Transmission Pvt. Ltd.	FS Mahindra Vehicle Manufacturers Ltd.	FS Mahindra Steel Service Center Ltd.	FS Mahindra Trucks & Bus Ltd.	FS Mahindra BPO Services Pvt. Ltd.	FS Mahindra Hindray Industries Ltd.	FS Metacastello S.p.A	FS Mahindra First choice Wheels Ltd.	Key Management Personnel
1	Purchases of goods or services	0.14	-	8.46	-	403.07	-	-	-	0.04	-	-	-	-	-	Mr. Ajit Jale
2	Receiving of services	(0.38)	(1)	(21.52)	(0.00)*	(425.31)	(1)	(1)	(1)	(0.08)	(1)	(1)	(0.04)	(1)	(1)	Mr. Uday Gupta
3	Shared IT services received	2.04	(3.25)	(1)	(1)	(1)	(0.28)	(1)	(1)	(1)	(1)	(0.12)	(1)	(1)	(1)	-
4	Rent paid	1.78	-	-	-	-	(0.17)	-	-	-	-	(0.13)	(1)	(1)	(1)	-
5	Sale of goods	(2.85)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-	-	-	-	-
6	Rendering of services	1.36	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Rent income	(1.32)	0.26	61.89	1.30	-	(1)	1.75	41.32	(1)	1.63	(1)	13.72	0.16	-	-
8	Sale of fixed assets	(587.91)	(1)	(107.23)	(1.81)	(0.00)*	(1)	(2.50)	(64.03)	(1)	(2.79)	(1)	(4.81)	(0.49)	(1)	-
9	Purchase of fixed assets / capex services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Deputation of personnel	(1.12)	(1)	(1)	(1)	(1)	(0.00)*	(1)	(1)	(1)	(1)	(1)	(0.02)	(1)	(1)	-
11	Remuneration to key managerial personnel	0.28	(0.19)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.79#
12	Provision for doubtful debts made during the year	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(0.78)#
13	Provision for doubtful debts written back	(0.00)*	(1)	(0.28)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-
14	Consideration received for sale of steel business	(0.19)	(1)	(0.22)	(1)	(1)	(1)	(0.00)*	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-
15	Consideration received for sale of share in subsidiary	214.33	-	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-
16	Interest expenses	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	-
17	ICD received	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(0.20)	-
18	ICD refunded	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(13.50)	-

0.79#

0.57#

(0.89)#

(13.50)

(13.50)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

c) Transactions and balances with the related parties referred to in (a) and (b) above in the ordinary course of business:

FS : Fellow Subsidiaries

Rs. Crores

Sr. No.	Particulars	Mahindra & Mahindra Ltd.	FS	Mahindra Sanyo Special Steel Pvt. Ltd.	FS	Mahindra Forgings Ltd.	FS	Mahindra Gujarat Tractors Ltd.	FS	Mahindra Intertrade Ltd.	FS	Mahindra Logistics Ltd.	FS	Mahindra Gears & Transmission Pvt. Ltd.	FS	Mahindra Vehicle Manufacturers Ltd.	FS	Mahindra Steel Service Center Ltd.	FS	Mahindra Trucks & Bus Ltd.	FS	Mahindra BPO Services Pvt. Ltd.	FS	Mahindra Hindray Industries Ltd.	FS	Mahindra First choice Wheels Ltd.	Key Management Personnel		
19	Outstandings																										Mr. Uday Gupta		
a)	Payables																										Mr. Ajit Jale		
	i) Other payables / credit balances	1.56	-	-	-	-	46.00	0.05	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	-	-	-	-		
	ii) Deposit Received	(9.59)	(-)	(-)	(-)	(-)	(39.33)	(0.15)	(-)	(-)	(0.01)	(-)	(-)	(-)	(0.01)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.22)		
	Receivables		(-)	(-)	(-)	(-)	(0.02)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)		
b)																													
	i) Receivables and debtors	82.05	0.11	-	0.04	-	-	-	-	8.84	-	-	-	-	-	0.66	-	-	-	-	-	-	-	-	-	-	-	-	
	ii) Deposits outstanding	(78.88)	(-)	(20.52)	(0.05)	(-)	(-)	(-)	(-)	(10.76)	(-)	(0.57)	(-)	(-)	(1.18)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2.39)	(-)	(-)	(-)	(-)	
	iii) Provision for doubtful debts and advances	0.57	(0.57)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
c)	Investment in equity shares	(0.00)*	(-)	(0.29)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
d)	Guarantees & collaterals given	-	(-)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		(-)	(-)	-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

* denotes amount less than Rs. 50,000/-

@ Excludes change for gravity as separate figure are not available.

reimbursed to Mahindra & Mahindra Ltd.

Notes:

1. The transaction amounts reported above are inclusive of applicable taxes.
2. Previous year figures have been disclosed in parenthesis.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

34. DISCLOSURES RELATING TO DISPOSAL OF SUBSIDIARY

a. Effect of disposal of the subsidiary on the financial statements:

The Company has sold its entire 51% stake in the subsidiary Mahindra Sanyo Special Steel Private Limited (Mahindra Sanyo) on 3rd October, 2013 for a consideration of Rs. 214.22 Crores (2012-13 - Rs. Nil) [net of expenditure relating to such disposal of Rs. 0.11 Crore; (2012-13-Rs. Nil)], approved by the Board of directors at its meeting held on 15th June, 2013, which resulted in a profit of Rs. 64.85 Crores.

The effect of disposal of the subsidiary on the financial position as at 31st March 2014 and results for the year ended on that day, based on the reviewed results of the subsidiary upto 30th September, 2013, being the date nearest to the date of sale, are given below:

	Rs. Crores	
	As at 30 th September, 2013	As at 31 st March, 2013
EQUITY AND LIABILITIES		
Minority interest (A)	143.50	158.95
Non-current liabilities	71.77	83.96
Current liabilities	226.32	200.49
Total (B)	298.09	284.45
ASSETS		
Non-current assets	208.39	215.62
Current assets	382.57	393.37
Total (C)	590.96	608.99
Net assets over liabilities disposed [C- (A+B)]	149.37	-
Sale consideration received	214.22	-
Profit on disposal of subsidiary	64.85	-
	For the period ended 30th September, 2013	For the year ended 31st March, 2013
Revenue from operations	382.23	586.57
Other income	3.54	4.62
Total revenue	385.77	591.19
Expenses:		
Cost of raw material consumed	240.10	344.61
Changes in inventories of finished goods and work in progress	(10.05)	22.25
Employee benefits expense	26.63	38.95
Finance costs	8.35	13.37
Depreciation and amortisation expense	10.34	14.98
Other expenses	141.93	208.59
Total expenses	417.30	642.75
Loss for the period / year before exceptional items and tax	(31.53)	(51.56)

b. Disclosure for discontinuing operations (steel business):

Mahindra Sanyo, the subsidiary disposed off, was in the business of sale of alloy steel and rings that represented a separate major line of business and a separate reportable business segment as per Accounting Standard [AS] -17 'Segment reporting'. The steel business has accordingly been disclosed as discontinuing operations in accordance with the requirement of AS - 24 'Discontinuing operations. Comparative figures for the previous year are also segregated between continuing and discontinuing operations.

The steel business figures reported as discontinuing operations for the year ended 31st March, 2013 in the table below, are the combined figures for the period up to 9th July, 2012 till which time it was a division of the Company and for the period from 10th July 2012 to 31st March, 2013 during which it was a subsidiary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

The following table summarises the financial information for discontinuing operations (also given alongside is the corresponding financial information for the continuing operations and the aggregate):

Rs. Crores

Particulars	Continuing Operations		Discontinuing Operations		Total	
	(Stamping Business)		(Steel Business)		Company	
	31 st March, 2014	31 st March, 2013	31 st March, 2014	31 st March, 2013	31 st March, 2014	31 st March, 2013
I. Assets						
Non-current assets	207.93	206.29	-	215.62	207.93	421.91
Current assets	259.44	186.33	-	393.37	259.44	579.70
Total assets	467.37	392.62	-	608.99	467.37	1,001.61
II. Liabilities						
Non-current liabilities	14.71	177.69	-	83.96	14.71	261.65
Current liabilities	95.01	158.27	-	200.49	95.01	358.76
Total liabilities	109.72	335.96	-	284.45	109.72	620.41
III. Revenues and expenses						
Revenues						
Revenues from operations	723.02	765.25	382.23	811.02	1,105.25	1,576.27
Other income	5.82	0.64	3.54	4.96	9.36	5.60
Total revenue	728.84	765.89	385.77	815.98	1,114.61	1,581.87
Expenses						
Cost of materials and components consumed	533.11	579.10	240.10	491.62	773.21	1,070.72
Changes in inventories of finished goods and work in progress	(0.01)	(4.39)	(10.05)	3.60	(10.06)	(0.79)
Employee benefits expense	65.39	66.71	26.63	51.16	92.02	117.87
Finance costs	13.91	26.16	8.35	29.39	22.26	55.55
Depreciation and amortization expense	16.07	14.73	10.34	20.42	26.41	35.15
Other expenses including provision for doubtful trade receivables	73.51	55.88	141.93	295.47	215.44	351.35
Total expenses	701.98	738.19	417.30	891.66	1,119.28	1,629.85
Profit/ (Loss) before exceptional items, profit on disposal of subsidiary and tax expense	26.86	27.70	(31.53)	(75.68)	(4.67)	(47.98)

IV. Cash Flows:

Net cash from / (used in) operating activities	76.08	77.61	(6.63)	(146.08)	69.45	(68.47)
Net cash from / (used in) investing activities	1.41	-	193.98	(43.71)	195.39	(43.71)
Net cash from / (used in) financing activities	(245.34)	(73.42)	4.66	264.87	(240.68)	191.45

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

35. PROVISION FOR WATER CHARGES (DISPUTED):

Rs. Crores

Particulars	Opening balance	Provision made during the year	Amount utilised / written back	Closing balance
Water Charges	3.68 (3.51)	- (0.17)	- (-)	3.68 (3.68)

The details regarding dispute in water charges have been mentioned in Note 30 (e).

Previous year's figures have been disclosed in parentheses

36. EARNINGS PER SHARE:

Particulars	31 st March, 2014	31 st March, 2013
a) Profit for the year from continuing operations (Rs. Crores)	105.95	23.87
b) Exceptional items [2013 -14 Rs 126.22 Crores less tax thereon Rs 35.99 Crores: 2012-13 Rs. Nil] (Rs. Crores)	90.23	-
c) Profit for the year from continuing operations before exceptional items (Rs. Crores) [a]-[b]	15.72	23.87
d) Profit/(Loss)for the year (Rs. Crores)	133.97	20.47
e) Profit/(Loss) for the year before exceptional items (Rs. Crores) [d]-[b]	43.74	20.47
f) Weighted average equity shares (Nos.) - 32,482,529 shares outstanding for 349 days (2012-13 - 365 days) - 32,664,279 shares outstanding for 16 days	32,490,496	32,482,529
g) Diluted equity shares (Nos.) Weighted average equity shares plus 48,960 (2012-13 - Nil) shares that would be issued for no consideration to ESOP holders on account of difference between the exercise price and fair value of shares.	32,539,456	32,482,529
h) Basic earnings per equity share for (in Rupees)		
Continuing operations		
- Before exceptional items [c]/[f]	4.84	7.35
- After exceptional items [a]/[f]	32.61	7.35
Total operations		
- Before exceptional items [e]/[f]	13.46	6.30
- After exceptional items [d]/[f]	41.23	6.30
i) Diluted earnings per equity share for (in Rupees)		
Continuing operations		
- Before exceptional items [c]/[g]	4.83	7.35
- After exceptional items [a]/[g]	32.56	7.35
Total operations		
- Before exceptional items [e]/[g]	13.44	6.30
- After exceptional items [d]/[g]	41.17	6.30

37. EMPLOYEE BENEFIT PLANS:

A. Defined benefit plans:

Provident fund:

The Company makes monthly contributions to Provident Fund managed by MUSCO Staff Provident Fund Trust for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year Company has contributed Rs. 1.25 Crores (2012-13: Rs. 1.43 Crores Steel: Rs. 0.35 Crores, Stamping Rs. 1.08 Crore) to the Provident Fund Trust. Having regard to the assets of the fund and return on investments, the

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

Company provides for the shortfall in interest on an estimated basis. Accordingly a provision of Rs 0.45 Crore (2012-13: Rs Nil) has been made during the year towards the guarantee given for notified interest rates.

The major categories of plan assets in which the contributions are invested by MUSCO Staff Provident Fund Trust are as under:

Category Particulars	% of each to total plan assets	
	31 st March, 2014	31 st March, 2013
Bonds and securities of Central Government	11.53	13.97
Bonds and securities of State Government	13.21	10.67
Bonds and securities of public sector undertakings	38.79	38.78
Special deposits with banks	36.47	36.58

Gratuity:

Detailed disclosures on defined benefit plan - Gratuity is as follows:

Particulars	GRATUITY	
	31 st March, 2014 Rs. Crores	31 st March, 2013 Rs. Crores
I Expenses recognised in the Statement of Profit and Loss for the year ended 31st March, 2014, in line item 'employee benefits expense'		
1. Current service cost	0.93	1.01
2. Interest cost	1.08	1.41
3. Expected return on plan assets	(1.11)	(1.31)
4. Actuarial (gains)/ losses	(0.30)	1.31
5. Total expense	0.60	2.42
II Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2014		
1. Present value of defined benefit obligation as at year end	(6.53)	(19.93)
2. Fair value of plan assets as at year end	4.62	17.96
3. Net liability as at year end	(1.91)	(1.97)
III Change in obligation during the year ended 31st March, 2014		
1. Present value of defined benefit obligation at the beginning of the year	19.93	17.50
2. Current service cost	0.93	1.01
3. Interest cost	1.08	1.41
4. Actuarial (gains)/ losses	(0.37)	1.55
5. Liabilities settled on sale of steel business	(13.29)	-
6. Benefit payments	(1.75)	(1.54)
7. Present Value of defined benefit obligation as at the end of the year	6.53	19.93
IV Change in assets during the year ended 31st March, 2014		
1. Plan assets at the beginning of the year	17.96	16.02
2. Expected return on plan assets	1.11	1.31
3. Contributions by employer	-	1.93
4. Assets distributed on sale of steel business	(12.63)	-
5. Actual benefits paid	(1.75)	(1.54)
6. Actuarial gains/ (losses)	(0.07)	0.24
7. Plan assets at the end of the year	4.62	17.96
V Actual return on plan assets (1+2)	1.04	1.55
1. Expected return on plan assets	1.11	1.31
2. Actuarial gains/ (losses)	(0.07)	0.24

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

VI The major categories of plan assets as a percentage of total plan		
Funded with LIC of India <i>(see note below)</i>	100%	100%
VII Actuarial Assumptions:		
1. Discount rate	9.15%	8.00%
2. Expected rate of return on plan assets	9.40%	9.40%
3. Mortality	2006-08 Mortality base	2006-08 Mortality base
4. Turnover rate	1 to 2%	1 to 2%
5. Salary escalation rate	7.50%	7.50%

Note: The Company is unable to obtain the details of major category of plan assets from the Insurance Company (LIC of India) and hence the disclosure thereof is not made.

B. Net assets/ (liabilities) recognised in the balance sheet as at respective year ends and experience adjustments:

	Rs. Crores				
Particulars	31st March, 2014	31 st March, 2013	31 st March, 2012	31 st March, 2011	31 st March, 2010
1. Present value of defined benefit obligation	6.53	19.93	17.50	16.19	15.01
2. Fair value of plan assets	(4.62)	(17.96)	(16.02)	(15.15)	(15.33)
3. Funded status [surplus/(deficit)]	(1.91)	(1.97)	(1.48)	(1.04)	0.32
4. Net asset/(liability)	(1.91)	(1.97)	(1.48)	(1.04)	0.32
5. Experience adjustment arising on:					
a. Plan liabilities	0.77	1.02	0.83	0.18	0.42
b. Plan assets	(0.09)	0.24	0.13	(0.26)	0.34

C. Basis used to determine expected rate of return on assets:

This is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

D. The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors like supply and demand in the employment market.

E. The Company expects to fund the shortfall in the Employees' Group Gratuity-cum-Life Assurance Scheme with Life Insurance Corporation of India during the first quarter of the next financial year.

F. Defined contribution plans:

The group makes contribution to Employees' provident fund, Employees' pension scheme, Superannuation fund and Employees' State Insurance Scheme (ESIS), which are defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

Group's contribution paid/payable during the year to employees' pension scheme, Superannuation fund and ESIS are recognised in the Consolidated Statement of Profit and Loss. These amounts are recognised as an expense and included in the Note 24 of the Consolidated Statement Profit and Loss under the heading "Employee benefit expenses" in line item "Contribution to provident and other funds".

Particulars	31st March, 2014	31 st March, 2013
	Rs. Crores	Rs. Crores
i) Provident Fund	0.73	0.94
ii) Superannuation fund	0.35	0.60
iii) Employees' pension scheme	0.93	1.27
iv) Employees State Insurance Scheme	0.27	0.31

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

38. As a part of Mahindra Group strategy to consolidate the auto components business and formation of global alliance with CIE Automotive, Spain (CIE), the Board of Directors of the Company, at their meeting held on 15th June, 2013, duly considering the recommendation of the Audit committee, has approved the Integrated Scheme (the scheme) of Amalgamation under Sections 391 to 394 of the Companies Act, 1956, involving the Company, Mahindra Hinoday Industries Limited, Mahindra Gears International Limited, Mahindra Investments (India) Private Limited and Participaciones Internacionales Autometal Tres S. L. ("Transferor Companies") with Mahindra Forgings Limited ("Transferee Company"), with effect from 1st October, 2013 ("the Scheme").

The Company had intimated the Stock Exchanges on which it is listed on 15th June, 2013 detailing the share SWAP ratios.

The BSE Limited ("BSE") and the National Stock Exchange of India limited ("NSE"), vide their Observation letters both dated 7th March 2014, have conveyed their respective no-objections to file the Integrated Scheme as mentioned in point a) above with the Hon'ble High Court of Bombay.

Subsequently, the Company has filed application under Sections 391-394 of the Companies Act, 1956 before the Hon'ble High Court Of Judicature at Bombay seeking its directions for;

- a) holding meetings of its equity shareholders to seek their approval to the Scheme and
- b) dispensing with the requirement of convening meetings of its secured and unsecured creditors. As per the Order dated 2nd May, 2014 of the Hon'ble Bombay High Court, the meeting of equity shareholders of the Company will be convened on 5th June, 2014, as per the notice dated 6th May, 2014 of the said meeting sent to the shareholders of the Company. The Hon'ble Bombay High Court vide its above Order has dispensed with requirement of convening meetings of secured and unsecured creditors of the Company. The Company is in process of filing necessary petition under section 391-394 of the Companies Act 1596 read with applicable provisions of the Companies Act, 2013, if any, with Hon'ble Bombay High Court of Judicature at Bombay, seeking its approval for the Scheme.

The Company has also sent notice of postal ballot dated 10th May, 2014, along with required annexure and explanatory statement, for seeking the approval of public shareholders of the Company to the Scheme through postal ballot and e-voting, as required under the provisions of the relevant circulars issued by Securities Exchange Board of India (SEBI), in this respect and will take such other steps as may be necessary for the approval and implementation of the scheme.

39. Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

Signature to Notes 1 to 39

For and on behalf of the Board

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Uday Gupta Managing Director

Hemant Luthra
Harsh Kumar
Daljit Mirchandani
Sanjiv Kapoor Directors

Mumbai : 21st May, 2014

Mumbai : 21st May, 2014

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014

Summary of Financial Information of Subsidiary company as per Section 212 of the Companies Act, 1956, for the year ended 31st March 2014.

Rs. Lakhs

Name of the subsidiary	Capital (including preference capital)	Reserves and surplus	Total assets	Total liabilities	Details of investments (excluding investments in subsidiaries)	Turnover (Net)	Profit / (loss) before tax	Provision for tax charge/ (credit)	Profit/(loss) after tax	Proposed dividend & tax thereon	Country
Mahindra Sanyo Special Steel Pvt. Ltd. (till 3 rd October, 2013)	—	—	—	—	-	38,222.73	(3,152.65)	-	(3,152.65)	-	India

For and on behalf of the Board

Uday Gupta

Managing Director

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Hemant Luthra
Harsh Kumar
Daljit Mirchandani
Sanjiv Kapoor

Directors

Mumbai : 21st May, 2014

[illegible]

[illegible]

MAHINDRA UGINE STEEL COMPANY LIMITED

CIN: L99999MH1962PLC012542

Registered Office: 74, Ganesh Apartment, Opp. Sitaladevi Temple, L.J. Road, Mahim (west), Mumbai - 400 016.
Website: www.muscoindia.com e-mail: investors_relation@mahindra.com Tel: +91 22 24444287 Fax: +91 22 24458196

PROXY FORM

{Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014}

Name of the Member(s) :	
Registered address :	
E-mail Id :	
Regd. Folio No./ Client ID No.	
DP ID:	

I / We, being the member(s) of _____ Shares of Mahindra UGINE Steel Company Limited, hereby appoint

1. Name	2. Name	3.Name
Address	Address	Address
E-mail Id	E-mail Id	E-mail Id
Signature _____ Or failing him	Signature _____ Or failing him	Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fifty First (51st) Annual General Meeting of the Company to be held on Tuesday, the 5th day of August, 2014 at 4.00 p.m. at Pama Thadhani Auditorium, Jai Hind College, 'A' Road, Churchgate, Mumbai - 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions
1	Consider and adopt the Audited Financial Statements for the year ended March 31, 2014 together with the Reports of the Board of Directors and Auditors thereon.
2	Re-appointment of Mr. Anand Mahindra, as a Director, who retires by rotation.
3	Re-appointment of Mr. Uday Gupta, as a Director, who retires by rotation.
4	Re-appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as Auditors and fixation of remuneration thereof.
5	Appointment of Mr. Mukesh Gupta as a Director.
6	Appointment of Mr. Daljit Mirchandani as an Independent Director.
7	Appointment of Mr. Manoj Kumar Maheshwari as an Independent Director.
8	Appointment of Mr. R. R. Krishnan as an Independent Director.
9	Appointment of Mr. Nikhilesh Panchal as an Independent Director.
10	Appointment of Mr. Sanjiv Kapoor as an Independent Director.
11	Re-appointment of Mr. Uday Gupta as a Managing Director of the Company.
12	Approval of the Remuneration payable to the Cost Auditor.

Signed this day of2014

Signature of the Shareholder

Affix
Revenue
Stamp of
15 paise

Signature of the Proxyholder(s) : _____

Note:

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A Proxy need not be a member of the Company.**
- (2) For the resolutions, explanatory statement and notes please refer to the Notice of 51st Annual General Meeting.
- (3) Appointing a proxy does not prevent a member from attending the meeting in person if member so wishes.
- (4) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Mahindra CIE



The Mahindra Group (India) and CIE Automotive S. A. (Spain) announced on 15 June 2013, the signing of a global alliance agreement between Mahindra's automotive component businesses (held under its Systech Sector) and CIE Automotive (involving also its subsidiary Autometal).

Subject to regulatory approvals, the agreement will see the formation of a global automotive component supply network with combined annual sales of approximately INR 15000 Crores / Euro 2.2 Billion / USD 3 Billion with operations in North America, South America, Europe and Asia held through listed businesses in Spain, Brazil and India.

The Management Discussion & Analysis section of this report contains details relevant to your company.

"Eight years ago, we at Mahindra set out to build an Indian automotive supplier with a global footprint and this drove a series of acquisitions in India and Europe for us. We have been listening closely to our customers who have asked to step up our globalization efforts and follow them around the world. This Grand Alliance with CIE enables us to "Rise" above competition, quickly extends our reach into new geographies, and grow our collective product portfolio in the coming years,"

- Anand Mahindra, Chairman of the Mahindra Group.

"CIE's leadership and shareholders have a strategy to develop India as the gateway to the Asian market. We have been impressed by the promise of the Indian automotive market and the growing emergence of India as a key global production hub for small cars. In Mahindra, we found a partner that has a multi-technology portfolio similar to ours and shares the same business values. So while we are happy to see CIE gaining an entry to India, we are equally pleased to have M&M as one of CIE's largest shareholders."

- Anton Pradera, Chairman of CIE Automotive

"Systech businesses are the result of acquisitions and alliances that we have struck around the world as we sought to quickly expand in the components business with our unique "Art to Part" proposition. This Alliance with CIE dwarfs everything we have done in the past and marks the next bold step towards global supplier consolidation."

- Hemant Luthra, President of Mahindra's Systech Sector

"CIE's focus on growth with operational excellence is a value shared with the Mahindra Group. And as we join hands to become a bigger and better supplier, we see a bright future ahead of us."

- Jesus Maria Herrera, CEO of CIE Automotive and Chairman of Autometal

Mahindra CIE



FORGINGS



CASTINGS



MAGNETICS



COMPOSITES



STAMPINGS



GEARS

* Post Merger View

Registered Office:

Mahindra UGINE Steel Company Limited

74, Ganesh Apartments, 7th Floor,
Opp Sitaladevi Temple, L. J. Road. Mahim (W),
Mumbai – 400 016, Maharashtra, India

Tel.: 91 22 24444287 Fax.: 91 22 24458196

CIN: L99999MH1962PLC012542

investors_relation@mahindra.com

muscoindia.com

MAHINDRA UGINE STEEL COMPANY LIMITED

CIN: L99999MH1962PLC012542

Registered Office: 74, Ganesh Apartment, Opp. Sitaladevi Temple, L. J. Road, Mahim (west), Mumbai - 400 016.

Website: www.muscoindia.com e-mail: investors_relation@mahindra.com Tel: +91 22 24444287 Fax: +91 22 24458196

ATTENDANCE SLIP

I hereby record my presence at the 51st Annual General Meeting of the Company at Pama Thadhani Auditorium, Jai Hind College, 'A' Road, Churchgate, Mumbai - 400 020, on Tuesday, the 5th day of August, 2014 at 4.00 p.m.

Name and address of the Member

Registered Folio No./ Client ID No.

DP ID

Name of the Proxy

No. of Shares

Name of the Member or Proxy or representative
present

Signature of the Member or Proxy or representative
present

Note:

- [1] The Member/Proxy/Representative attending the 51st Annual General Meeting is requested to bring this slip duly filled in and present the same at the entrance to the Meeting.

PARTICULARS OF E-VOTING

Pursuant to provisions of section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 51st Annual General Meeting (AGM). The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility.

During the e-voting period (Wednesday, 30th July, 2014 at 10:00 A.M. to Friday, 1st August, 2014 at 5:00 P.M.), members of the Company holding shares as on the cut off date (record date) i.e. 30th June, 2014 may cast their vote electronically.

The electronic voting particulars are set out below:

EVEN (E-Voting Event Number)	USER ID	PASSWORD

Please read the instructions carefully before voting electronically, as printed overleaf and these instructions are also mentioned in note No. 13 of AGM notice.

Instructions for e-voting

Pursuant to Section 108 of the Companies Act, 2013, read with Companies [Management and Administration] Rules, 2014 and the revised Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in this Notice convening the 51st Annual General Meeting (AGM).

The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facility.

The detailed instructions for e-voting are being as under;

A) In case of shareholders receiving email from NSDL:

- (i) Open the email and open the "MUSCO_e-voting" file with your client ID or folio no. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- (ii) Launch the internet browser by typing the following URL <https://www.evoting.nsdl.com>.
- (iii) Click on "Shareholder-Login".
- (iv) Put User ID and Password noted in step (i) above as the initial password and Click Login. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for Login.
- (v) If you are logging in for the first time, password change menu will appear. Change the password with new password of your choice with minimum 8 digits/characters or a combination thereof. Please note the new password for all the future e-voting cycles offered on NSDL e-voting platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of "e-voting" opens. Click on "e-voting": Active Voting Cycles.
- (vii) Select "EVEN (E-Voting Event Number)" of Mahindra Ugine Steel Company Limited. For an EVEN, you can login any number of times on e-voting platform of NSDL till you have voted on the resolution or till the end of voting period i.e. upto closure of working hours (5.00 p.m.) Friday, 1st August, 2014, whichever is earlier.

(viii) Now you are ready for "e-voting" as "Cast Vote" Page opens.

(ix) Cast your vote by selecting appropriate option and click "Submit" and also "Confirm" when prompted. Kindly note that vote once cast cannot be modified subsequently.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.

(xiii) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

(xiv) Institutional Shareholders (i.e. Shareholders other than individuals, HUF, NRIs etc.) are also required to send scanned copy (PDF/JPG format) of the relevant board resolution/ authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer through email at :scrutinizer@snaco.net with a copy marked to evoting@nsdl.co.in.

(xv) In case of any queries you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the "downloads" section of <https://www.evoting.nsdl.com> or contact NSDL by email at evoting@nsdl.co.in or call on: (022) 24994600.

B) In case of shareholders receiving physical copy of notice by post and voting electronically:

- (i) User ID and Initial Password is mentioned at the bottom of Attendance Slip separately provided
- (ii) Please follow the steps from Serial. Nos. (ii) to (xiii) mentioned in A) above, to cast your vote.

C) In case, you are already registered with NSDL for e-voting, then you can use your existing user id and password for Login. Thereafter please follow the steps from Sl. Nos. (vi) to (xiii) mentioned in A) above, to cast your vote.