

Rise to challenges

48th Annual Report 2010-2011



Mahindra Ugin Steel Company Ltd.

Today is another perfect day, to defy the world's naysayers.

**Today, we will think bigger than our size.
Today, we will refuse to accept limitations.
Today, we will not be held back by the past.**

**Today, we will focus on the future —
and never, ever blink.**

**Today, we will break down another barrier.
Scoff at another convention.
And use alternative thinking.
To solve another previously unsolvable problem.**

**Today, we will accomplish something
astounding. And in the process,
change someone's life for the better.**

Today, we will set an example for the world.

**With boldness.
With confidence.
With relentless optimism.**

GOOD MORNING.

TODAY IS ANOTHER PERFECT DAY...

TO Rise.

In January 2011, we launched a new brand positioning spanning all industries, companies, and geographies. The new brand positioning, expressed by the word “Rise”, is amplified by a simple group core purpose: ***“We will challenge conventional thinking and innovatively use all our resources to drive positive change in the lives’ of our stakeholders and communities across the world, to enable them to Rise.”***

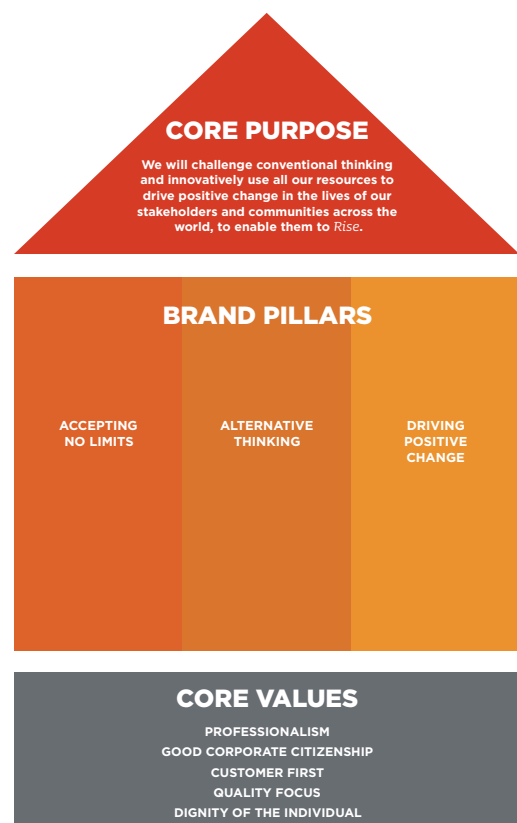
Rise captures a sense of optimism about the future and a determination to shape one’s own destiny. It means that our products and services empower our customers to achieve their aspirations. From providing farmers in rural India with equipment and agri-services that help them raise farm productivity to building reliable pickups for businessmen, from creating IT solutions for some of the world’s leading companies to pioneering green real estate in India, we enable our customers to achieve a better future.

Building a strong, universally relevant brand is a key driver of business success. Rise is expected to play a major role in our plans to build a strong global presence and market leadership to become a truly global multinational. Rise unifies the varied perceptions of brand Mahindra across our existing companies, from automotive to retail. It also provides a clear guiding principle for all Group companies to follow.

The idea of “Rise” arose from 18 months of in-depth conversations with employees and customers. It is an articulation of values the Group has always held. The idea of Rise rests on three brand pillars: ***accepting no limits, alternative thinking, and driving positive change***. Accepting no limits means taking on big challenges - like building the Scorpio, our groundbreaking indigenous SUV, at a fraction of the cost of developing it abroad. Alternative thinking means fostering innovation and looking for creative solutions - like using solar power to bring electricity to rural India. Driving positive change means positively impacting all the lives we touch, from employees to customers to the communities we operate in - like offering loans to entrepreneurs in rural India.

In addition to guiding our product and service development, Rise has important implications for the internal working of the group. It is currently driving internal business transformation to help all of us to live our core purpose and enable the group to achieve its goal of becoming a leading global player. We are reevaluating processes from HR policies to brand and digital architecture to drive positive change in our employees’ work experience, our business success, and our relationships with all our stakeholders.

In the coming years, we expect Rise to yield strong business results by creating strong relationships with customers and all stakeholders, providing a clear guide for business decisions across the Group, and catalyzing ambitious and innovative growth.



Mahindra Systech

Was created in 2004 to capitalise on the opportunities presented by the growth of the Indian automobile component industry as a result of increasing domestic vehicle production as well as growing emphasis on Low Cost Country (LCC) sourcing for Global Automotive OEMs.

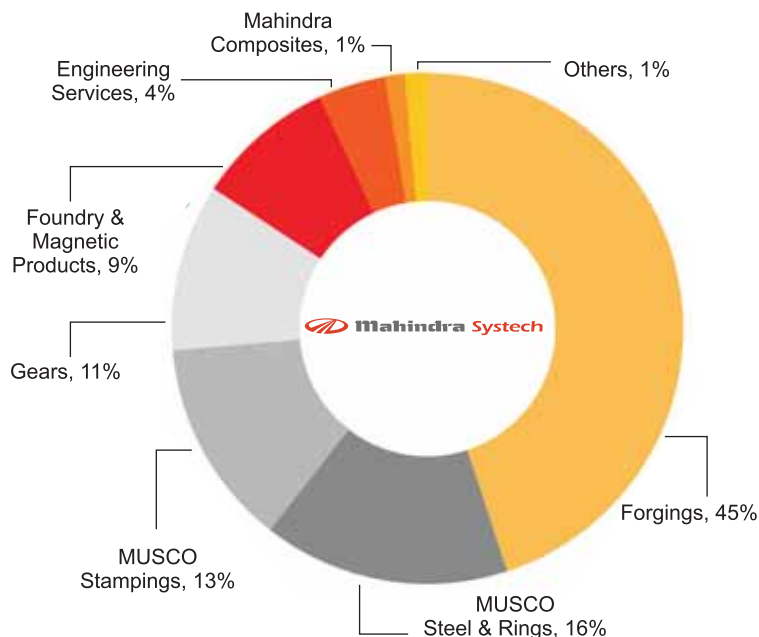
With the promise of creating an automotive supplier that could lead in "Systems and Technologies", Systech was formed by combining a few Mahindra group companies with a series of acquisitions in India and around the world.

As part of the Mahindra Group, Systech not only benefits from the automotive heritage of its parent and access to world-class resources, but also inherits Mahindra's principled approach to corporate governance and management processes.

Today, Systech offers a variety of components and services to the automotive and other ground-based mobility industries around the world. Our portfolio includes Castings, Forgings, Stampings, Gears, Rings, Magnetic products, Steel, Composites, Engineering and Contract Sourcing services. Our network of plants and offices around the world service customers located in North America, Europe and Asia.

With INR 4232 Crores (USD 929 M / EUR 701 M) in 2010-2011 Sales, we are one of India's largest automotive component groups and a global leader in automotive forgings.

As the world tackles the challenge of creating affordable yet cleaner mobility for a growing population, Systech businesses are working with customers to design parts and systems that are lighter yet stronger and developing new processes to optimise the use of available resources.



Products



MATERIALS

Alloy Steel, Composites

PRODUCTS

Forgings, Castings, Gears, Rings, Stampings, Magnetic Products, Composites

SERVICES

Engineering, Contract Sourcing

Vision

“To create the world’s most valuable, innovative ‘Art to Part’ auto component entity that partners with its global customers to meet and surpass their business needs.”



Our Brands

SCHÖNEWEISS & CO  GmbH

 Jeco

 Falkenroth
Umformtechnik

 stokesforgings

 MUSCO



GSA

 Metalcastello

 Engines Engineering

FACTS

15 Patents in FY11

21

Manufacturing Plants
in India and Europe

6

countries
of presence

INR 4232 Cr sales

12000+ employees globally

Product Profile

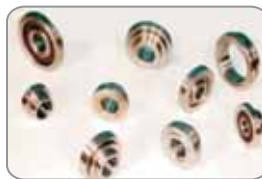
Steel Division

- Engineering / Forging Steel
- Ball Bearing Steel
- Die & Tool Steel
- Microalloy Steel
- Case Carburising Steel



Ring Division

- Anti-Friction Bearing Races
- Ring Gears / Gear Blanks
- Railway Bearing Races



Stampings Division

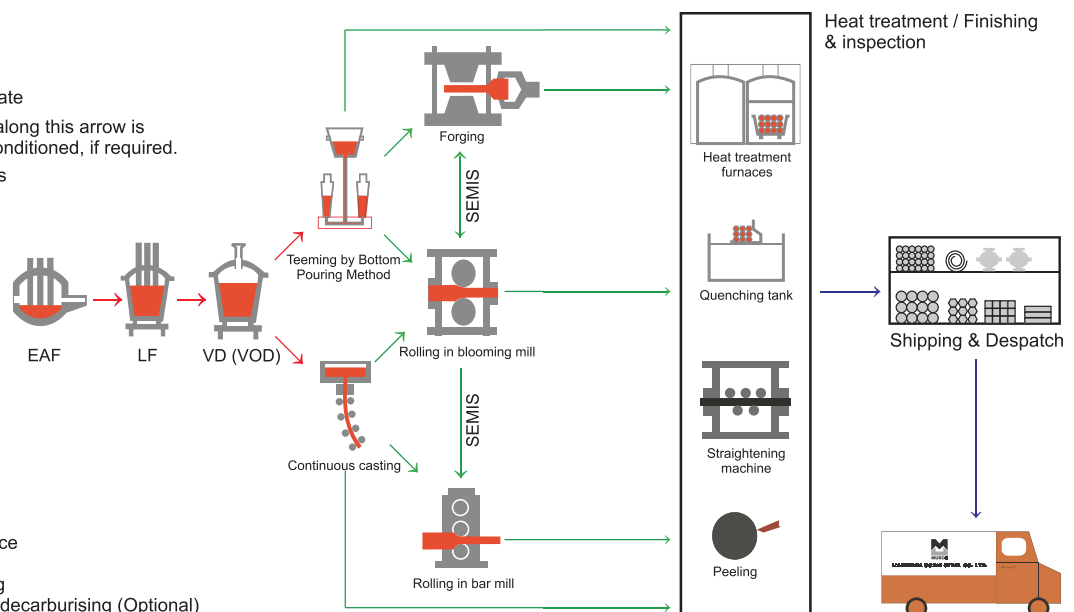
- Skin and Non Skin Panels
- Chasis Reinforcements
- Cross Members
- Roof Panels / Floors / Doors / Bumpers
- Engine Components



Processes

- Steel in Liquid State
- Material Moving along this arrow is Inspected and Conditioned, if required.
- Finished Products

EAF - Electric arc furnace
LF - Ladle furnace
VD - Vacuum degassing
VOD - Vacuum oxygen decarburising (Optional)



Board of Directors

Keshub Mahindra	Chairman
Anand G. Mahindra	Vice Chairman
Uday Gupta	Managing Director (w.e.f. 5 th May 2011)
K V Ramarathnam	Managing Director (upto 4 th May 2011)
Hemant Luthra	
R. R. Krishnan	
Harsh Kumar	
Manoj Kumar Maheshwari	
Sanjiv Kapoor	
S. Ravi	
Daljit Mirchandani	
Nikhilesh Panchal	
Sarojini Dikhale (nominee of LIC)	

Committees of the Board

Audit Committee

Sanjiv Kapoor
R.R. Krishnan
Manoj Kumar Maheshwari
S. Ravi
Daljit Mirchandani

Remuneration Committee

Sanjiv Kapoor
S. Ravi
Hemant Luthra
Daljit Mirchandani

Investors' Grievance Committee

S. Ravi
Hemant Luthra
Uday Gupta

Arijit Das	CEO - Stampings
Partha Sarathi Roy	Chief Finance Officer
Ajay Kadhao	Company Secretary

Bankers

State Bank of India
Dena Bank
Bank of Baroda
Bank of India
ING Vysya Bank Ltd.
Standard Chartered Bank
DBS Bank Ltd.
IDBI Bank Ltd.

Auditors

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

Solicitors

M/s. Khaitan & Co.

Registered Office

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

Works - Steel and Rings

Jagdishnagar, Khopoli - 410 216,
District Raigad, Maharashtra.
Tel. No. : 02192-263318/347
Fax No. : 02192-263073/6

Stampings:

- 371, Takwe Road, At & Post: Kanhe,
Dist. Pune - 412 106.
Tel. No.: 02114-255289/294,
Fax No.: 02114-255293
- Plot No. D-2, MIDC, Ambad,
Nashik - 422 010.
Tel. No.: 0253-6613400,6613406
Fax No.: 0253-6613409
- Maharajpur Road, Lalpur, Rudrapur
(U.S.Nagar), Uttarakhand - 263143.
Tel No.: 05944-280921

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

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AT A GLANCE

(Rupees in Crores)

Financial Summary	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Sales	1340.52	1087.88	1073.42	922.18	717.23	615.04	522.00	356.57	242.67	256.21
Other Income	2.39	1.46	1.76	2.76	1.68	9.73	1.05	2.47	2.56	0.96
Increase/(Decrease) in stocks	8.62	15.78	-11.06	16.13	-4.39	24.92	6.79	-1.45	-5.90	8.34
Manufacturing and other expenses	1287.29	1024.79	1031.83	846.29	617.79	526.07	443.46	328.19	233.23	247.06
Depreciation	31.45	30.87	24.74	26.71	16.73	13.08	9.62	9.26	9.61	9.29
Interest	42.39	40.83	36.06	28.63	11.83	11.15	11.38	13.51	13.71	15.40
Profit/(Loss) for the year before tax	-9.60	8.63	-28.51	44.19	68.17	99.38	65.38	6.63	-17.22	-6.23
Provision for Taxation - Current Tax	-	1.00	-	10.55	24.82	32.40	5.13	0.53	—	-0.57
(Excess) provision for earlier years w/back(net)	-0.30	-	-	-	-	-	-	-	-	-
— Deferred Tax	-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	-5.97	4.67	-18.83	29.49	44.90	65.06	48.16	6.10	-17.22	-5.67
Equity Dividend	-	3.25	—	9.74	14.62	14.62	9.28	—	—	—
Preference Dividend	-	—	—	—	0.22	1.01	1.91	—	1.87	1.07
Gross Fixed Assets	580.40	567.81	455.27	410.22	317.05	269.63	200.09	200.85	202.11	200.05
Net Fixed Assets	300.93	306.10	326.02	292.40	233.00	115.82	68.61	70.34	81.24	87.26
Investments	14.09	14.09	14.09	0.42	0.52	0.52	3.09	3.11	3.29	3.34
Net Current Assets	200.24	200.84	173.03	229.80	156.93	146.04	95.08	73.17	44.98	52.91
Miscellaneous Expenditure	-	-	-	0.03	0.20	0.59	1.04	1.82	2.31	4.55
Equity Share Capital	32.48	32.48	32.48	32.48	32.48	32.48	30.93	30.93	30.93	30.93
Share Capital	32.48	32.48	32.48	32.48	32.48	37.94	47.39	47.39	47.39	47.39
Reserves and Surplus	131.47	137.43	136.56	155.39	137.31	110.77	43.92	8.78	6.10	71.30
Net Worth	165.21	171.21	170.34	189.00	170.16	148.12	90.28	54.35	47.5	62.48
Borrowings	343.53	339.97	335.91	316.46	207.42	99.55	64.41	92.26	82.00	81.02
Profit before tax as a % of sales	-	0.79	-	4.79	9.50	16.16	12.52	1.86	—	—
Profit after tax as a % of sales	-	0.43	-	3.20	6.26	10.58	9.22	1.71	—	—
Earnings - Rs. per Equity Share	-1.84	1.44	-5.80	9.08	13.75	19.68	15.03	1.81	-6.17	-2.18
Dividend - Rs. per Equity Share	-	1.00	-	3.00	4.50	4.50	3.00	—	—	—
Book Value - Rs. per Equity Share	50.87	52.71	52.44	58.15	52.36	43.93	23.86	12.26	10.03	14.88



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NOTICE

The Forty-Eight Annual General Meeting of the Members of MAHINDRA UGINE STEEL COMPANY LIMITED will be held on Wednesday, the 27th day of July, 2011 at 3.00 p.m. at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Haji Ali, Mumbai – 400 034, to transact the following business:

ORDINARY BUSINESS:

- 1) To receive and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Anand Mahindra, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. R.R. Krishnan, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. S. Ravi, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to section 224 of the Companies Act, 1956, Messrs. Deloitte Haskins & Sells, Chartered Accountants (Registration Number 117366W), 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, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board in addition to out of pocket expenses as may be incurred by them during the course of the Audit.”

SPECIAL BUSINESS:

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

“RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Daljit Mirchandani, who was appointed as an Additional Director by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director as per the provisions of section 257 of the Companies Act, 1956, be and is hereby

appointed as a Director of the Company liable to retire by rotation.”

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

“RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Nikhilesh Panchal, who was appointed as an Additional Director by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director as per the provisions of section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.

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

“RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Uday Gupta, who was appointed as an Additional Director by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director as per the provisions of section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation.”

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

“RESOLVED that pursuant to the provisions of sections 269, 198, 309, 310, 311, and all other applicable provisions of the Companies Act, 1956 (the Act), (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule XIII of the Act and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be imposed or prescribed by any of the authorities in granting such approvals, permissions and sanctions, approval of the Company be accorded to the appointment of Mr. Uday Gupta as the Managing Director of the Company (hereinafter

referred to as “Managing Director”), for a period of 3 (Three) years with effect from 5th May, 2011 to 4th May 2014, on the following terms and conditions;

Salary		:	Basic salary Rs. 1,95,000/- per month in the scale of Rs.1,95,000/- to Rs.3,25,000/- per month.
Perquisites		:	In addition to the salary, the Managing Director shall be entitled to the following perquisites in accordance with the rules of the Company.
i)	Housing	:	Furnished residential accommodation or House Rent Allowance of 60% of salary in lieu thereof;
ii)	Gas, electricity, water	:	The expenditure incurred on gas, electricity, water will be borne by the Company subject to Income Tax rules;
iii)	Medical re-imbursement	:	Expenses incurred for the Managing Director and his family as per the Company's rules;
iv)	Leave Travel Concession	:	For Managing Director and his family, once in a year, incurred in accordance with the Company's rules;
v)	Club Fees	:	Fees of clubs, subject to a maximum of two Clubs. This will not include admission and life membership fees;
vi)	Personal Accident Insurance	:	Premium as per the Company's rules;
vii)	Contribution to Funds	:	Contribution to Provident Fund, Superannuation Fund, Gratuity Fund as per the Company's rules;
viii)	Encashment of Leave	:	Encashment of leave not availed of by the Managing Director as per the Company's rules;
ix)	Provision of a car and telephone	:	Provision of a car and telephone at the Managing Director's residence for his use as per Company's rules;
x)	Performance pay	:	As per the Company's Rules;
xi)	Other benefits	:	Such other benefits, amenities and facilities as per the Company's rules.

1. 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.
2. 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.
3. 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.

Provided that the remuneration payable to the Managing Director (including the salary, performance pay, perquisites, benefits and amenities) shall not exceed the limits laid down in sections 198 and 309 of the Companies Act, 1956, including any statutory modifications or re-enactment thereof.

FURTHER RESOLVED that where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its 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 receipt of requisite approvals, 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.”

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

“RESOLVED that pursuant to the provisions of sections 198, 309, 310, 269 and all other applicable provisions of the Companies Act, 1956 (the Act), (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule XIII of the Act and subject to the approval of the Central Government and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be imposed or prescribed by any of the authorities in granting such approvals, permissions and sanctions, approval of the Company be accorded for the payment of remuneration to Mr. K. V. Ramarathnam as the Managing Director of the Company (hereinafter referred to as “Managing Director”), for a period with effect from 1st April, 2011 upto the remainder of his tenure i.e. 4th May, 2011, as follows:

Salary	:	Basic salary Rs. 2,91,500/- per month in the scale of Rs.2,00,000/- to Rs.3,50,000/- per month.
Perquisites	:	In addition to the salary, the Managing Director shall be entitled to the following perquisites in accordance with the rules of the Company.
i) Housing	:	Furnished residential accommodation or House Rent Allowance of 60% of salary in lieu thereof;
ii) Gas, electricity, water	:	The expenditure incurred on gas, electricity, water will be borne by the Company subject to Income Tax rules;
iii) Medical re-imbursement	:	Expenses incurred for the Managing Director and his family as per the Company's rules;
iv) Leave Travel Concession	:	For Managing Director and his family, once in a year, incurred in accordance with the Company's rules;
v) Club Fees	:	Fees of clubs, subject to a maximum of two Clubs. This will not include admission and life membership fees;
vi) Personal Accident Insurance	:	Premium as per the Company's rules;
vii) Contribution to Funds	:	Contribution to Provident Fund, Superannuation Fund, Gratuity Fund as per the Company's rules;
viii) Encashment of Leave	:	Encashment of leave not availed of by the Managing Director as per the Company's rules;
ix) Provision of a car and telephone	:	Provision of a car and telephone at the Managing Director's residence for his use as per Company's rules;
x) Performance pay	:	As per the Company's Rules;
xi) Other benefits	:	Such other benefits, amenities and facilities as per the Company's rules.

1. 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.
2. 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.
3. 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.

Provided that the remuneration payable to the Managing Director (including the salary, performance pay, perquisites, benefits and amenities) shall not exceed the limits laid down in sections 198 and 309 of the Companies Act, 1956, including any statutory modifications or re-enactment thereof.

FURTHER RESOLVED that where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its 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 receipt of requisite approvals, 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."

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

"RESOLVED THAT the Directors who are neither in the whole-time employment of the Company nor the Managing Director, Executive Directors and such of the remainder as may not desire to participate, shall for a period of five years with effect from 1st April, 2011, be paid remuneration by way of commission upto one per cent of the net profits of the Company, computed in the manner referred to in Sections 198, 309 and all other applicable provisions of the Companies Act, 1956, and such commission to be distributed amongst and paid to the aforesaid Directors concerned in such proportions as they may from time to time decide between themselves.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to take all such appropriate steps as may be necessary, desirable and expedient in this regards."

NOTES:

- Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 16th July, 2011 to Wednesday, the 27th July, 2011 (both days inclusive).
- In accordance with the provisions of Section 205C of the Companies Act, 1956, the Company has transferred unclaimed matured Fixed Deposits and interest on fixed deposits as on 31st March, 2004 to the Investor Education and Protection Fund of the Central Government.

- Members are requested to write to the Company Secretary at least ten days before the Meeting for obtaining any information as regards accounts and operations of the Company so that the same could be compiled in time.
- Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nomination are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to the Registrar and Transfer Agents of the Company.
- Members are requested to:
 - intimate to the Company or its Registrar and Transfer Agents viz. 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, about changes, if any, in their registered address for correspondence, at an early date, in case of shares held in physical form;
 - intimate to their respective Depository Participant, about changes, if any, in their registered addresses for correspondence, at an early date, in case of shares held in dematerialized form;
 - Quote Folio Numbers or Client ID and DP ID numbers in all correspondence.
- Members who hold shares in dematerialized mode are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
- Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
- Appointment/Re-appointment of Directors.
In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed/re-appointed, Members are requested to kindly refer the Chapter on Corporate Governance in the Annual Report.
- Shareholding of Directors seeking appointment/re-appointment:
Mr. Daljit Mirchandani, Mr. Nikhilesh Panchal, Mr. R.R. Krishnan, Mr. S. Ravi and Mr. Uday Gupta do not hold any shares in the Company. Mr. Anand Mahindra holds 13,617 shares in the Company.
- Pursuant to the provisions of section 205A of the Companies Act, 1956, there were no unclaimed dividends for the financial

year ended 31st March, 2003 due for transfer to the Investor Education and Protection Fund. Further, there are no unclaimed dividends for the Financial Year ended 31st March, 2004, which are required to be transferred to the Investor Education and Protection Fund (IEPF).

Due dates for transferring unclaimed and unpaid dividends declared by the Company for the year 2004-05 and thereafter to IEPF:

Financial Year ended	Date of declaration of dividend	Last date for claiming unpaid/unclaimed dividend
31 st March, 2005	29 th July, 2005	28 th August, 2012
31 st March, 2006	24 th July, 2006	23 rd August, 2013
31 st March, 2007 (Interim dividend)	23 rd March, 2007	22 nd April, 2014
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, 2009	N.A	N.A
31 st March, 2010	27 th July, 2010	26 th August, 2017

- (m) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from shareholders holding shares in electronic form for deletion of/change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.
- (n) The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on April 21, 2011 and April 29, 2011 inter-alia stating that a company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode. In that case, the company is required to obtain email addresses of its members for sending the notice / documents through email by giving an advance opportunity to every shareholder to register his email address and changes therein, if any, from time to time with the company.

The Company expects whole hearted support from its members towards the Green Initiative of MCA and request all its members to communicate their email ID and changes thereto from time to time to the Depository Participant/ Company's Registrar & Share Transfer Agent, to enable the Company to send all its reports, notices and other communication to its members via email.

Please note that the member will be entitled to receive, free of cost, all reports, notices and other communication that may be sent to the member by the Company, from time to time, electronically via email, upon receipt of a requisition from the member 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.
Date: 16th May 2011

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.6.

In accordance with Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Mr. Daljit Mirchandani, was appointed as an Additional Director of the Company by the Board of Directors with effect from 27th October, 2010 and holds office upto the date of the ensuing Annual General Meeting.

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 he is working on the development of a scalable model in the space of primary and secondary education for the poorest of the poor in Rural India.

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 is on the Boards of other companies and is also the Chairman and Member of Committees of the Board of Mahindra Forgings Limited, details whereof are given in the Chapter on Corporate Governance in the Annual Report.

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

The Board is of view that Mr. Dalajit Mirchandani's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends his appointment as a Director of the Company to the members.

None of the Directors of the Company other than Mr. Daljit Mirchandani is deemed to be concerned or interested in this resolution.

ITEM NO.7.

In accordance with Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Mr. Nikhilesh Panchal was appointed as an Additional Director of the Company by the Board of Directors with effect from 18th January, 2011, and holds office upto the date of the ensuing Annual General Meeting.

Mr. Nikhilesh Panchal was born on 21st August 1967 and 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.

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 Laws, Capital Markets transactions including public offerings; international offerings by Indian companies, Intellectual Property and related rights matters etc.

Mr. Nikhilesh Panchal is on the Boards of other companies and is also a Member of Audit Committees of Mahindra Forgings Limited, details whereof are given in the Chapter on Corporate Governance in the Annual Report.

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

The Board is of the view that Mr. Nikhilesh Panchal's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends his appointment as the Director of the Company to the members.

None of the Directors of the Company other than Mr. Nikhilesh Panchal is deemed to be concerned or interested in this resolution.

ITEM NO.8.

In accordance with Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Mr. Uday Gupta was appointed as an Additional Director of the Company with effect from 5th May, 2011, by the Board of Directors at its meeting held on 27th April 2011 and holds office upto the date of the ensuing Annual General Meeting.

Mr. Uday Gupta, aged 51 years, holds degree of 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 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 technical expertise for enhancing the overall working of the Division. Prior to his appointment as the CEO (Steel), Mr. Uday Gupta was Executive Director of First Aluminum Nigeria Plc Group, the Company listed on the Nigeria Stock Exchange, where he 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, details whereof are given in the Chapter on Corporate Governance in the Annual Report.

Mr. Uday Gupta is not on the Board of any other Company. He is a Member of Investors' Grievance Committee of the Board with effect from 5th May 2011. Mr. Uday Gupta does not hold any shares in the Company.

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

None of the Directors of the Company other than Mr. Uday Gupta, is deemed to be concerned or interested in this resolution.

ITEM NO.9.

The Board of Directors at its meeting held on 27th April 2011 appointed Mr. Uday Gupta as the Managing Director with effect from 5th May 2011, subject to the approval of members of the Company. The Remuneration Committee has also approved the terms and conditions including the remuneration payable to Mr. Uday Gupta, as the Managing Director of the Company for a period of 3 (three) years w.e.f. 5th May 2011 to 4th May 2014, subject to approval of the members and the Central Government, if required.

The Remuneration payable to Mr. Uday Gupta as the Managing Director is in line with the current compensation paid by other companies in the Mahindra Group and also taking into account the market trends.

The terms of remuneration including salary, performance pay, perquisites, and benefits payable to Mr. Uday Gupta are set out in the special resolution under Item No.9 of this notice.

Pursuant to sections 269, 198, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 ("the Act"), including Schedule XIII to the Act, the item relating to appointment

and terms and conditions thereof including the remuneration payable to Mr. Uday Gupta, subject to requisite approvals, is now being placed before the Members in this Annual General Meeting for their approval by way of a special resolution.

In compliance with the requirements of section 302 (2) of the Companies Act, 1956, an abstract of the terms of appointment of Mr. Uday Gupta as the Managing Director has already been sent to all the Members of the Company.

Your Directors recommend this resolution as a special resolution for approval of the Members.

Apart from Mr. Uday Gupta, who would be interested as an appointee none of the other Directors is concerned or interested in this resolution. The following additional information as required under Schedule XIII to the Companies Act, 1956 is given below –

I. General Information:

1. Nature of Industry

The Company is engaged in the manufacture of alloy and special steel products and also pressed sheet metal components and assemblies.

2. Date or expected date of commencement of commercial production: May, 1968.

3. In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.

4. Financial Performance based on given indicators as per audited financial results for the year ended 31st March, 2011:

Particulars	(Rs. in Crores)
Sales & Other Income	1342.91
Loss after Tax as per Profit & Loss Account Loss as computed under Section 309(5) read with Section 198 of the Companies Act.	(9.15)
Net Worth	165.21

5. Export Performance and Net Foreign Exchange Collaborations:

The FOB Value of Exports of the Company for the year ended 31st March, 2011 was Rs.26.91 Crores.

The Company does not have any collaboration that has resulted in any earnings or outgo of foreign exchange.

6. Foreign investments or collaborators, if any:

Not applicable.

II. Information about the appointee:

Mr. Uday Gupta

1. Background details -

Mr. Uday Gupta, aged 51 years, holds degree of 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. Gupta was appointed as the CEO of Steel Division of the Company in the year 2008. Prior to his appointment as the CEO (Steel), Mr. Gupta was Executive Director of First Aluminum Nigeria Plc Group, the Company listed on the Nigeria Stock Exchange, where he 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, details whereof are mentioned in the Annual Report in the Corporate Governance Report section under the heading "Directors seeking appointment/re-appointment".

2. Past remuneration during the financial year ended 31st March, 2011 -

During the financial year ended 31st March, 2011, a sum of Rs. 61,62,493/- was paid to Mr. Uday Gupta, CEO-Steel, as the remuneration which includes a component of superannuation and Provident Fund of Rs. 6,31,000/- and performance pay of Rs. 3,30,000/- for FY 2009-10.

3. Recognition or awards -

A Grade – Merit Award – IIT-Madras (Chennai).

4. Job profile and suitability -

Mr. Uday Gupta has rich and vast experience in the field of manufacturing sector particularly metal and alloy industry. Mr. Gupta was appointed as the CEO of Steel Division of the Company in the year 2008. As the CEO of Steel Division, Mr. Gupta has taken various initiatives to streamline the operations, cost control measures, improving quality of products, initiatives to bring new technology and hiring technological experts. With his engineering background and in-depth knowledge and rich experience of metal manufacturing industries he has taken various steps like formulating strategies for sales and marketing of the steel division, initiative to increase

exports, new business development, streamlined HR functions etc.

5. Remuneration proposed -

Salary of Rs.1,95,500/- p.m. in the basic scale of Rs. 1,95,000/- to Rs. 3,25,000/- per month and other perquisites, allowances and other benefits, as fully set out in item No.9 of this notice.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) -

Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by Mr. Uday Gupta, the remuneration proposed to be paid is commensurate with the remuneration packages paid to his similar level counterparts in other companies.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any -

Besides the remuneration proposed to be paid to Mr. Uday Gupta, he does not have any other pecuniary relationship with the Company or relationship with any other managerial personnel and Directors.

III. Other Information:

1. Reason of loss or inadequate profits -

The financial year under review witnessed sharp increase in cost of input, power, fuel and borrowings, resulting in escalation in cost of production. Moreover, due to competitive pressure and muted demand growth for steel products, the Company was unable to pass on fully this increased cost of production to its customers affecting the overall performance. The Company had to pay for high power cost as the expected contracted power supply at a lower rate was not received in the year. This was another major reason for pressure on operating margins.

2. Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms -

The Company has taken steps and initiatives for improving its sales to high margin steel products of engineering, oil & gas and mining sectors. The Company is focusing on exports and has witnessed significant growth in exports of its steel products on year on year

basis. New customers are added in Steel as well as in Ring business and efforts are on to improve the customer base at Steel plus Ring Division and Stampings Division. The Company is rigorously pursuing to get the contracted power supply at lower rate which will improve the operating margins. Various initiatives are taken to improve the order position, productivity, efficiency and margin with optimum metallic cost of production, cost control, process improvement, and technological up-gradation and saving power cost. The Ring business of the Company has succeeded in getting orders from overseas customers. The Stampings Division has also taken various steps to upgrade its capacity to meet growing demand of stampings products. The Company is confident that these initiatives and steps will start yielding better results and increase the productivity and profitability of the Company.

IV. Disclosures:

The information and disclosures of the remuneration package of the managerial personnel have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading "Remuneration to the Managing Director for the year ended 31st March, 2011".

ITEM NO.10.

The Remuneration Committee and the Board of Directors at their respective meetings held on 28th April, 2009 have revised the terms and conditions of remuneration payable to Mr. K.V. Ramarathnam as the Managing Director, for the period of 3 years with effect from 1st April, 2008 upto 31st March, 2011, subject to approval of the members and the Central Government. Accordingly, the Company has obtained necessary approval from shareholders as well as Central Government. However, the tenure of service of Mr. K.V. Ramarathnam as the Managing Director of the Company was upto on 4th May, 2011 and for payment of the remuneration for the remainder of his period of tenure i.e. from 1st April, 2011 to 4th May, 2011, requires approval of the members as well the Central Government.

The Board of Directors of the Company, at its Meeting held on 21st March, 2011 has, pursuant to the approval of the Remuneration Committee of the Board and subject to approval of the Members and the Central Government, approved the payment of remuneration for the period with effect from 1st April, 2011 till his remainder period of his tenure as the Managing Director i.e. till 4th May, 2011, payable to Mr. K. V. Ramarathnam, Managing Director of the Company at the same level as he was receiving during the financial year 2010 -11. The remuneration payable to Mr. K. V. Ramarathnam is in line with the current compensation paid by other companies in the Mahindra Group and also taking into account the market trends.

The terms of remuneration including salary, performance pay, perquisites, benefits payable to Mr. Ramarathnam are set out in the special resolution under Item No.10 of this notice.

Pursuant to sections 198, 309, 310, 269 and all other applicable provisions of the Companies Act, 1956 ("the Act"), including Schedule XIII to the Act, the item relating to remuneration payable to Mr. Ramarathnam, subject to requisite approvals, is now being placed before the Members in this Annual General Meeting for their approval by way of a special resolution.

In compliance with the requirements of section 302 (2) of the Companies Act, 1956, an abstract of the terms of remuneration has already been sent to all the Members of the Company.

Your Directors recommend this resolution as a special resolution for approval of the Members.

Apart from Mr. K.V. Ramarathnam, who is deemed to be interested, none of the other Directors is concerned or interested in this resolution.

The following additional information as required under Schedule XIII to the Companies Act, 1956 is given below –

I. General Information:

Please refer to General Information given in the explanatory statement for Item No. 9 of this Notice.

II. Information about the appointee:

Mr. K. V. Ramarathnam

1. Background details -

Mr. K. V. Ramarathnam is a Graduate in Mechanical Engineering from University of Madras and has rich experience of 40 years in Steel and related industries.

Mr. K. V. Ramarathnam was SBU Head (Steel Division) of Perkasa Indobaja, Subang, Indonesia, (Texmaco Group) for more than 5 years heading Seamless Tubes, Hot Rolling Mill, Steel Melting Shop. Mr. K. V. Ramarathnam was also associated as a Key Personnel for more than 17 years with Kalyani Steels Ltd. and Kalyani Seamless Tubes Ltd.

Mr. K. V. Ramarathnam has handled all areas of operations including Production, Marketing, Process and equipment selection, Project appraisal and implementation, Cost Control, Recruitment & Training, review of all MIS & action plans, Funds Flow management etc. Mr. K. V. Ramarathnam has widely traveled on different assignments and is an effective team leader.

2. Past remuneration during the financial year ended 31st March, 2011 -

During the financial year ended 31st March, 2011, the Company paid a sum of Rs. 73,75,507/- as fixed component of remuneration to Mr. K. V. Ramarathnam

which includes a component of superannuation, Provident Fund and gratuity of Rs. 9,44,460/-. Apart from the above fixed component, the managing director is entitled to receive an amount not exceeding Rs. 22,17,600/- as performance pay, being the upper limit of the Performance Pay fixed by the Board of Directors, payable to the Managing Director for the financial year 2010-11 depending on individual and Company's performance. The actual amount, not exceeding the above upper limit, of the performance pay will be determined by the Remuneration Committee, based on his individual performance and the performance of the Company for the year 2010-11. The Company has paid an amount of Rs.13,30,560/- to the Managing Director, towards performance pay for the year 2009-10.

3. Recognition or awards -

There was no external recognition or award.

4. Job profile and suitability -

Mr. K V Ramarathnam was managing day to day affairs of the Company under the control supervision of the Board. He was involved in strategic initiatives and business development process of the Company. He has taken various initiatives and measures like effective cost control, streamlining delivery mechanism, upgrading of technology in manufacturing processes, strengthening sales and marketing strategies etc.

5. Remuneration proposed -

Salary of Rs.2,91,500/- p.m. in the scale of Rs. 200,000/- to Rs.3,50,000/- per month and other perquisites, allowances as fully set out in item No.10 of this notice.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) -

Taking into consideration the size of the Company, the profile of Mr. K. V. Ramarathnam, the responsibilities shouldered by him, the remuneration proposed to be paid is commensurate with the remuneration packages paid to his similar level counterparts in other companies.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any -

Besides the remuneration proposed to be paid to Mr. K. V. Ramarathnam, he does not have any other pecuniary relationship with the Company or relationship with any other managerial personnel and Directors.

III. Other Information:

Please refer to Other Information given in the explanatory statement for Item No. 9 of this Notice.

IV. Disclosures:

The information and disclosures of the remuneration package of the managerial personnel have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading "Remuneration to the Managing Director for the year ended 31st March, 2011".

ITEM NO.11.

Pursuant to section 309 (4) of the Companies Act, 1956, a Director who is neither in the whole time employment of the company nor a Managing Director may be paid remuneration by way of commission if the Company by a Special Resolution authorises such payment. Provided that the commission shall not exceed one percent of the net profit of the Company, as computed under section 198 of the companies Act, 1956, if the Company has a Managing Director or Whole time Director.

The Company at its 43rd Annual General Meeting held on 24th July 2006 has approved the resolution of payment of commission to its Non-Executive Directors subject to above statutory provisions. The said resolution was valid for 5 years and can be renewed for a period of further 5 years. Even though the Company has not paid any commission till date to any of its Non-Executive Directors, particularly when profits were available, the Board of Directors of the Company has always received valuable advises, contributions and support from its Non-Executive Directors. The vast and varied experience and rich knowledge of Non-Executive Directors has always been helpful for smooth and effective management of various facets of operations of the Company, from time to time.

In the view of above, your Board of Directors felt it appropriate to propose the renewal of the resolution for your approval so as to retain, encourage and attract talented, experience and knowledgeable people as Non-Executive Directors of the Company. This approval will enable the Board to decide in future on any proposal for remunerating the Non-Executive Directors, depending on profits and performance of the Company.

Your Directors recommend the resolution set out in item No. 11 of this Notice for approval of the members as a Special Resolution.

The Directors who would be entitled to receive a commission may be deemed to be concerned or interested in this resolution.

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.

Date: 16th May, 2011.



DIRECTORS' REPORT

The Directors present their Forty-eight Report together with the audited accounts of your Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

	(Rupees in crores)	
	2010-11	2009-10
Gross Income	1342.91	1089.34
Profit before Interest and Depreciation	64.24	80.33
Less: Interest	42.39	40.83
Less: Depreciation	31.45	30.87
Profit/(Loss) before Tax	(9.60)	8.63
Less: Provision for Taxation		
- Current Tax	-	1.00
- Fringe Benefit Tax	(0.30)	-
- Deferred Tax	(3.33)	2.96
Profit/(Loss) after Tax	(5.97)	4.67
Balance of profit brought forward from earlier years	46.25	45.38
Profit available for Appropriation	40.28	50.05
Less: Proposed Dividend on Equity Shares	-	3.25
Less: Tax on Dividend (excess for earlier year written back)	(0.01)	0.55
Less: Transfer to General Reserves	-	-
Balance Carried Forward to Balance Sheet	40.29	46.25

DIVIDEND

In view of losses incurred during the year under review and to conserve reserves for the future growth of the Company, your Directors do not recommend any dividend, for the financial year 2010-11. Your Company had paid a dividend of Re. 1 per share for the previous financial year.

PERFORMANCE

The Indian economy has maintained its growth momentum by posting a 8.6% growth for the year under review. The alloy steel industry also recovered from the slow down of the previous year. However, the recovery of the alloy steel industry was affected in the second half of the year under review due to the sharp rise in cost of input raw material, power and fuel. The Company was able to recover from its customers only part of the rise in these costs. Further, due to inflationary and liquidity pressure on the economy, the cost of borrowing witnessed rise and impacted the

overall performance of the Company, in general and particularly the steel business.

During the year under review your Company suffered a net loss of Rs.5.97 crores as compared to net profit of Rs 4.67 crores earned in the corresponding previous year. The gross income of the Company grew by 23.28% from Rs.1089.34 crores to Rs.1342.91 crores. The earnings before other Income, Interest and depreciation (EBIDTA) for the year under review was Rs.61.85 crores as compared to Rs.78.87 crores in the previous year.

STEEL & RING BUSINESSES:

During the year under review, your Company sold 1,23,447 tonnes of alloy steel products as compared to 1,21,654 tonnes sold in the previous year, registering a growth of around 1.5%. Your Company registered sales revenue of Alloy and Steel products aggregating Rs. 749.79 crores for the year under review as compared to Rs. 617.61 crores of the previous year posting a growth of 21%. The rise in sales revenue is largely attributable to enriched product mix in the year 2010-11 as compared to that of the previous year.

Your Company also registered sales of 2785 tonnes of Ring (Bearing Races) for a value of Rs.24.32 crores during the year under review as compared to sales of 983 tonnes for a value of Rs. 8.49 crores recorded in the previous year.

During the year under review, the Company has stabilized the production of the Continuous Mill. The Company is also expected to derive benefit of lower power cost from second half of financial year (FY) 2011-12, once the regulatory approvals are in place, at an agreed rate from Wardha Power Company Limited, in whose equity your Company has invested. The management continuously takes all efforts and initiatives to improve the volume, value added products, productivity, efficiency and input cost of production to maintain growth of the business.

STAMPINGS BUSINESS:

During the year under review, the sales volume of the Stampings business of the Company grew from 50,013 MT (previous year) to 55,364 MT registering a growth of 10.70%. The sales value for the Stampings business for the year under review was Rs. 473.49 crores as compared to Rs. 374.96 crores recorded in the previous year, registering a growth of around 26%. The robust growth witnessed by the Stampings business is on account of various initiatives taken by the management to expand its business and, by exploiting the growth in the automobile industry.

The growth of the Stampings business is expected to remain firm in the near future, as it has product orders in the pipeline for new

models of Mahindra & Mahindra Limited and Tata Motors Ltd. The Pantnagar Project is expected to start operation in the financial year 2011-12, which will further strengthen the business volumes of the Stampings division. The Stampings Division is committed to improve its performance by improving customer centricity, quality and efficiency. The stampings business is expected to post better performance in financial year 2011-12 by participating in the growth momentum of the automobile industry.

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 follow the best of the corporate governance practices and follows the same while conducting the affairs of the Company. A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

FINANCE:

During the year under review, the liquidity position of the Company was satisfactory. In spite of spurt in cost of borrowing in the year under review, your Company comfortably met its borrowing need for capital expenditure as well as for working capital requirements through its bankers.

STOCK OPTIONS:

No Stock Options have been granted during the year under review.

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:

The relations with the workers and their respective unions remained cordial.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE:

The Company has a defined policy on general health, safety and environmental conservation through which every employee is responsible for the observance of the 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 to review the situation. Detailed review is stated in the Management Discussion Analysis report.

DIRECTORS:

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

Dr. Homi N. Sethna, Director resigned from the Directorship of the Company with effect from 9th July, 2010. Mr. M.R. Ramachandran, Director, ceased to be the Director of the Company as he had expressed his desire not to seek re-appointment at the last Annual General Meeting. The Board has placed on record its sincere appreciation of the services rendered by Dr. Homi N. Sethna and Mr. M.R. Ramachandran during their tenure as Directors of the Company.

The Board places on record its condolences for the sad demise of Dr. Homi N. Sethna, who has passed away on 5th September, 2010.

Mr. Daljit Mirchandani and Mr. Nikhilesh Panchal were appointed as Additional Directors of the Company with effect from 27th October, 2010 and 18th January, 2011 respectively and they hold office upto the date of ensuing Annual General Meeting.

The tenure of Mr. K.V. Ramarathnam as the Managing Director is upto on 4th May 2011. The Board acknowledges the long association of Mr. Ramarathnam with the Company and places on record its appreciation of the valuable services rendered by him to the Company.

Mr. Uday Gupta, who is associated with the Company since 2008, as the Chief Executive Officer- Steel Division, was appointed as an additional director of the Company with effect from 5th May 2011, by the Board of Directors at its meeting held on 27th April 2011 and he holds office upto the date of the Annual General Meeting. The Board at the same meeting appointed Mr. Uday Gupta as the Managing Director of the Company with effect from 5th May, 2011, subject to approval of the members of the Company. The terms and conditions including remuneration of Mr. Uday Gupta as the Managing Director, stated in the notice of ensuing Annual General Meeting, are subject to the approval of the members and the Central Government, if required.

The Company has received Notices from Members under Section 257(1) of the Companies Act, 1956, signifying their intention to propose the candidature of Mr. Daljit Mirchandani, Mr. Nikhilesh Panchal and Mr. Uday Gupta, for the office of Director of the Company at the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the 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, 2011 and of the loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

HOLDING COMPANY:

The shareholding of Mahindra & Mahindra Limited in the Company is 1,64,66,789 equity shares of Rs.10/- each representing 50.69% of the paid up capital of the Company.

SUBSIDIARIES:

The Company had no subsidiary as on 31st March, 2011.

AUDITORS:

M/s. Deloitte Haskins & Sells (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.

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

COST AUDIT REPORT:

The Company has appointed Mr. Kishore Bhatia, a qualified practicing Cost Accountant holding valid Membership No.8241 for the financial year 2009-10 with the approval of the Central Government, Ministry of Corporate Affairs, New Delhi to carry out cost audit of steel plant. The Cost Auditor has filed the Cost Audit Report for the financial year 2009-10 on 6th August, 2010 to the Central Government, Ministry of Corporate Affairs, New Delhi. The due date for filing the said Cost Audit Report was 27th September, 2010.

PUBLIC DEPOSITS AND LOANS/ADVANCES:

An amount of Rs.1.81 Lakhs in the aggregate consisting of 13 matured fixed deposits had remained unclaimed as at 31st March, 2011. The 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 Company has not made any loans/advances and investments which are required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company is committed to its social responsibilities and always takes initiatives to serve the society at large with its best possible efforts. The Company is a part of Mahindra Group, which is known for maintaining high standards of CSR. Your Company, during the year under review, has undertaken various social initiatives. Steel division has undertaken several CSR activities, by entering into contract with the M.K.Foundation, Pune for development of teaching technology in J. C. Mahindra Memorial School at Khopoli, arranged Energy saving programme in School by Tata Energy Club, conducted health check up Camp/ awareness programme on serious disease, engaged in plantation of trees, arranged free check up for old people at old age home once in a month.

The Stampings division has undertaken various CSR initiatives like providing educational aid for computer literacy and to create awareness by organizing educational program and activities for villagers on Health and Education. Distribution of plants seeds to villagers, for plantation near school, temples etc., with an objective of creating awareness amongst the people about importance of environment and sustainability. The MUSCO Stampings, Kanhe has won various prestigious awards in garden competitions including Pune and Pimpri – Chinchwad Municipal Corporation for creating awareness amongst the locals about importance of green environment. These initiatives were part of Employees' Social Options Program (ESOP) of the Mahindra Group.

SUSTAINABILITY INITIATIVES:

Your Company embarked on the sustainability journey in November 2007 as a part of the Mahindra Group's Sustainability Reporting, and over the last four years has laid a foundation for developing a sustainable enterprise. Conscious efforts have been made to understand the challenges of business growth from a multi dimensional perspective i.e. consider the impact of business on the environment, responsibility towards the communities in which the Company operates besides looking at economic progress. During the year the triple bottom line performance for the financial year 2009-10 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 2 reports, this report was externally assured by E&Y with an A+ rating and GRI checked.

In order to ensure that the progress on your triple bottom line



performance is focused, various sustainability project were identified, planned & executed for reducing energy consumption, resource consumption and GHG emissions, and commitments for making business processes more conducive to sustainable development were taken.

During the financial year 2009-10, a Carbon foot-printing exercise was undertaken to inventorize GHG emissions from your business operations, under scope I, II & III emissions as per internationally accepted standards. This has enabled development of baseline data on emissions and undertake initiatives towards improving carbon intensive processes that offer reduction potential. This will be an ongoing exercise in reducing GHG intensity of our products.

PARTICULARS OF EMPLOYEES:

The Company had 4 employees who were employed throughout the financial year under review and where in receipt of remuneration of not less than Rs. 60,00,000 during the financial year ended 31st March, 2011 or not less than Rs. 5,00,000 per month during any part of the said year. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all the shareholders of the Company excluding the Statement of particulars of employees as required pursuant to Section 217(2A) of the Companies Act,

1956 and rules framed thereunder. Any shareholder interested in obtaining a copy of the Statement may write to the Company Secretary of the Company.

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

Keshub Mahindra
Chairman

Mumbai: 27th April, 2011.

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2011

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

(a)	Options granted	10,98,000	
(b)	The Pricing Formula	1st Tranche	2nd 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	6,91,875 Options stand vested on 31 st March, 2011.	
(d)	Options Exercised	Nil	
(e)	The Total number of shares arising as a result of exercise of Options	Nil	
(f)	Options Lapsed	3,86,000	
(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	Nil	
(i)	Total number of Options in force as on 31.03.11	7,12,000	
(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'.	Rs. (1.83)	

(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 higher by Rs. 0.06 crores. Loss after tax would have been higher by Rs. 0.04 crores and both the basic and diluted earnings per share would have been higher by Rs. 0.01.
(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.	-
(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 :	-
	(i) risk-free interest rate,	-
	(ii) expected life,	-
	(iii) expected volatility,	-
	(iv) expected dividends, and	-
	(v) the price of the underlying share in market at the time of option grant.	-

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, 2011.

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, 2011.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

1. High luminous light fittings have been introduced in Blooming Mill Bay (BLM) replacing 143 Number of 400 watt sodium vapor lamps, with 47 numbers of metal halides lamps.
2. Variable Frequency Drive (VFD) installed in furnace and one combustion blower in BLM.
3. One 30 MVA transformer lying idle was activated for sharing the load with other two transformers to improve efficiency and saving no load losses.
4. Keeping switch yard secondary voltage on 22KV within $\pm 5\%$ to save energy consumption.

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

Energy audit conducted by TERI (The Energy Research Institute), Projects identified for implementation in financial year 2011-12.

(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:

There was overall energy saving of around 95390 Kwh during the year due to various energy saving initiatives and measure taken by the Company as stated above. This has resulted in saving of energy cost to the Company.

(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					
		Financial Year 2010-2011			Financial Year 2009-2010		
		STEEL	STAMPINGS	TOTAL	STEEL	STAMPINGS	TOTAL
A	POWER & FUEL CONSUMPTION						
1	ELECTRICITY						
	a) PURCHASED						
	UNITS (KWH)	186,700,927	15,310,590	202,011,517	163,573,121	14,264,920	177,838,041
	TOTAL AMOUNT (Rs)	1,051,628,005	77,111,331	1,128,739,336	835,806,603	65,888,449	901,695,053
	RATE/UNIT (Rs)	5.63	5.04	5.59	5.11	4.62	5.07
	b) OWN GENERATED (KWH)	49,048	1,588,241	1,637,289	57,698	926,814	984,512
2	COAL FOR GASIFIER (MT)	10,419	N.A	10,419	7,311	N.A	7,311
	TOTAL AMOUNT (Rs)	58,393,082	N.A	58,393,082	33,559,398	N.A	33,559,398
	RATE/UNIT (Rs)	5,604	N.A	5,604	4,590	N.A	4,590
3	FURNACE OIL K.LTRS	19,991	N.A	19,991	16,908	N.A	16,908
	TOTAL AMOUNT (Rs)	502,158,584	N.A	502,158,584	370,214,069	N.A	370,214,069
	RATE/UNIT (Rs)	25,119	N.A	25,119	21,896	N.A	21,896
4	OTHER FUEL OIL (L.D.O.) K.LTRS	404	N.A	404	323	N.A	323
	TOTAL AMOUNT (Rs)	16,890,706	N.A	16,890,706	11,702,798	N.A	11,702,798
	RATE/UNIT (Rs)	41,809	N.A	41,809	36,232	N.A	36,232
B)	CONSUMPTION PER UNIT OF PRODUCTION						
1	PRODUCTS (MT) *	126,232	55,305	181,537	122,637	50,522	173,159
2	ELECTRICITY (KWH/MT) Total for the Plant	1,479	306	1,122	1,334	301	1,033
3	FURNACE OIL (K.LTRS/MT) Total for the Plant	0.158	N.A	0.110	0.138	N.A	0.098
4	COAL FOR GASIFIER (MT/MT) Total for the Plant	0.083	N.A	0.057	0.060	N.A	0.042
5	OTHER FUEL OIL (K.LTRS/MT) Total for the Plant	0.0032	N.A	0.0022	0.0026	N.A	0.0019
6	TOTAL FUEL (FURNACE OIL+L.D.O.) (K.Litres /MT)	0.162	N.A	0.112	0.141	N.A	0.100

* Indicates in house production only.

B. TECHNOLOGY ABSORPTION:

(e) 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 year 2010-11 and
2. Benefits derived as result of the same:-

Sr. No.	Product & process improvement	Benefits derived
1.	Installed Oxygen measurement CELOX equipment at Arc Furnace.	Reduction in aluminum consumption thereby reduction in cost.
2.	Conveyor system for copper and nonferrous material segregation from shredded scrap.	Increase in shredded scrap usage and lower copper levels in steel.
3	Developed micro alloyed stainless steel for power plant turbine blades.	Enabled the entry into niche product market.
4	Developed bearing steels with low volume fraction of inclusions.	Enabled to meet requirement of global customers. Developed new global customer.
5	Developed homogenization treatment for ingots for tool steel dies application.	Improved microstructure and impact properties thereby improving product quality.
6	Modified cooling pattern in CC blooms for medium carbon nickel steel grades.	Improved surface quality of product and its marketability.
7	Modified heat treatment process for oil field steel grades.	Improved the ability of machining the product thereby improving the manufacturing process.
8	Networking with Premier Institutes for Research & Development.	This has enabled to develop new products, improve and control of waste and improve quality of products.

3. Future Plan of action:-

- Conversion of EBT fumes extraction dust into paving blocks.
- Tundish water modeling to improve yield and steel quality.
- Modification of sulphide inclusion morphology in micro alloyed steel grade.
- Develop low oxygen bearing steels for global applications.
- Install primary slag decantation system to improve steel cleanliness.
- Install online ultrasonic testing machine for developing new customers.
- Develop new shrouding system for ingot casting to reduce oxygen levels.
- Modify foot rollers in continuous casting machine (CC) to improve internal quality of CC product.
- Develop baffle for tundish to improve cleanliness of steel.
- Further improvement in microstructure in H13 to enhance die life.
- Install slag detection system to improve internal quality of steel.

4. Expenditure on R&D:

		2010-11 (Rs. in Lacs)	2009-10 (Rs. in Lacs)
a)	Capital	-	-
b)	Recurring	148	105
c)	Total	148	105
d)	Total R&D expenditure as percentage of total turnover	0.110%	0.097%

5. Technology Absorption, Adaptation and Innovation

(Efforts in brief towards technology absorption, adaptation and innovation and benefits derived as a result of the above efforts.)

Sr. No.	Technology	Benefits
1	Commissioning of CELOX equipment	Reduction in aluminium consumption and improved productivity.
2	Commissioning of Conveyor system.	Increase usage of shredded scrap.

6. Import of Technology for the last five years: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company continues to strive to improve its export earnings. Further details in respect of exports are set out elsewhere in the Report.

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

For and on behalf of the Board

Keshub Mahindra
Chairman

Mumbai: 27th April, 2011.



MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

COMPANY OVERVIEW

Mahindra UGINE Steel Company Limited (MUSCO) operates in two business segments:

- Alloy steel long products and ring rolling – located at Khopoli, Maharashtra.
- Stampings (Pressed Sheet metal components and assemblies) – located at Kanhe & Nasik in Maharashtra and at Rudrapur in Uttarakhand.

Mahindra & Mahindra Ltd (M&M) holds 50.69% of the share capital in the company whereas promoter holding stands at 55.47% of the total paid up share capital.

ANALYSIS OF STEEL AND RINGS (BEARING RACES) BUSINESS SEGMENT

Industry Structure and Development

The Indian economy recorded a GDP growth rate of 8.6% in the financial year 2010-11 due to strong domestic demand, timely and effective monetary management by the Reserve Bank of India and the fiscal stimulus measures extended by the Government.

The domestic steel industry on the whole registered a healthy growth in step with the GDP growth. The steel demand growth was mainly driven by the high growth in the automobile, white goods, infrastructure and the engineering segments in the country. The accelerated consumption in the first half of the financial year 2010-11 was however followed by comparatively sluggish demand towards the end of the financial year.

A sharp rise in input raw material costs of commodities namely iron scrap, iron ore and coke were witnessed in the financial year under review. Steel companies were unable to pass on the total input cost hike to the customers thereby experiencing a margin squeeze in the second half the financial year 2010-11.

The alloy steel demand in India is driven by the major industrial segments like automobiles, construction equipment, railways, power and engineering, which are expected to grow in tandem with the growth of domestic economy. India's per capita consumption of steel at approximately 47kg compared to average of 200kg in the developed economy provides immense potential for future growth.

The Government Plan to speed up infrastructure development augurs well for the growth of alloy steel industry. Moreover, global Original Equipment Manufacturers (OEMs) in various market segments are increasingly looking forward to strengthen their footprints in India either for strategic sourcing or to participate in the India growth story thereby supplementing the domestic demand growth of alloy steel.

PERFORMANCE, OPPORTUNITIES AND OUTLOOK

Steel and Rings (Bearing Races) business

Performance

In the financial year 2010-11, the Steel and Rings business of the

Company recorded a growth in sales revenue by 24% on year to year basis. Despite the improvement in sales, the business recorded lower operating profit before interest cost (PBIT) of Rs.1.96 crores in the financial year 2010-11 (as compared to operating profit (PBIT) of Rs. 25.74 crores recorded in the financial year 2009-10) due to high input costs which could not be passed on to the customers.

In the first half of the financial year 2010-11, the steel business (standalone without rings business) recorded an overall improvement in the financial performance although the sales volume was lower than expected due to a shortfall in orders from the railways (long drawn production outage due to equipment breakdown at the customer's end) and slower pick up of ring sales.

The second half of the financial year 2010-11 witnessed an improvement of sales volume as railways commenced their production while healthy demand persisted from automobile, bearing and the engineering segments. However, this half of the fiscal year 2010-11 experienced a sharp increase in the commodity prices thereby increasing raw material input costs for steel making as well as a spiral up in other major input costs especially that of electricity and furnace oil. Such increase in input costs could not be passed on to the customers. Also, the fixed cost of operation increased in the financial year 2010-11 as compared to that in the financial year 2009-10 mainly on account of certain major overhauls carried out during the year as well as increase in personnel cost.

Production and sales of ring products fell short of plan largely because all existing products required recertification from customers as the plant was shifted to its current location at Khopoli after acquisition by the Company. Additionally, customers started procuring machined rings instead of just forged rings. In absence of in-house machining facility, MUSCO Rings had to develop a number of machining vendors across the country resulting in a longer approval time from customers. Managing logistics to so many vendors resulted in some instability in the supply chain. All these resulted in loss of rings sales in financial year 2010-11 but the order pipeline, post product approvals, from both domestic and export customers remains robust. A major overseas Original Equipment Manufacturer (OEM) of Bearings has placed orders of rings with the Company, while all major auto OEMs prefer MUSCO Rings since it has a captive steel source and the approval of steel and rings can happen together.

Summarised operational performance of Steel and Rings business for financial year 2010-11 is given below:

- Sales increased from 1,22,637 tonnes in financial year 2009-10 to 1,26,232 tonnes in financial year 2010-11 registering a growth of around 3%.
- The sales revenue from steel and rings products was Rs. 774.11 crores in the financial year 2010-11 as compared to Rs. 626.10 crores recorded in financial year 2009-10 registering growth of around 24% on year to year basis.

- Direct exports increased to 2373.5 tons valued at Rs 26.82 crores in the financial year 2010-11 as compared to export of 619.3 tons valued at Rs 6.27 crores recorded in the financial year 2009-10, respectively.
- The operating margin (EBITDA) in the financial year 2010-11 declined to Rs.19.19 crores as compared to Rs. 41.89 crores recorded in the financial year 2009-10.
- Average Power cost increased from Rs 5.11/KWH in financial year 2009-10 to Rs.5.63/KWH in financial year 2010-11
- There was foreign exchange loss of Rs. 0.56 crores to the Company in the financial year 2010-11.

The financial benefit that was supposed to be received by the Company from third quarter of the financial year 2010-11 onwards due to lower contracted electricity price with Wardha Power Company Limited did not materialise as a result of project time overrun and pending regulatory approvals. The Company initiated many improvement projects for reducing costs, increasing productivity and improving quality. Process de-bottlenecking projects have been started to improve production volume and delivery reliability.

Opportunities and Outlook

The alloy steel consumption in India is expected to remain buoyant due to demand growth expected from the sectors like automobile, engineering and energy and the Company is well poised to participate in such growing markets. The Company especially foresees an opportunity to further improve its market presence in the growing segment of tool and dies. The Company is also continuously exploring newer growth opportunities in Oil, Gas & Mining sectors both for domestic and export markets. Global auto and engineering majors are increasingly sourcing their components requirements from India. The Company is already an approved source for the globally reputed bearing manufacturers and in some cases is the single supplier.

With a stronger order book for steel and rings products, the Company is expected to return a strong operating and financial performance going forward. Key management initiatives include:

- Utilisation of full potential of recent investments in continuous mill, steel melting shop and ring rolling & forging equipment through completion of the de-bottlenecking & quality improvement projects.
- Cost improvement in the area of energy efficiency and yield improvement.
- More customers to be covered by a pricing scheme wherein input price increases are automatically recovered via a surcharge on commodity raw materials. This surcharge will move in tandem with input price volatility.

The Company also expects to derive the benefit of lower electricity tariff through power purchase agreement during the next financial year 2011-12.

Despite the setbacks suffered by the Company in financial year 2010-11 and specifically during the second half of the last fiscal, the outlook for the financial year 2011-12 holds lot of promise owing to improved domestic demand for alloy steel, stable

domestic economic prospects and readiness of the Company to tap the potential business opportunities.

THREATS AND RISKS

The steel business of the Company is susceptible to the inherent risk of volatile foreign exchange and raw material prices, as bulk of the major raw materials are imported by the Company.

Inadequate price recovery from the market in the face of rising commodity prices brings in a risk of erosion of operating margin. The Company is bringing more number of customers under the purview of appropriate price variation clauses based on surcharge mechanism to mitigate this risk.

The steel business is cyclical in nature and demand for the same depends on domestic and international economic conditions. Any adverse impact arising out of macroeconomic changes is likely to affect the company performance as witnessed in financial year 2009-10. Any slowdown in demand from automobile segment, one of the major consumers of steel of the Company, may have adverse impact on the performance of the Company. However, the Company is making efforts to reduce its dependence on auto sector.

The Company is diversifying more into high risk- high margin products of Oil & Gas and Mining segment, which is associated with the risks of product liability. The Company has sound internal risk management processes through which it endeavors to control these risks. Furthermore, the Company has to keep itself abreast to the latest technology and product development processes in these areas in order to mitigate the risk of intense market competitive pressure.

The complete dependence on outsourced machining vendors in the rings business brings in supply chain risk and the Company is exploring the opportunity to acquire in house machining facility to mitigate this risk.

Strategy Summary

The business follows a three pronged strategy in line with other companies of the Systech sector of the Mahindra group. The strategy is outlined below:

- Reboot (Short Term)- Improve operational performance by focusing on the 3Cs
 - Enterprise wide sustainable cost reduction program.
 - Conserve cash.
 - Get closer to customers to build stronger relationship.
- Reinvent (Medium Term): Achieve operational excellence
 - Implement Mahindra Quality Way – the operational excellence framework of the Mahindra Group
 - Move up the value chain.
- Reignite (Long Term): Secure competitive advantage
 - Diversify into niche markets like oil & gas, engineering which provide higher margins.
 - Forward integrate into value added products like open die forge products

ANALYSIS OF STAMPINGS BUSINESS SEGMENT

Industry Structure and Development

Stampings business focuses on providing sheet metal stampings and assembly solutions largely to domestic automotive manufacturers. The growth trajectory in the Indian auto industry continued to follow an upward trend in financial year 2010-11. Compared to financial year 2009-10, Passenger Cars and Utility vehicles production grew by 27%, Light Commercial Vehicles by 29% and Medium/High Commercial Vehicles by 38%. This comes on top of similar growth rates seen last year. All segments are expected to grow further in financial year 2010-11 by 10-15%. Due to the existing low penetration of car ownership, the Indian automotive industry is expected to experience strong growth momentum for the next several years thereby providing ample growth opportunities for the stampings business. OEMs are increasingly expecting technological and product development solutions from their vendors. Stamping companies who are able to provide product solutions will be able to meet customer requirements in a better fashion.

PERFORMANCE, OPPORTUNITIES AND OUTLOOK

Performance

The stampings business had a strong growth in financial year 2010-11 in line with the growth of the auto and farm equipment markets. The performance of the business improved significantly as it provided economic solutions to its customers and also increased capacity to meet their needs.

- Sale of stampings & assemblies increased from 50,013 MT in the financial year 2009-10 to 55,364 MT in the financial year 2010-11 posting a growth of 10.7 %.
- Sales and operating income increased from Rs. 450.26 crores in financial year 2009-10 to Rs. 553.78 crores in financial year 2010-11 posting a growth of 23%.
- Operating margin (EBIDTA) increased from Rs. 36.98 crores in financial year 2009-10 to Rs. 42.65 crores in financial year 2010-11 posting a growth of 15.3 %.

In financial year 2010-11, the Stampings business achieved the highest ever operating income, even surpassing the then highest income achieved in financial year 2009-10.

Opportunities and Outlook

With significant investments slated for the automobile manufacturing sector over the next few years, the prospects for India's auto market are bright. With increased outsourcing of auto components and body parts by the automotive industry, the domestic demand for sheet metal based auto components is estimated to significantly grow in next few years and the medium term outlook for the Stampings industry is positive.

Steel is expected to remain the dominant material for auto body components due to its versatility. Steel provides a wide range of properties through the choice of appropriate combination of composition and processing. Further, the high recyclability of sheet metal makes it competitive vis-a-vis other substitutes like aluminium and plastics.

The Stampings division is fully equipped to take advantage of the above mentioned growth of Indian automobile industry through its proven core competencies of providing sheet steel stampings, assemblies, tools & dies to its customers. MUSCO Stampings have been constantly upgrading skills and equipment and now have the ability to manufacture diverse and state-of-the-art sheet steel products such as fuel tanks with favourable quality-price ratio. In financial year 2010-11 the stampings business grew by seizing such opportunities and all efforts towards identifying and exploiting these opportunities will continue in financial year 2011-12 and beyond.

To leverage this performance and the increased customer demand, the Stampings business proposes to expand manufacturing capacity by about 70-80% in coming years. Stampings division's investments at Nashik, Kanhe, Rudrapur units and new plant at Pantnagar are expected to go on line during financial year 2011-12 and financial year 2012-13 bringing in extra capacities and will support the continuous growth of stampings business.

While capacity is being increased in response to increased demand, management has focused on areas of value addition and cost reduction to address competitive pressures. Use of robotics in manufacturing process is one of the ways of improving manufacturing competitiveness, and Stampings business is continuing to extend automation of presses at all plants. The Company expects to consolidate the excellent results achieved in the last two fiscal years in financial year 2011-12 by leveraging its core competency of providing economical sheet metal solutions to its customers.

THREATS AND RISKS

Stampings business complies with the risk management procedures of the Company on similar lines of Steel & Rings business. In financial year 2010-11, the Company experienced strong adverse situations – overall inflationary pressure on operating expenses, rise of energy prices and fluctuations in steel prices. The rise of the input costs is a threat on the overall competitiveness of the Indian auto-component industry. The Stampings division is focused on strengthening lean operations and optimising costs to mitigate the risk of rising input costs.

Stampings business has almost complete dependency on the automotive and farm equipment industry. Stampings division continues diversification of products across (1) major OEMs (2) sub-segments (3) new variant in process to minimise the risk.

Strategy Summary

The business follows a three pronged strategy in line with other companies of the Systech sector of the Mahindra group. The strategy is outlined below:

- Reboot (Short Term)- Improve operational performance by focusing on continuous cost optimisation
- Reinvent (Medium Term): Achieve operational excellence by continuously improving process and automating presses at all plants
- Reignite (Long Term): Secure competitive advantage by developing stampings products and solutions for auto and farm equipment OEMs.

FINANCIAL PERFORMANCE

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

Summary of Financial Performance

Amount in (Rs.) Crores

Particulars	Steel (including Bearing Races)		Stampings		Total	
	April-March 11	April- March 10	April-March 11	April- March 10	April-March 11	April- March 10
Sales & Operating income	786.74	637.62	553.78	450.26	1340.52	1087.88
Other Income	1.19	0.76	1.20	0.70	2.39	1.46
Total Income	787.93	638.38	554.98	450.96	1342.91	1089.34
EBIDTA	19.20	41.89	42.65	36.98	61.85	78.87
PBT	(36.23)	(10.66)	26.63	19.29	(9.60)	8.63
PAT					(5.97)	4.67

HEALTH, SAFETY AND ENVIRONMENT

The Company is committed to maintaining the highest standards of Health, Safety and Environment protection. The Company has an effective policy framework on these issues, which not only meets all applicable statutory requirements but also focuses on motivation, learning and training of employees in these areas. The Health, Safety, & Environment (HSE) Policy is effective and involves participation from all level of management and workforce. The external audits are conducted frequently to ensure effectiveness in implementation of the HSE policy and also leading to further improvements. HSE issues are addressed proactively and effectively in terms of ISO standards and guidelines. The Steel Division and Stampings Division (at Rudrapur) have received ISO 14001 and OHSAS 18001 certificates, respectively.

Safety

The Company emphasises on safety measures for preventing and minimizing accidents at work places. Incidents of accidents and unsafe acts are promptly and thoroughly investigated and analysed to detect the cause. Immediate steps are taken to eliminate the cause of accidents or mishaps and the workforce is educated for prevention and recurrence of accidents.

Detailed Safety manual and guidelines on HSE process have been developed for use by operating personnel. Effective guidelines are in place to identify the hazard and unsafe working conditions and processes. Highest levels of safety procedures are followed across the Company. Special Protective Equipments of highest standards are provided to operating personnel for use in the work areas to ensure health and safety. Regular audits of operation are carried out to identify unsafe conditions by executing time bound improvement projects. Awareness and first aid trainings are conducted regularly along with mock drills as a preparation for disaster management readiness. Housekeeping under 5S system has been introduced for model zones for horizontal deployment across the Company over a period of time. Workmen & management staffs have been trained on 5S. The safety objective of the Company is to produce 'accident free' products. The Company has efficient administrative machinery like Safety Officer, Safety Committee, representatives of senior management, who regularly hold meetings to review the compliance of HSE policy and safety measures.

Health

The Company firmly believes that a healthy worker is a productive worker. Regular health checkups are conducted for all employees and necessary and timely medical assistance is provided to employees. The Company has internal plant dispensary which operates round the clock and qualified doctors and staff is available to employees for addressing health issues. Periodic health awareness programmes and camps are conducted by the Company for the benefit of all employees. All efforts are made to keep and maintain highest hygienic and housekeeping standards at across the Company.

Material development in Human Resources / Industrial Relations

The total employee strength of the Company at the end of the financial year 2010-11 was 1711 employees comprised of 906 employees in Steel including Bearing Races and 805 in Stampings business. Apart from above employee strength the Company hires apprentice, trainees and contract workers from time to time. The industrial relationship aspect in financial year 2010-11 was cordial.

The Human Resource Department operates on the following levels which are part of the learning and growth framework of the company's balanced scorecard:

• Training & Development

The Company regularly holds programmes for training and skill development of employees and workers. External professionals and experts are invited to impart training for upgrading skills and knowledge of employees, across the Company. The Company from time to time organised structured training for its executives to attend business education the leading technical and management institutions of India.

• Performance Management System

The Company has well documented HR policies based on which Performance and Rewards system for employee is formulated.

• Communication

The Company has fair and transparent feedback system called "Bindass Bol" (talk candidly) to enable employees to provide frank and candid views. It is aimed at encouraging all the employees to contribute their knowledge and experience by making suggestions for improvement.

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 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 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 accountability of assets.

Synergies with Parent

Synergies within Mahindra Systech

We are part of the Mahindra Systech sector in the Mahindra group, which aims to leverage the global competitiveness of Indian companies in the automobile component market. Companies within Mahindra Systech are present across three groups: (a) components – forgings, castings, stampings, ferrites, composites and gear manufacturing (b) alloy steel and rings manufacturing (c) services - engineering and design services and contract sourcing. We believe that we derive significant advantages of

synergies and cross selling because of presence of Systech in these businesses. We are able to provide a basket of products and services to our customers which we believe gives us an edge over our competitors. Systech also regularly explores synergies in areas of procurement, sourcing and product development. There is a regular exchange of best practices across Systech companies in areas like Finance, HR and Administration.

Relationship with Mahindra Group

Mahindra group is one of the leading industrial houses in India. It is a widely recognised brand name in India and has operations in the several key sectors of the Indian economy. M&M, our parent company and the flagship company of the Mahindra group is 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 the Systech companies. We believe that our association with the Mahindra group has enabled us to absorb its corporate values and principles and adhere to the established corporate governance practices. We also believe that our association with the Mahindra Group aids us in winning new businesses and obtaining financial assistance.

Our Endeavour – Help our stakeholders 'RISE'

In January 2011, the Mahindra Group launched a new brand identity spanning all industries, companies, and geographies. The new brand positioning, expressed by the word "Rise", enunciates a simple group core purpose: **"We will challenge conventional thinking and innovatively use all our resources to drive positive change in the lives' of our stakeholders and communities across the world, to enable them to Rise."** The idea of Rise rests on three brand pillars: **accepting no limits, alternative thinking, and driving positive change.**

In the coming years, we expect Rise to yield strong business results by creating strong relationships and loyalty with customers, providing a clear guide for business decisions across the Group, and catalyzing ambitious and innovative internal growth.

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's philosophy on Corporate Governance is based on fair and transparent governance and disclosure practices. The Company has infused the philosophy of Corporate Governance in all its activities so as to conduct the affairs of the company in fairness to all stakeholders and that its policies benefit a greater number of stakeholders. The Company's essential character revolves around values based on transparency, integrity, ethics, professionalism and accountability. 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.

As required under the Listing Agreement, a report on compliance with the Code of Corporate Governance is given below.

I. BOARD OF DIRECTORS - Constitution and Composition

The Board of Directors of your Company comprises of twelve directors and the composition of the Board is in accordance with the requirements of the 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 Independent Directors comprises fifty percent of the total number of Directors and the number of Non-Executive Directors is more than fifty percent of the total number of Directors. The Managing Director along with CEO and the Key Management Personnel of the Company, manage the day-to-day affairs of the Company. The Managing Director functions under the supervision and control of the Board.

The Chairman and the Vice-Chairman of the Company, though professional Directors in their own individual capacities 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. Mr. R. R. Krishnan, a Non-Executive Director of the Company is a consultant with M&M and draws consultancy/ advisory fees from it. Professional fees for the year paid to

Khaitan & Co., Advocates & Solicitors, in which Mr. Nikhilesh Panchal, Non-Executive Director is a partner, amounts to Rs. 84,25,225/-.

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 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, and its associates 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 is Twelve Directors comprising a Managing Director, a Non-Executive Chairman, four Non-Independent Non-Executive Directors and Six Independent Non-Executive Directors. 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 tenure of Mr. K.V. Ramarathnam, Managing Director of the Company is upto 4th May, 2011. The Board at its meeting held on 27th April, 2011, has appointed Mr. Uday Gupta as the Managing Director with effect from 5th May, 2011.

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/she is a Director.

The Constitution of the Board as on 31st March, 2011 is as under:

Directors	Category	Total number of Committee Memberships of Public Companies as on 31 st March, 2011. +	Total number of Chairmanships of Committees of Public Companies as on 31 st March, 2011.+	Directorships of Public Companies as on 31 st March, 2011.*
Non - Executive				
Mr. Keshub Mahindra - Chairman	Non Independent	1	1	6
Mr. Anand G. Mahindra -Vice Chairman	Non Independent	1	Nil	8
Mr. Hemant Luthra	Non independent	2	Nil	7
Mr. R.R.Krishnan	Non Independent	2	1	2
Mr. Harsh Kumar	Non Independent	Nil	Nil	4
Mr. S. Ravi	Independent	6	2	8
Mr. Manoj Kumar Maheshwari	Independent	4	Nil	6
Mr. Sanjiv Kapoor	Independent	5	5	6
Ms. Sarojini S. Dikhale (nominee of LIC)	Independent	Nil	Nil	1
Mr. Daljit Mirchandani (w.e.f. 27-10-2010)	Independent	3	1	2
Mr. Nikhilesh Panchal (w.e.f. 18-01-2011)	Independent	1	Nil	2
Executive				
Mr. K.V. Ramarathnam - Managing Director	Non Independent	2	1	2

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

+ Committees considered are Audit Committee and Shareholders/Investors' Grievance Committee, including in Mahindra UGINE Steel Company Limited.

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, 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 Compliance Officer.

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

Five Meetings of Board of Directors were held during the year 1st April, 2010 to 31st March, 2011 on the following dates:

- 29th April, 2010 - 25th January, 2011
- 27th July, 2010 - 21st March, 2011
- 27th October, 2010

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

The Forty – seventh Annual General Meeting (AGM) was held on 27th July, 2010.

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

Director	Number of Board Meetings Attended	Attendance at the last AGM
Mr. Keshub Mahindra	2	No
Mr. Anand G. Mahindra	4	Yes
Mr. K.V.Ramarathnam	5	Yes
Dr. H.N.Sethna*	-	No
Mr. M.R. Ramachandran**	2	No
Mr. Hemant Luthra	4	Yes
Mr. R.R.Krishnan	5	Yes
Mr. S. Ravi	2	No
Mr. Manoj Kumar Maheshwari	4	Yes
Mr. Harsh Kumar	5	Yes
Mr. Sanjiv Kapoor	3	Yes
Ms. Sarojini S. Dikhale (Nominee of LIC)	5	Yes
Mr. Daljit Mirchandani***	2	NA
Mr. Nikhilesh Panchal****	2	NA

* resigned as director with effect from 9th July, 2010.

** retired as director with effect from 27th July, 2010.

*** appointed as additional director with effect from 27th October, 2010.

**** appointed as additional director with effect from 18th January, 2011.

D. Directors seeking appointment/re-appointment

Mr. Anand G.Mahindra, Mr. R.R. Krishnan and Mr. S. Ravi retire by rotation and, being eligible, have offered themselves for re-appointment.

During the year Mr. Daljit Mirchandani and Mr. Nikhilesh Panchal were appointed as Additional Directors of the Company. Their appointment, as Directors liable to retire by rotation, is proposed at the forthcoming annual general meeting. They hold office up to the date of the forthcoming Annual General Meeting. Notices have been received from Members proposing their candidature for the office of Director at the ensuing Annual General Meeting.

Further, Mr. Uday Gupta was appointed as an additional director of the Company with effect from 5th May, 2011 and holds office upto the date of forthcoming Annual General Meeting.

Brief resume of these Directors are presented below:

Mr. Daljit Mirchandani

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.

Mr. Mirchandani began his career in 1971 as Graduate Trainee Engineer, in 1992 and 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 he is working on the development of a scalable model in the space of primary and secondary education for the poorest of the poor in Rural India.

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 Forgings Limited and Civilia India Educational Programmes Pvt. Ltd.

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

Sr. No.	Name of the Company	Type of the Committee	Chairman/ Member
1.	Mahindra Forgings Ltd.	Audit Committee Investors' Grievance Committee	Member Chairman
2.	Mahindra Ugine Steel Co. Ltd.	Audit Committee Remuneration Committee	Member Member

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

Mr. Nikhilesh Panchal

Mr. Nikhilesh Panchal 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 Mahindra Forgings Limited and Bhalakh Realtors Private Limited.

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

Sr. No.	Name of the Company	Type of the Committee	Chairman/ Member
1.	Mahindra Forgings Ltd.	Audit Committee	Member

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

Mr. Anand Mahindra

Mr. Anand G. Mahindra, Vice Chairman of the Company, graduated with Honours (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 Ugine 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.

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

Mr. 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 is a member of the supervisory board of Schneider Electric SA.

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.

Recognition

Mr. 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.

Mr. Mahindra also holds the Directorship of the following Companies:

1. Mahindra & Mahindra Limited,
2. Mahindra Navistar Automotives Ltd.,
3. Tech Mahindra Ltd.,
4. Tech Mahindra Foundation.
5. Avion Aerosols Pvt. Ltd.,
6. M.A.R.K. Hotels Pvt. Ltd.
7. Angular Constructions Pvt. Ltd.,
8. Prana Holdings Inc.,
9. Mahindra Holdings Ltd.,
10. Mahindra First Choice Wheels Ltd.,
11. Mahindra Two Wheelers Ltd.
12. Araku Originals Ltd.
13. Defence Land Systems India Pvt. Ltd.
14. Prudential Management & Services Pvt. Ltd.
15. Naandi Community Water Services Pvt. Ltd.
16. Schneider Electric SA, France - Supervisory Board

Mr. Mahindra is a member of the following committees:

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

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

Mr. R.R. Krishnan

Mr. Krishnan is an Honours 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 Limited, until March 2005 and was also the Managing Director of Mahindra Intertrade Ltd. and Mahindra Steel Service Center Ltd. (MSSCL). Mr. Krishnan was responsible for the activities of the then Intertrade Division of Mahindra and Mahindra Limited (M&M), which subsequently became Mahindra Intertrade Limited (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	Position held
1	Mahindra UGINE Steel Co. Ltd.	Audit Committee	Member
2	Mahindra Composite Ltd.	Shareholders/Investors Grievance Committee	Chairman

Mr. Krishnan does not hold shares in the Company.

Mr. S. Ravi

Mr. S. Ravi is a Post Graduate in Commerce and is a Chartered Accountant by Profession. He has promoted the firm Ravi Rajan & Co. in 1989, which is presently empanelled with Reserve Bank of India, Securities Exchange Board of India, Comptroller & Auditor General of India and with premier Financial Institution and Banks in India. The Group staff strength of the firm is approximately hundred which include CAs, MBAs, CS and other qualified professionals as well as associates. Apart from audits, the firm has a strong focus and exposure in strategic alliances, regulatory compliances, M&As, due diligence studies and valuations. During the course of practice, he has handled various assignments in the field of Banking and Finance, Restructuring & Rehabilitation of companies and turnaround strategies, Takeover, Mergers & Acquisitions, valuations, auditing of companies and banks.

His experience in the banking sector includes tenure as Government Nominated Director of UCO Bank, wherein as a member of the Strategic Revival Group, he was instrumental in the formulation of the revival plan and its subsequent implementation. Mr. Ravi was also a member of the strategic Revival Committee of Dena Bank apart from Asset Liability Management Committee, Risk Management Committee and Committee for Monitoring Non Performing Assets and member of Audit Committee during his tenure as shareholder director of the Dena Bank and he was also a Chairman of

Board's Financial Review Committee for its turnaround. Mr. Ravi is a Chairman of the Technical Experts Committee of Punjab & Sind Bank, for its strategic turnaround approved by Government of India and RBI.

Mr. S. Ravi holds the Directorships of the following body corporate viz. IDBI Capital Market Services Limited, UTI Trustee Company Private Limited, LIC Housing Finance Limited, Union Bank of India, Bharat Heavy Electricals Ltd., SME Rating Agency of India Ltd., Maharishi Housing Development Finance Corporation Limited, Canbank Venture Capital Fund Limited, GMR Chennai Outer Ring Road Private Limited and S. Ravi Financial Management Services Pvt. Ltd. He is a member of the following Board Committees;

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Mahindra UGINE Steel Co. Ltd.	Audit Committee	Member
		Investors' Grievance Committee	Member
		Remuneration Committee	Member
2.	IDBI Capital Market Services Ltd.	Audit Committee	Chairman
3.	LIC Housing Finance Ltd.	Audit Committee	Chairman
		Investors' Grievance Committee	Member
4.	Maharishi Housing Development Finance Corporation Ltd.	Audit Committee	Chairman

Mr. S. Ravi does not hold shares in the Company.

Mr. Uday Gupta

Mr. Uday Gupta, 51 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 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 not on the Board any other Company. He is a Member of Investors' Grievance Committee of the Company with effect from 5th May, 2011. Mr. Uday Gupta 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 regarding the financial statements for the year ended 31st March, 2011.

II. REMUNERATION TO DIRECTORS

A. Remuneration Policy

While deciding on the remuneration of Directors, the Board, 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/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.

B. Remuneration to Non-Executive Directors for the year ended 31st March, 2011.

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 Remuneration Committee Meetings. The fees paid to Non-Executive Directors for the year ended 31st March, 2011 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, 2011
Mr. Keshub Mahindra	15000	1231
Mr. Anand G. Mahindra	30000	-
Dr. Homi N. Sethna*	-	-
Mr. M. R. Ramachandran**	30000	-
Mr. Hemant Luthra	41250	5906

Director	Sitting Fees for Board and Committee Meetings Paid during the year (Rs.)	No. of Equity shares held as on 31 st March, 2011
Mr. R. R. Krishnan	67500	-
Mr. S. Ravi	41250	-
Mr. Manojkumar Maheshwari	60000	-
Mr. Harsh Kumar	37500	-
Mr. Sanjiv Kapoor	45000	-
Ms. Sarojini S. Dikhale@	37500	-
Mr. Daljit Mirchandani***	26250	-
Mr. Nikhilesh Panchal****	15000	-

* resigned as director with effect from 9th July, 2010.

** ceased as director with effect from 27th July, 2010.

*** appointed as additional director with effect from 27th October, 2010.

**** appointed as additional director with effect from 18th January, 2011 and sitting fees paid to M/s. Khaitan & Co.

@ Sitting fees paid to LIC.

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 15 days preceding the date of grant of options. Details of these are given in the Statement attached to Annexure I to 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

A. Mr. K.V. Ramarathnam

Remuneration paid/payable to Mr. K.V. Ramarathnam, the Managing Director was fixed by the Remuneration Committee and approved by the Board of Directors and the same was also approved by the shareholders at a General Meeting and the Central Government.

Following Remuneration paid/payable to Mr. K.V. Ramarathnam, Managing Director for the year ended 31st March, 2011.

Director	Salary (Rs.) basic	Company's contribution to funds (Rs.)	Perquisites and allowances (Rs.)	Performance pay	Total (Rs.)	Contract Period
Mr. K. V. Ramarathnam Managing Director	34,98,000	9,44,460	29,33,047	22,17,600*	95,93,107	5 th May, 08 to 4 th May, 2011.

Note:

- *The total remuneration includes the provision of amount of Rs. 22,17,600/-, being the upper limit of the Performance Pay fixed by the Board of Directors, payable to the Managing Director for the financial year 2010-11. The Company has paid an amount of Rs.13,30,560/- to the Managing Director, towards performance pay for the year 2009-10.
- The Company in August 2006 has granted 1,00,000 stock options to Mr. K.V. Ramarathnam. The stock options granted would vest in four equal installments on the expiry of 12, 24, 36 & 48 months from the date of grant which is 18th August, 2006 and can be exercised at a price of Rs. 99/- per share on the date of vesting or over a period of five years from date of vesting of the options. Details of the stock options granted including discount are given in the statement attached to Annexure I to the Directors Report. Mr. K. V. Ramarathnam has not exercised any of the vested options during the year.
- Notice period applicable to Managing Director is three months.
- The overall remuneration payable to the Managing Director is approved by the Remuneration Committee, the Board of Directors, the shareholders and Central Government.
- Performance pay is the only component of remuneration that is performance linked. All other components are fixed. The 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.
- Mr. K. V. Ramarathnam, Managing Director, does not hold any shares in the Company.

B. Mr. Uday Gupta

Mr. Uday Gupta was appointed as the Managing Director of the Company w.e.f. 5th May 2011 by the Board of Directors at its meeting held on 27th April 2011, subject to approval of the members.

As required under the provisions of the Schedule XIII of the Companies Act, 1956, the following is the disclosure regarding remuneration payable, for the year 2011-12 w.e.f. 5th May 2011 to 4th May 2012, to Mr. Uday Gupta, Managing Director, as approved by the Remuneration Committee and the Board of Directors, subject to the approval of the shareholders and the Central Government, if required.

Managing Director	Salary (Rs.) basic	Company's contribution to funds (Rs.)	Perquisites and allowances (Rs.)	Performance pay	Total (Rs.)	Contract Period
Mr. Uday Gupta Managing Director w.e.f. 5 th May 2011 to 4 th May, 2012	23,40,000	7,48,800	41,11,200	18,00,000*	90,00,000	5 th May, 11 to 4 th May, 2014.

Note:

- *The total remuneration includes the provisional amount of Rs. 18,00,000/-, being the upper limit of the Performance Pay fixed by the Board of Directors, payable to the Managing Director for the financial year 2011-12.
- The Company has not granted any stock option to Mr. Uday Gupta.
- Notice period applicable to Managing Director is three months.

4. Performance pay is the only component of remuneration that is performance linked. All other components are fixed. The 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.
5. Mr. Uday Gupta, Managing Director, does not hold any shares in the Company.

III. RISK MANAGEMENT

The Company has an effective and efficient framework of Risk management. The said framework comprises objectives of the Risk framework, the process through which risk (Internal as well as External Risks) to the Company and its business are identified and steps to be taken for mitigating such risks and threats to the Company. The framework 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 policy also describes in detail the process of risk identification, assessment of risk, risk scales, risk handling & monitoring process, response strategy, etc. The operating management periodically places before the Board, a detailed report on the Risk Assessment and Management process undertaken by the management for identifying, eliminating and mitigating the risk to the Company and its business from time to time. 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 has been re-constituted by the Board of Directors and presently it comprises Mr. Sanjiv Kapoor (Chairman), Mr. R.R. Krishnan, Mr. Manoj Kumar Maheshwari, Mr. S. Ravi and Mr. Daljit Mirchandani. Except Mr. R. R. Krishnan, who is a Non-Independent Director, the rest of 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 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 authorised 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 Auditors, if felt necessary. It is also empowered to review Financial Statements, 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. 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 Finance Officer, the Statutory Auditors, Internal Auditors and the Company Secretary.

The Chairman of the Committee, Mr. M.R. Ramachandran, due to his illness as on the date of the Annual General Meeting held on 27th July, 2010, was unable to remain present at the said meeting. However, other three members of the audit committee were present to answer queries of shareholders.

Four (4) Meetings of Committee were held during the year 1st April, 2010 to 31st March, 2011 on the following dates:

- 29th April, 2010 - 25th January, 2011
- 27th July, 2010 - 27th October, 2010

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

Sr. No.	Members	Meetings Attended	Remarks
1	Mr. M. R. Ramachandran	2	Ceased to be member of the Committee w.e.f. 27 th July, 2010.
2	Dr. H. N. Sethna	—	Ceased to be member of the Committee w.e.f. 9 th July, 2010.
3	Mr. R. R. Krishnan	4	—
4	Mr. S. Ravi	3	—
5	Mr. Manoj Kumar Maheshwari	4	—
6	Mr. Sanjiv Kapoor – Chairman	3	—
7	Mr. Daljit Mirchandani	1	Appointed as member of the Audit Committee w.e.f. 8 th January, 2011.

B. Investors' Grievance Committee

The Investors' Grievance Committee has been re-constituted by the Board of Directors and it comprises Mr. S. Ravi, Mr. Hemant Luthra and Mr. K.V. Ramarathnam. Mr. Hemant Luthra is the Chairman of the Committee. Mr. Uday Gupta was appointed as the member of the committee w.e.f. 5th May, 2011.

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 during the year 2010-11. The attendance at these Meetings was as under:

Sr. No.	Members	Meetings Attended
1.	Mr. S. Ravi	-
2.	Mr. K. V. Ramarathnam	1
3.	Mr. Hemant Luthra	1

The Board of Directors has authorized the Managing Director, the Chief Finance Officer and the Company Secretary to deal jointly with the 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. The details of share transfer/transmission approved by above officials are properly recorded in the Shareholders Grievance 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. Remuneration Committee.

The role of the Remuneration Committee is to review market practices and to decide on 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 Remuneration Committee is also empowered to decide on the matters relating to

Employee Stock Option Scheme of the Company.

The Remuneration Committee comprises of Mr. Hemant Luthra, Mr. S. Ravi, Mr. Sanjiv Kapoor 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 during financial year 2010-11. The attendance at these Meetings are as under:

Sr. No.	Members	Meetings Attended
1.	Dr. H.N. Sethna*	-
2.	Mr. M. R. Ramachandran**	-
3.	Mr. Hemant Luthra	2
4.	Mr. S. Ravi***	1
5.	Mr. Sanjiv Kapoor	-
6.	Mr. Daljit Mirchandani****	1

* Ceased to be member of the Committee with effect from 9th July, 2010.

** Ceased as member of the Committee on 27th July, 2010.

*** Appointed as member of the Committee on 27th July, 2010.

**** Appointed as member of the Committee on 25th January, 2011.

V. Subsidiary Companies

The Company had no subsidiary as on 31st March, 2011.

VI. DISCLOSURES

A. Disclosures relating to related party

During the financial year 2010-11, there were no materially significant transactions entered into between the Company and its promoters, Directors or the management, 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. "21" in Schedule "L" to Annual Accounts of the Annual Report.

B. Disclosure of Accounting Treatment in Preparation of Financial Statements

The 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, the 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) Annual General Meeting

The Forty-eighth Annual General Meeting of the Company will be held on Wednesday, the 27th July, 2011 at 3.00 p.m. at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai-400 034 to transact such business as stated in the Notice of the Meeting.

(ii) Financial Year of the Company

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

Financial Reporting for:

- Quarter ending 30.06.2011 - by end of July, 2011.
- Half-year ending 30.09.2011 - by end of October, 2011.
- Quarter ending 31.12.2011 - by end of January, 2012.
- Year ending 31.03.2012 - by end of April, 2012.

Note: The above dates are indicative.

(iii) Date of Book Closure

Saturday, the 16th July, 2011 to Wednesday, the 27th July, 2011 (both days inclusive).

(iv) Dividend Payment date

Not applicable.

(v) 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.

(vi) Stock Codes:

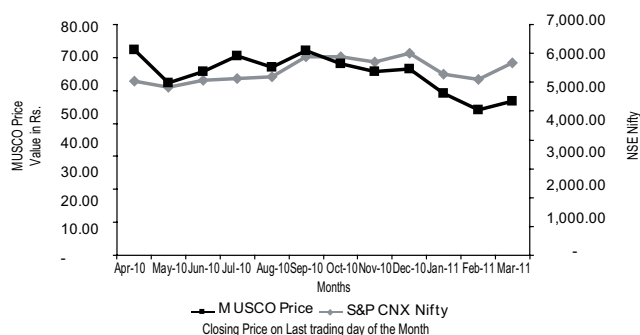
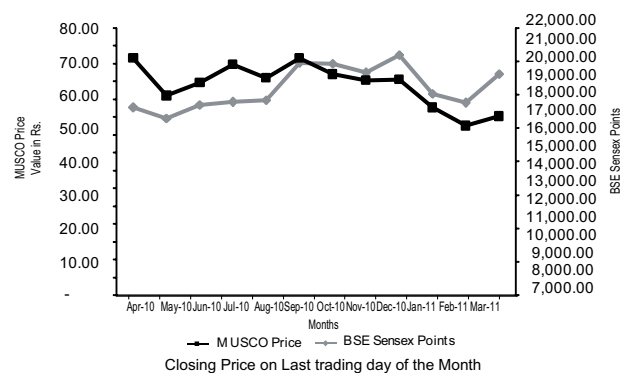
- (a) Bombay Stock Exchange Limited (BSE)-504823
- (b) National Stock Exchange of India Ltd. (NSE) - MAHINDUGIN
- (c) International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares - INE 850A01010

(vii) 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 2010	74.95	66.50	75.00	63.95
May 2010	71.60	53.15	71.70	52.70
June 2010	68.00	56.70	67.50	55.10
July 2010	78.00	62.10	77.50	61.00
August 2010	73.70	64.90	73.00	64.60
September 2010	77.25	66.00	77.40	65.60
October 2010	75.80	65.80	75.40	65.70
November 2010	77.80	58.00	75.15	60.10
December 2010	69.00	55.10	69.10	56.30
January 2011	69.50	54.10	69.60	55.50
February 2011	62.10	50.40	64.50	49.50
March 2011	55.20	49.00	54.50	48.10

(viii) Stock Performance in comparison to BSE - Sensitive Index.



ix) 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

(x) Share Transfer System

The Board of Directors has authorized the Managing Director, the Chief Finance Officer and the Company Secretary to deal jointly with the 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 matter. The details of share transfer/transmission approved by above officials are properly recorded in the Shareholders Grievance Committee meetings and are also placed before Board, for its record.

(xi) Pattern of shareholding as on 31st March, 2011

Sr. No.	Description	Number of Shares	% to capital
1	Promoters and Promoter Group	18019489	55.47
2	Mutual Funds/UTI	9716	0.03
3	Financial Institutions/Banks	1910	0.01
4	Insurance Companies	1777770	5.47
5	Foreign Institutional Investors	18450	0.06
6	Bodies Corporate	1401286	4.32
7	Foreign Company	1000	0.00
8	Non Resident Indian/ Foreign National	221410	0.68
9	Indian Public (Individuals)	11031267	33.96
10	Trusts	231	0.00
	TOTAL	3,24,82,529	100.00

(xii) Distribution of shareholding as on 31st March, 2011

Shares Held	No. of Share holders	% to Share holders	No. of Shares	% to Shares
Up to – 500	24201	87.99	3145322	9.68
501 – 1000	1855	6.74	1485481	4.57
1001 – 2000	752	2.73	1167776	3.60
2001 – 3000	229	0.83	588955	1.81
3001 – 4000	111	0.41	402621	1.24
4001 – 5000	111	0.41	533476	1.64
5001 – 10000	132	0.48	1005906	3.10
10001-and above	112	0.41	24152992	74.36
TOTAL	27503	100.00	3,24,82,529	100.00

(xiii) Dematerialization of Shares and Liquidity as on 31st March, 2011.

Physical Form : 2.14%

Dematerialized Form : 97.86%

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).

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

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

(xv) Plant Locations :

1. Steel Division:-
Jagdish Nagar, Khopoli- 410 216,
District-Raigad, Maharashtra.
2. Stampings Divisions:-
 - a) 371, Takwe Road, At & Post-Kanhe, Tal. Maval, Dist. Pune- 412 106.
 - b) D-2, MIDC, Ambad, Nashik- 422 010.
 - c) Maharajapur Road, Lalpur, Rudrapur, (U.S. Nagar), Uttarakhand.

(xvi) 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

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

Email: kadhao.ajay@mahindra.com and salian.pradeep@mahindra.com

VIII. OTHER DISCLOSURES

1. Annual General Meetings held during the past three years:

Financial Year	Date	Time
2007-08	24.07.2008	3.00 p.m.
2008-09	28.07.2009	3.00 p.m.
2009-10	27.07.2010	3.00 p.m.

All the above Meetings were held at Amar Gian Grover Auditorium, Lala Lajpatrai Marg, Mahalaxmi, Mumbai - 400 034.

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

Financial Year	Date of Meeting	Special Resolutions passed
2007-08	24.07.2008	1. Approval of revision in remuneration payable to Mr. K.V. Ramarathnam with effect from 1st April, 2007.
		2. Approval of re-appointment of Mr. K.V. Ramarathnam as the Managing Director of the Company with effect from 5th May, 2008.
2008-09	28.07.2009	1. Approval of revision in remuneration payable to Mr. K.V. Ramarathnam with effect from 1st April, 2008 for the period of 3 years.
		2. To keep Registers and Index of Members and Debenture Holders and copies of Annual Returns together with the copies of certificates and documents at the office premises of the Company's Registrars & Share Transfer agent viz. Sharepro Services (India) Pvt. Ltd.
2009-10	27.07.2010	Nil

Postal Ballot

The Company has not proposed any special resolution to be conducted through postal ballot. No resolutions were passed by the Postal Ballot during the year under review.

2. Details of non-compliance etc.

The 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 & 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 <http://www.muscoindia.com>.

During the year ended 31st March, 2011, 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:

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

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

- I The Company has set up the Remuneration Committee.
- II During the year under review, there is no audit qualification in the Company's financial statements.

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

6. Compliance with the Corporate Governance – Voluntary Guidelines, 2009:

In December, 2009 the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines 2009. MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic value of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance. MCA after taking into account the experience of adoption of these guidelines by Corporate and after consideration of the feedback received from them would review these guidelines for further improvements after a period of one year.

The 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.

The Company is in compliance with some of the requirements of the voluntary guidelines and it will always be the Company's endeavour to attain the best practices in corporate governance.

Mumbai, 27th April, 2011.



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

To

The Members of Mahindra Ugin Steel Company Limited

I, K.V. Ramarathnam, 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, 2011.

K.V. Ramarathnam
Managing Director

Place : Mumbai

Date : 27th April, 2011.

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, 2011, 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
Chartered Accountants
Reg. No.117366W

R K Hiranandani
Partner
Membership No.: 36920

Place : Mumbai

Date : 27th April, 2011.



ACCOUNTS ⇒



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

1. We have audited the attached Balance Sheet of **MAHINDRA UGINE STEEL COMPANY LIMITED** ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (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 Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117366W)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 27th April, 2011

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

(Referred to in paragraph 3 of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets. In respect of furniture, fixtures and office equipment, location is broadly indicated unit-wise.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, 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.
- (ii) In respect of its inventory:
 - (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 materials lying with third parties, a significant portion of inventory items have been confirmed by them.
 - (b) In our opinion and according to the information and explanation given to us, having regard to our comments with regard to stock of scrap referred in (ii) (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.
 - (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 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. We are informed that the cost statements as at the end of the financial year are in the process of being made up.
- (ix) According to the information and explanations given to us in respect of statutory dues:
 - (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, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect

of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 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, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in Crores)
Income Tax Laws	Income Tax	Commissioner of Income-tax (Appeals)	F.Y. 2002-2003, F.Y. 2004-2005 and F.Y. 2009-10	6.21
Sales Tax Laws	Sales Tax	Maharashtra Sales Tax Tribunal	F.Y. 2006-2007 and F.Y. 2007-2008	8.51
Excise Duty Laws	Excise Duty	Customs, Excise & Service Tax Appellate Tribunal	April 1996 to October 1999, April 1999 to March 2004, January 2003 to February 2004 and April 2003 to March 2007	8.62
	Excise Duty	Deputy Commissioner	July 2001 to June 2003	0.93
	Excise Duty	Assistant Commissioner	January 2004 to September 2004 and April 2008 to June, 2010	0.47
	Excise Duty	Joint Commissioner	October 2004 to October 2006	1.49
	Excise Duty	Commissioner	November 2006 to July 2007	0.53
	Excise Duty	Additional Commissioner	July 2003 to December 2003 and August 2007 to March 2008	0.67

- (x) The Company does not have accumulated losses as at 31st March, 2011 and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet, prima facie, the quantum of long term funds of the Company is

not significantly different from the long term application and accordingly, we report that funds raised on short-term basis have not significantly been used during the year, for long-term investments.

- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the year and also there are no debentures outstanding as at year end.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.117366W)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 27th April, 2011

**BALANCE SHEET AS AT 31st MARCH, 2011**

	Schedule	Rs. Crores	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
<u>SOURCES OF FUNDS</u>				
SHAREHOLDERS' FUNDS				
Share Capital	A	32.48		32.48
Employees Stock Options Outstanding		1.26		1.30
Reserves and Surplus	B	131.47		137.43
			165.21	171.21
LOAN FUNDS				
Secured Loans	C	193.19		207.13
Unsecured Loans	D	150.34		132.84
			343.53	339.97
Deferred Tax Liability [Net] (see note 19)			6.52	9.85
			515.26	521.03
<u>APPLICATION OF FUNDS</u>				
FIXED ASSETS				
	E			
Gross Block		580.40		567.81
Less : Depreciation		293.63		263.18
Net Block		286.77		304.63
Capital Work-in-progress		14.16		1.47
			300.93	306.10
INVESTMENTS	F		14.09	14.09
CURRENT ASSETS, LOANS AND ADVANCES				
	G			
Inventories		163.15		154.08
Sundry Debtors		265.92		231.95
Cash and Bank Balances		1.92		5.04
Loans and Advances		57.70		47.85
		488.69		438.92
LESS : CURRENT LIABILITIES AND PROVISIONS				
	H			
Current Liabilities		279.38		228.26
Provisions		9.07		9.82
		288.45		238.08
Net Current Assets			200.24	200.84
			515.26	521.03
Notes to the Accounts	L			
Significant Accounting Policies	M			

The Schedules referred to herein form an integral part of the Balance Sheet

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

Rajesh K. Hiranandani
Partner

Partha Sarathi Roy **Ajay Kadhao**
Chief Finance Officer Company Secretary

Mumbai : 27th April, 2011

Mumbai : 27th April, 2011

For and on behalf of the Board

Keshub Mahindra	Chairman
K. V. Ramarathnam	Managing Director
Hemant Luthra	} Directors
Manoj Maheshwari	
Harsh Kumar	
Sanjiv Kapoor	
Sarojini Dikhale	
Daljit Mirchandani	

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

	Schedule	Rs. Crores	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
INCOME				
SALE OF PRODUCTS/OTHER INCOME FROM OPERATIONS				
Sale of products (Gross) (see note 11)		1,355.35		1,076.11
Less : Excise Duty		114.89		79.35
			1,240.46	996.76
Income from processing (Gross) (see note 11)		8.28		5.31
Less : Excise Duty		1.14		1.01
			7.14	4.30
Arising, dies and other sales (Gross)		98.14		91.73
Less : Excise Duty		7.51		6.86
			90.63	84.87
Miscellaneous Receipts (see note 12)			2.29	1.95
			1,340.52	1,087.88
Other Income	I		2.39	1.46
			1,342.91	1,089.34
EXPENDITURE				
Manufacturing and other expenses	J		1,287.29	1,024.79
(Increase) / decrease in stocks	K		(8.62)	(15.78)
Depreciation	E		31.45	30.87
Interest (see note 7)			42.39	40.83
			1,352.51	1,080.71
PROFIT / (LOSS) BEFORE TAX			(9.60)	8.63
Provision for tax			-	1.00
- Current Tax			-	-
- (Excess) provision for earlier years written back (net)			(0.30)	-
- Deferred Tax charge / (credit) (see note 19)			(3.33)	2.96
			(3.63)	3.96
PROFIT / (LOSS) AFTER TAX			(5.97)	4.67
Balance brought forward			46.25	45.38
			40.28	50.05
BALANCE AVAILABLE FOR APPROPRIATION			-	3.25
Proposed Dividend on Equity Shares			(0.01)	0.55
Tax on Dividend [Excess for earlier years written back]			40.29	46.25
BALANCE CARRIED FORWARD			(1.84)	1.44
Earnings per share (basic) (face value Rs.10)			(1.84)	1.43
Earnings per share (diluted) (face value Rs.10)				
(see note 20)				
Notes to the Accounts	L			
Significant Accounting Policies	M			

The Schedules referred to herein form an integral part of the Balance Sheet

For and on behalf of the Board

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

Rajesh K. Hiranandani
Partner

Partha Sarathi Roy **Ajay Kadhao**
Chief Finance Officer Company Secretary

Mumbai : 27th April, 2011

Mumbai : 27th April, 2011

Keshub Mahindra Chairman
K. V. Ramarathnam Managing Director
Hemant Luthra
Manoj Maheshwari
Harsh Kumar
Sanjiv Kapoor
Sarojini Dikhale
Daljit Mirchandani } Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	Rs. Crores	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before tax		(9.60)	8.63
Adjustment for:			
Depreciation	31.45		30.87
Dividend Income	0.00*		(0.00)*
Interest and commitment charges	42.39		40.83
Provision / (Write back) for Debts/Advances	(0.47)		0.96
Employees Stock Option Charge/(credit)	(0.04)		-
Unrealised Foreign Exchange (Gain)/loss	0.66		(0.82)
(Profit)/Loss on sale of fixed assets (net)	(0.01)		0.01
Assets Written off	0.06		0.67
Interest income	(0.92)		(0.48)
		<u>73.12</u>	<u>72.04</u>
Operating Profit before Working Capital changes		63.52	80.67
Changes in:			
Trade and other receivables	(36.20)		(65.77)
Inventories	(9.07)		(29.77)
Trade and other Payables	49.15		58.92
		<u>3.88</u>	<u>(36.62)</u>
Cash generated from operations		67.40	44.05
Income-tax paid		(5.26)	(2.82)
NET CASH FROM OPERATING ACTIVITIES		<u>62.14</u>	<u>41.23</u>
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(24.18)	(15.24)
Sale of fixed assets		0.19	0.02
Dividends received		(0.00)*	0.00*
Interest received		0.92	0.48
NET CASH USED IN INVESTING ACTIVITIES		<u>(23.07)</u>	<u>(14.74)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		4.00	32.88
Repayment of long term borrowings		(40.86)	(65.46)
Net proceeds/(payment) from/of short term borrowings		40.52	36.89
Dividends paid including taxes		(3.77)	(0.01)
Interest and commitment charges paid		(42.08)	(42.00)
NET CASH USED IN FINANCING ACTIVITIES		<u>(42.19)</u>	<u>(37.70)</u>



	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
NET DECREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS :	(3.12)	(11.21)
Opening Balance	5.04	16.25
Closing Balance	<u>1.92</u>	<u>5.04</u>

* denotes amounts less than Rs. 50,000

NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

1	Cash and cash equivalents include:		
	Cash and cheques on hand	0.06	0.08
	Balances with scheduled banks:		
	In Current Accounts	1.84	4.95
	In Deposit Accounts	0.02	0.01
	Total cash and cash equivalents	<u>1.92</u>	<u>5.04</u>
2	Previous year's figures have been regrouped wherever necessary to conform to this year's classifications.		

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

Rajesh K. Hiranandani

Partner

Mumbai : 27th April, 2011

Partha Sarathi Roy

Chief Finance Officer

Ajay Kadhao

Company Secretary

Mumbai : 27th April, 2011

For and on behalf of the Board

Keshub Mahindra

Chairman

K. V. Ramarathnam

Managing Director

Hemant Luthra

Manoj Maheshwari

Harsh Kumar

Sanjiv Kapoor

Sarojini Dikhale

Daljit Mirchandani

Directors

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

	Rs. Crores	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
SCHEDULE 'A' - SHARE CAPITAL			
<u>AUTHORISED:</u>			
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
		<u>150.00</u>	<u>150.00</u>
<u>ISSUED, SUBSCRIBED AND PAID-UP</u> (see note 1)			
32,482,529 Equity Shares of Rs.10 each, fully paid-up		32.48	32.48
		<u>32.48</u>	<u>32.48</u>
[16,466,789 equity shares (2009-10 - 16,466,789) are held by Mahindra & Mahindra Limited (M & M Ltd.), the Holding Company].			
SCHEDULE 'B' - RESERVES AND SURPLUS			
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*
Capital Redemption Reserve Account			
- As per last Balance Sheet		16.46	16.46
Special Reserve (in terms of Section 45IC of the Reserve Bank of India Act, 1934) (on amalgamation)			
- As per last Balance Sheet	-		0.17
Less: Transfer to General Reserve	-		0.17
		-	-
General Reserve			
- As per last Balance Sheet	74.72		74.55
Add: Transfer from Special Reserve	-		0.17
		74.72	74.72
Balance in Profit and Loss Account		40.29	46.25
		<u>131.47</u>	<u>137.43</u>

* denotes amounts less than Rs. 50,000

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

31st March, 2011
Rs. Crores

31st March, 2010
Rs. Crores

SCHEDULE 'C' - SECURED LOANS (see note 8)

Loans and Advances from Banks

- Term loans	46.27	83.13
(repayable within one year Rs. 25.18 Crores; 2009-10 - Rs. 40.25 Crores)		
- Cash Credit and Working Capital Demand Loan balances	146.92	124.00
	<u>193.19</u>	<u>207.13</u>

The above loans includes interest accrued and due of Rs. 0.97 Crore;
(2009-10 - Rs. 1.07 Crores)

SCHEDULE 'D' - UNSECURED LOANS

Short Term Advances from Banks	62.84	45.34
Other Loans from Banks	87.50	87.50
	<u>150.34</u>	<u>132.84</u>

SCHEDULE 'E' - FIXED ASSETS

(Rs. Crores)

ASSETS	COST				DEPRECIATION				WRITTEN DOWN VALUE	
	As on 1.4.2010	Additions and adjustments	Deductions and adjustments	As on 31.3.2011	Upto 31.3.2010	For the year	Deductions and adjustments	Upto 31.3.2011	As on 31.3.2011	As on 31.3.2010
Tangible:										
Freehold land	1.01	-	-	1.01	-	-	-	-	1.01	1.01
Leasehold land	0.95	-	-	0.95	0.19	0.05	-	0.24	0.71	0.76
Buildings	58.94	1.26	-	60.20	19.60	1.76	-	21.36	38.84	39.34
Plant and Machinery	488.84	11.73	0.44	500.13	230.04	28.06	0.40	257.70	242.43	258.80
Furniture, fixtures and office equipment	10.05	0.43	0.20	10.28	7.16	0.58	0.19	7.55	2.73	2.89
Vehicles	3.96	0.35	0.60	3.71	2.61	0.57	0.41	2.77	0.94	1.35
Intangible:										
Software	4.06	0.06	-	4.12	3.58	0.43	-	4.01	0.11	0.48
	<u>567.81</u>	<u>13.83</u>	<u>1.24</u>	<u>580.40</u>	<u>263.18</u>	<u>31.45</u>	<u>1.00</u>	<u>293.63</u>	<u>286.77</u>	
Previous year	455.27	113.61	1.07	567.81	233.03	30.87	0.72	263.18		304.63
Capital work-in-progress									14.16	1.47
									<u>300.93</u>	<u>306.10</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
SCHEDULE 'F' - INVESTMENTS (at cost - Long term)		
(Unquoted, unless otherwise stated)		
Trade Investments:		
Shares (fully paid up)		
- Orissa Sponge Iron Ltd. 2785 equity shares of Rs. 10 each (quoted)		
- Dena Bank 9,917 equity shares of Rs. 10 each (quoted)	0.03	0.03
- Wardha Power Company Ltd. 61,91,395 class A equity shares of Rs. 10 each 78,08,605 class A redeemable preference shares of Rs. 10 each	6.19 7.81	- -
Other Investments :		
Shares (fully paid up)		
- Mahindra Hotels and Resorts Ltd. 49,990 equity shares of Rs. 10 each	0.05	0.05
- Mahindra & Mahindra Contech Ltd. 35,000 equity shares of Rs. 10 each	0.04	0.04
- Window of the World Motels Pvt. Ltd. 2 equity shares of Rs. 100 each	0.00*	0.00*
- Mahindra Construction Co. Ltd. 300,000 equity shares of Rs. 10 each	0.30	0.30
- Kotak Mahindra Bank 6,000 equity shares of Rs. 5 each (quoted)	0.00*	0.00*
- The Indian and Eastern Engineer Co. Ltd. 3 ordinary shares of Rs. 10 each 10,000 equity shares of Rs.10 each	0.00* 0.02	0.00* 0.02
Share Application Money:		
- Wardha Power Company Ltd.	-	14.00
	14.44	14.44
Less : Provision for diminution in value of investments	0.35	0.35
	14.09	14.09
Notes : (1) Aggregate of quoted investments :		
- Cost	0.03	0.03
- Market Value	0.46	0.40
(2) Aggregate of unquoted investments :		
- Cost	14.41	14.41

* denotes amounts less than Rs. 50,000

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

	Rs. Crores	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
SCHEDULE 'G' - CURRENT ASSETS, LOANS AND ADVANCES			
Inventories :			
Stores and spare parts (includes material in transit of Rs. 2.18 crores; 2009-10 - Rs. 1.11 crore).	26.06		25.63
Loose tools	1.19		1.28
Raw materials (includes material in transit of Rs. 12.10 crores; 2009-10 - Rs. 14.65 crores).	55.61		55.50
Semi-finished goods	73.59		65.87
Finished goods	6.70		5.80
		163.15	154.08
Sundry Debtors : (unsecured)			
Over six months			
- considered good	15.90		1.52
- considered doubtful	7.62		9.67
Others			
- considered good	250.02		230.43
- considered doubtful	2.64		1.06
	276.18		242.68
Less : Provision for doubtful debts	10.26		10.73
		265.92	231.95
Cash and Bank Balances :			
Cash on hand	0.06		0.08
Balances with Scheduled Banks			
- in Current accounts	1.84		4.95
- in Fixed Deposit accounts	0.02		0.01
	1.86		4.96
		1.92	5.04
Loans and Advances :			
(unsecured)			
Advances recoverable in cash or in kind or for value to be received			
- considered good	35.05		30.72
- considered doubtful	2.75		2.75
	37.80*		33.47*
Less : Provision for doubtful advances	2.75		2.75
	35.05		30.72
Taxation - advance payments less provision	22.54		16.97
Balances - Excise, Port Trust, etc.	0.11		0.16
		57.70	47.85
		488.69	438.92
		5.36	3.78

* including capital advances of

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	Rs. Crores	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
SCHEDULE 'H' - CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES : **			
Acceptances		134.31	114.28
Sundry Creditors			
Total outstanding dues of :			
- micro enterprises and small enterprises (see note 18)	3.13		1.64
- creditors other than micro enterprises and small enterprises	139.13		109.97
		142.26	111.61
Dividend warrants posted but not encashed	0.37		0.34
Matured fixed deposit warrants posted but not encashed	0.02		0.02
Interest warrants posted but not encashed	0.02		0.02
Interest accrued but not due on loans	2.40		1.99
		279.38	228.26
PROVISIONS :			
Provision for taxation (net of payments)	0.14		0.14
Provision for Employee Benefits (see note 25)	8.93		5.88
Provision for proposed dividend on equity shares	-		3.25
Provision for tax on dividend	-		0.55
		9.07	9.82
		288.45	238.08

** There is no amount due and outstanding to be credited to the Investor Education and Protection Fund.

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'I' - OTHER INCOME

Dividends from long term investments:

- Trade	-		0.00*
- Other	0.00*		0.00*
		0.00*	0.00*
Interest :			
- On Income Tax Refund		0.65	-
- Other [including tax deducted at source Rs.0.02 Crore (2009-10 - Rs.0.05 Crore)]		0.27	0.48
Rent		0.18	0.19
Profit on sale of fixed assets (net)		0.01	-
Miscellaneous Income		1.28	0.79
		2.39	1.46

* denotes amounts less than Rs. 50,000

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Rs. Crores	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
SCHEDULE 'J' - MANUFACTURING AND OTHER EXPENSES			
1) Raw materials and bought out components consumed [including outside processing costs Rs. 13.37 crores 2009-10 - Rs. 9.56 crores {see note 9(a)}]		886.78	707.04
2) Payment to and provision for employees :			
(a) salaries, wages, bonus, etc.	69.75		61.08
(b) company's contribution to provident and other funds	3.68		3.50
(c) staff welfare expenses	9.43		6.74
(d) gratuity	1.38		(0.32)
		84.24	71.00
3) Operating and other expenses:			
(a) stores consumed	67.51		62.30
(b) repairs and maintenance to buildings (including stores consumed : Rs. 1.91 crores 2009-10 - Rs. 0.71 crore)	2.77		1.33
(c) repairs and maintenance to machinery (including stores and spare parts consumed Rs. 15.97 crores; 2009-10 - Rs. 8.30 crores)	20.45		11.22
(d) repairs and maintenance to others	6.87		3.85
(e) power and fuel	172.96		132.93
(f) rent (net of recoveries)	1.34		1.40
(g) rates and taxes	1.26		2.22
(h) insurance charges	0.72		0.53
(i) bad debts/advances written off	1.51		1.62
(j) provision for doubtful debts/advances (net)	(0.47)		0.96
(k) other expenses (see note 4 and note 17)	41.33		26.60
		316.25	244.96
4) Loss on sale of fixed assets (net)		-	0.01
5) Fixed Assets/ Capital work-in-progress written off		0.06	0.67
6) Excise duty charge/ (credit)		(0.04)	1.11
		<u>1,287.29</u>	<u>1,024.79</u>

* denotes amounts less than Rs. 50,000

SCHEDULE 'K' - (INCREASE) / DECREASE IN STOCKS

(Increase) / Decrease in stock of

Finished goods and Semi-finished goods

Opening stock :

Semi-finished goods

Finished goods

Total

Less:

Closing stock :

Semi-finished goods

Finished goods

(Increase) / decrease in stocks

	65.87		53.01
	5.80		2.88
		71.67	55.89
	73.59		65.87
	6.70		5.80
		80.29	71.67
		<u>(8.62)</u>	<u>(15.78)</u>

SCHEDULE 'L' NOTES TO ACCOUNTS

1. The Subscribed Capital includes:
 - a) 30,000 Equity shares allotted as fully paid-up pursuant to contracts without payment having been received in cash;
 - b) 600,000 Equity shares allotted consequent to the Scheme of Amalgamation with Bank of Baroda Ltd.;
 - c) 821,319 Equity shares allotted on conversion of 10% Convertible Series 'G' Debentures of the face value of Rs. 2.05 Crores at a premium of Rs. 15 per share. These debentures were originally issued consequent to the Scheme of Amalgamation with Bank of Baroda Ltd.;
 - d) 11,000,000 Equity shares allotted as fully paid-up (at a premium of Rs. 35 per share) pursuant to a contract to discharge part of the consideration for acquisition of the Company's Stamping Unit at Kanhe;
 - e) 3,650,866 Equity shares allotted as fully paid-up Bonus shares by way of capitalisation of share premium account and accumulated profits;
 - f) 1,550,840 Equity shares allotted consequent to the Scheme of Amalgamation of Pranay Sheetmetal Stampings Limited, Valueline Hotels and Resorts Limited and Console Estate and Investments Limited with the Company.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March, 2011 Rs. 32.84 Crores (2009-2010: Rs. 6.53 Crores).
3. Invoices raised during the period for price differences/interest on delayed payments, which are under negotiation, are accounted for if and when realised.
4. Other expenses in Schedule 'J' include :

	31st March, 2011	31st March, 2010
	Rs. Crores	Rs. Crores
(a) Remuneration of auditors **		
Audit fees	0.23	0.21
Company Law Matters	0.00*	0.00*
Other services	0.11	0.10
Reimbursement of out of pocket expenses	0.01	0.00*
(b) (i) Cash discount on sales	0.11	0.26
(ii) Commission to other selling agents	0.97	0.13
(c) Donation	0.03	0.01

Note: * Denotes amount less than Rs. 50,000/-

** Amounts mentioned are net of service tax

5. a) Managerial remuneration for the year to the Managing Director included in the Profit and Loss account is Rs. 0.96 Crore (2009-2010: Rs. 0.89 Crore) including contribution to provident fund and other funds Rs. 0.09 Crore (2009-2010 : Rs. 0.09 Crore), perquisites Rs. 0.29 Crore (2009-2010: Rs. 0.26 Crore) and performance pay Rs. 0.22 Crore (2009-2010 : Rs. 0.22 Crore; subsequently paid Rs. 0.13 Crore and excess provision of Rs. 0.09 Crore reversed). The provisions for gratuity and leave encashment are not included above as separate figures are not available. The remuneration for 2010-11 is paid after obtaining the necessary approvals from the Central Government and the shareholders.
- b) Sitting fees payable to non-whole-time directors included in the Profit and Loss account is Rs. 0.04 Crore (2009-2010 : Rs. 0.04 Crore)
6. Contingent Liabilities not provided for in respect of :
 - a) Bills discounted but not matured Rs. 31.63 Crores (2009-2010: Rs. 13.93 Crores).
 - Represents customers' bills discounted.
 - b) Excise duty:

Excise matters for which the Company is contingently liable amounting Rs. 13.46 Crores (2009-2010: Rs. 8.88 Crores). This includes:

- i) Rs. 0.52 Crore (2009-2010: 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. 2.77 Crores (2009-2010: Rs. 2.77 Crores) - relating to inclusion of scrap credit in the assessable value for the purpose of payment of Excise Duty. The Supreme Court had remanded the case back to CESTAT who has decided against the Company. The Company had filed a writ petition in the High Court. The case was remanded back to CESTAT which in turn remanded it back to the Commissioner. The Commissioner has raised a demand of Rs. 1.38 Crores with an equal penalty amount. The Company has filed appeal against the order with CESTAT.
- iii) Rs. 4.40 Crores (2009-2010 : Rs. Nil)- relating to alleged availment of Cenvat credit on invoices issued by certain registered dealers without actually receiving the material covered therein. The commissioner has raised a demand of Rs. 1.37 Crores with an equal amount of interest and penalty.
- iv) Rs. 1.68 Crores (2009-2010: Rs. 1.57 Crores) - being other matters.

In respect of (b) (i) above and other valuation issues, the Department has continued to issue show cause cum demand notices for subsequent periods aggregating Rs. 4.09 Crores (2009-2010: Rs. 4.02 Crores).

c) Sales Tax:

Sales Tax matters for which the Company is contingently liable amounting Rs. 9.09 Crores (2009-2010: Rs. 0.58 Crore). This includes:

- i) a demand of Rs. 8.51 Crores (2009-2010 : Rs. Nil) for F.Y. 2006-07 and F.Y. 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.
- ii) Other sales tax matters Rs. 0.58 Crore (2009-2010 : Rs. 0.58 Crore).

d) Taxation demands against which the Company is in appeal Rs. 17.19 Crores (2009-2010: Rs. 16.84 Crores).

e) Other matter for which the Company is contingently liable is Rs. 17.02 Crores (2009-2010: Rs. 14.18 Crores). This represents the dispute in the rate of water charges demanded by the Irrigation Department based on a unilateral increase in rates and the amount which the Company has been paying. The above amount includes an initial demand of Rs. 0.57 Crore up to 31st March, 1995 raised by the Irrigation Department which was decided in favour of the Company in the court of the Civil Judge, Senior Division Panvel. The balance of Rs. 16.45 Crores (2009-2010: Rs. 13.61 Crores) represents differential demands raised by the Irrigation Department and interest computed thereon by the company for subsequent periods.

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

- i. Rs. Nil (2009-2010: Rs. 9.28 Crores) pertaining to show cause notice for payment of custom duty in respect of the Value Based Advance Licenses (VBAL) purchased by the Company and used for import of goods. As the export obligation against the above VBAL was already fulfilled by the seller of the license, the Company appealed against the said notice with CESTAT who had granted a stay. During the year the CESTAT has set aside the impugned order and allowed the appeal.
- ii. Claim pertaining to material supply contract Rs. 9.28 Crores (2009-2010: Rs. 9.08 Crores).
- iii. Claims relating to lease rentals Rs. 0.87 Crore (2009-2010: Rs. 0.83 Crore).

7. Interest:

	31 st March, 2011	31 st March, 2010
	Rs. Crores	Rs. Crores
On fixed loans	26.27	24.38
On others	16.12	16.45
	<u>42.39</u>	<u>40.83</u>

8. (a) Term loans from Banks are secured by a first equitable mortgage on all immovable property and plant and machinery attached to the earth, both present and future, ranking pari-passu.
- (b) Advances for working capital from Banks are secured by hypothecation of raw materials, finished goods, goods in process, stores, book debts, etc.

9. Raw materials and bought out components consumed:

		31st March, 2011		31st March, 2010	
		Qty	Value	Qty	Value
		M/T	Rs. Crores	M/T	Rs. Crores
a)	1) Ferrous scrap	146,028	292.85	146,986	248.32
	2) Ferro alloys	5,801	139.95	5,148	94.09
	3) Other metals	4,003	11.78	3,618	9.33
	4) Slag making materials	12,289	7.21	10,073	5.15
	5) Metal sheets	76,692	356.70	70,336	291.18
	6) Purchased billets	353	3.03	392	2.41
	7) Components and tools	-	61.88	-	47.00
	8) Processing charges	-	13.37	-	9.56
			886.78		707.04

		31st March, 2011		31st March, 2010	
		Rs. Crores	%	Rs. Crores	%
b)	Imported – at landed cost	162.50	18	129.65	18
	Indigenously obtained	724.28	82	577.39	82
		886.78	100	707.04	100

10. Stores and spares consumed :

		31st March, 2011		31st March, 2010	
		Rs. Crores	%	Rs. Crores	%
	Imported – at landed cost	9.82	11	8.16	11
	Indigenously obtained	75.57	89	63.15	89
		85.39	100	71.31	100

Consumption in quantity and in value is after considering excesses and shortages ascertained on physical verification and write off for deterioration, unserviceable items.

11. Information for class of goods manufactured :

Particulars in respect of goods manufactured:

Class of Goods	Unit of Measure-ment	Licensed Capacity Per Annum [see note (i) and (ii)]	Installed Capacity Per Annum [see note (iii)]	Actual production [see note (iv)]	Opening Stock		Closing Stock		Sales [see note (iv)]	
					Qty	Value Rs. Crores	Qty	Value Rs. Crores	Qty	Value Rs. Crores
Tool, alloy and Special steel	M/T	180,000	180,000	126,232	-	-	-	-	126,232	774.11
	M/T	(180,000)	(180,000)	(122,637)	(-)	(-)	(-)	(-)	(122,637)	(626.10)
Pressed Sheet metal components and assemblies	M/T	66,400	66,400	55,275	948	5.80	859	6.70	55,364	473.49
	M/T	(66,400)	(66,400)	(50,522)	(439)	(2.88)	(948)	(5.80)	(50,013)	(374.96)
Total					948	5.80	859	6.70	181,596	1,247.60
					(439)	(2.88)	(948)	(5.80)	(172,650)	(1,001.06)

Notes :

- In respect of Tool, alloy and Special Steel, the industrial licence permits manufacture of castings and forgings up to 2,000 M/T within the above overall licensed capacity.
- In respect of Pressed Sheet metal components and assemblies, the licensed capacity is as per the Memorandum filed with, and duly acknowledged by the Secretariat for Industrial Assistance.
- The installed capacity on an integrated basis is certified by the Managing Director, which the auditors have relied on without verification being a technical matter.

- (iv) Production and Sales in respect of Pressed Sheet metal components and assemblies includes customer's materials processed.
(v) Previous year's figures have been disclosed in parenthesis.

12. Miscellaneous receipts includes :

	31st March, 2011	31st March, 2010
	Rs. Crores	Rs. Crores
Income from services rendered	0.69	0.66

13. C.I.F. Value of Imports

	31st March, 2011	31st March, 2010
	Rs. Crores	Rs. Crores
(a) Raw materials	178.14	143.79
(b) Stores and spares	9.70	8.80
(c) Capital goods	0.35	-

14. Expenditure in foreign currency (on payment basis)

	31st March, 2011	31st March, 2010
	Rs. Crores	Rs. Crores
Interest	0.71	1.36
Others	0.16	0.09

15. Earnings in foreign exchange

	31st March, 2011	31st March, 2010
	Rs. Crores	Rs. Crores
(a) F.O.B. Value of exports	26.91	6.37
(b) Freight and insurance	0.62	0.18

16. Research and Development expenditure debited to Profit and Loss Account aggregates Rs. 1.48 Crores (2009-2010: Rs. 1.05 Crores) consisting of salaries and power, based on allocations made by the Company and materials.

17. The net difference in foreign exchange debited to the Profit and Loss Account is Rs. 0.61 Crores (2009-2010: credited to the Profit and Loss account is Rs. 1.43 Crores).

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

Rs. Crores

Sr. No.	Particulars	31st March, 2011	31st March, 2010
(a)	Principal Amount Outstanding	3.13	1.64
(b)	Interest Due on the above Rs. 7,466 (2009-2010: Rs. 7,395/-)	0.00*	0.00*
(c)	Principal amount paid during the year beyond appointed day	3.66	13.52
(d)	Interest paid during the year beyond the appointed day	0.08	-
(e)	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	0.02	0.08
(f)	Amount of interest accrued and remaining unpaid at the end of the year	0.02	0.08
(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 Schedule - H 'Current Liabilities and Provisions' 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.



19. The components of Deferred tax liability and assets as at 31st March, 2011 are as under:

	31st March, 2011	31 st March, 2010
	Rs. Crores	Rs. Crores
Deferred tax liability:		
- On fiscal allowances on fixed assets	25.21	24.95
	25.21	24.95
Less: Deferred tax assets		
- On employee separation and retirement	2.28	1.89
- On provision for doubtful debts	3.32	3.65
- On unabsorbed depreciation	13.09	9.45
- On other timing differences	-	0.11
Net Liability	6.52	9.85

The Deferred tax asset on unabsorbed depreciation has been recognised since the company has timing differences, the reversal of which will result in sufficient income in future to set off the asset created.

20. Earnings per share have been computed as under:

	31st March, 2011	31 st March, 2010
a) Net Profit/(Loss) for the year after tax (Rs. Crores)	(5.96)	4.67
b) Weighted Average Equity Shares (Nos.)	32,482,529	32,482,529
c) Diluted Equity Shares (Nos.)	32,595,451	32,612,124
d) i) Basic Earnings per share (Rs.) (a)/(b)	(1.84)	1.44
ii) Diluted Earning per share (Rs.) (a)/(c)	(1.84)	1.43

21. Related parties disclosures:

a) Related parties where Control exists:

Holding Company Mahindra & Mahindra Limited

b) Names of other related parties with whom transactions have taken place during the year

- 1) Fellow subsidiaries
 - Mahindra Forgings Ltd
 - Mahindra Gujarat Tractors Ltd
 - Mahindra Intertrade Limited
 - Bristlecone India Limited
 - Mahindra Logistics Ltd
 - Mahindra Gears & Transmission Pvt. Ltd
 - Mahindra Vehicle Manufacturers Limited (Formerly Mahindra Automotive Limited)
 - Mahindra Steel Service Centre Ltd
 - Mahindra Navistar Automotives Limited.
 - Mahindra Castings Ltd (Formerly Mahindra Hinoday Industries Ltd)
 - Mahindra Automobile Distributors Pvt. Ltd (Formerly Mahindra Renault Pvt. Ltd)
 - Falkenroth umformtechnik GMBH
 - Mahindra Consulting Engineers Ltd
 - Mahindra Metalcastello S.r.l.
 - Gesenkschmiede Schneider GmbH
 - Mahindra Holidays & Resorts India Ltd.
 - Mahindra First Choice Wheels Ltd
 - Mahindra Engineering & Chemical Products Ltd
 - Mahindra First Choice Services Ltd
- 2) Other Group Companies
 - Mahindra Composites Ltd
 - Mahindra Sona Ltd (Joint Venture of Holding Company)
- 3) Key Management Personnel
 - Mr. K. V. Ramarathnam, Managing Director



Rs. Crores

FS: Fellow Subsidiaries

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

Sl. No.	Particulars	Holding Co.	Mahindra & Forgings Ltd	Mahindra Tractors Ltd	Mahindra Gujarat Intertide Ltd	Bratislava India Ltd	Mahindra Logistics Ltd	Mahindra Gears & Transmission Pvt Ltd	Mahindra Vehicle Manufacturers Limited (formerly Mahindra Automobiles Limited)	Mahindra Service Center Ltd	Mahindra Steel Navistar Automotives Limited	Mahindra Navistar Automotives Limited	Mahindra Castings Ltd	Mahindra Automobile Distributor Pvt Ltd (Formerly Mahindra Renault Pvt. Ltd.)	Falkenroth uniform-technik GMBH	Mahindra Consulting Engineers Ltd	Mahindra Matcasale S.r.l.	Gesek-schmiede Sch-nelder GmbH	Mahindra Holidays & Resorts India Ltd.	Mahindra First choice Wheels Ltd	Mahindra Engg & Chemical Prods Ltd	Mahindra First Choice Services Ltd	Others - Group Co.	Others - Group Co.	Others - Group Co.	Key Management Personnel
1	Purchases of Goods and Services	-	26.63 (13.94)	-	318.19 (253.19)	-	-	-	-	0.05 (0.01)	1.87	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-
2	Receiving of Services/Share of Corporate expenses	4.44* (1.22)	-	-	-	-	0.05 (0.01)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-
3	Rent Paid	1.31 (1.31)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Sale of Goods	456.79 (378.62)	145.30 (140.41)	1.41 (1.19)	-	-	-	0.80 (0.02)	-	-	9.59 (6.02)	-	-	-	8.96 (2.52)	-	-	0.10 (0.00)	-	-	-	-	-	-	1.27 (3.63)	-
5	Rendering of Services	-	-	-	-	-	-	-	5.85 (0.20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Rent Income	0.13 (0.11)	-	-	0.05 (0.20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Purchase of Fixed Assets / Capex Services	0.23 (0.64)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Deputation of Personnel charge	0.27 (0.50)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.96 (1.12)
10	Provision for Doubtful Debts made during the year	0.20 (0.02)	8.12 (1.00)	-	-	-	-	0.16 (1.00)	-	-	0.03 (0.01)	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07	-
11	Provision for Doubtful Debts written back	0.11 (1.00)	6.52 (1.00)	-	-	-	-	-	-	-	0.04 (0.05)	-	-	-	-	-	-	-	-	-	-	-	-	-	0.05	-
12	Cash Discount Received	-	-	-	0.87 (1.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Finance:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Equity Dividend Paid	1.65 (1.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	IGD received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	IGD refunded	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Outstandings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	i) Other payables / Credit Balances	4.57 (1.81)	0.05 (1.61)	-	24.74 (11.61)	-	0.19 (0.07)	-	-	0.01 (0.01)	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-
	Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	i) Other receivables / Other Debtors	82.99 (62.97)	33.50 (42.04)	0.16 (0.07)	0.00 (0.05)	-	-	0.30 (0.02)	2.69 (0.10)	-	2.66 (0.88)	-	-	1.42 (1.33)	-	-	0.02 (0.00)	-	-	-	-	-	-	-	0.24 (0.54)	-
	ii) Deposits outstanding	0.57 (0.57)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	iii) Provision for doubtful debts and advances	0.11 (0.02)	1.60 (1.00)	-	-	-	-	0.16 (1.00)	-	-	0.01 (0.01)	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-

22. Derivative Instruments:

The Company has entered into Forward Exchange Contracts [being a derivative instrument], which are not intended for trading or speculative purpose, but for hedge purpose, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables. The following are the outstanding Foreign Exchange Contracts entered into by the Company as on 31st March, 2011:

Currency	Amount in Crores	Buy/Sell	Cross Currency
US Dollar	1.64	Buy	Rupees
(US Dollar)	(1.18)	(Buy)	(Rupees)
US Dollar	-	Sell	Rupees
(US Dollar)	(0.04)	(Sell)	(Rupees)

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

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

	Indian Rupees (in Crores)	Foreign Currency (in Crores)
● Import of goods and services	6.08	US \$ 0.14
	(5.98)	(US \$ 0.13)
	0.44	Euro 0.01
	(0.23)	(Euro 0.00*)
	0.01	GBP 0.00*
	(NIL)	(GBP NIL)
	0.03	CHF 0.00*
	(NIL)	(CHF NIL)

These amounts represent Goods in transit and part of the amount is linked to performance of material.

b. Amounts receivable in foreign currency on account of the following:

	Indian Rupees (in Crores)	Foreign Currency (in Crores)
● Export of goods and services	3.68	US \$ 0.08
	(1.14)	(US \$ 0.03)
	0.35	EURO 0.01
	(NIL)	(EURO NIL)

The Company has outstanding borrowings of JPY 235.72 Crores which is equivalent of US \$ 2.00 Crores (2009-2010: JPY 235.72 Crores which is equivalent of US \$ 2.00 Crores) under the External Commercial Borrowing facility. These foreign currency loans and interest thereon have been completely hedged using a swap structure converting the liability into a full fledged Rupee liability.

Previous year's figures have been disclosed in parenthesis.

* Denotes amounts less than Rs. 50,000/-

23. SEGMENT REPORTING:

a) PRIMARY SEGMENT INFORMATION
(BUSINESS SEGMENT)

		2010-11	2009-10	2010-11	2009-10
		External Sales		Total	
		Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
1	Segment Revenue (Net)				
	- Steel	786.73	637.62	786.73	637.62
	- Stamping	553.79	450.26	553.79	450.26
	- Segment Total	1,340.52	1,087.88	1,340.52	1,087.88
2	Segment Result				
	- Steel	-	-	10.54	30.50
	- Stamping	-	-	31.35	24.26
	- Segment Total	-	-	41.89	54.76
	Unallocated corporate expenses net of unallocated income	-	-	(10.02)	(5.78)
	Profit before interest and taxation	-	-	31.87	48.98
	Interest expenditure	-	-	(42.39)	(40.83)
	Interest income	-	-	0.92	0.48
	(Charge)/Credit for Taxation	-	-	3.63	(3.96)
3	Profit / (Loss) after Taxation	-	-	(5.97)	4.67
	Other Information				
1	Segment Assets				
	- Steel	-	-	506.24	504.77
	- Stamping	-	-	258.88	217.82
	- Segment Total	-	-	765.12	722.59
	Unallocated corporate assets	-	-	38.59	36.52
	Total Assets	-	-	803.71	759.11
2	Segment Liabilities				
	- Steel	-	-	210.61	185.85
	- Stamping	-	-	71.40	45.38
	- Segment Total	-	-	282.01	231.23
	Unallocated corporate liabilities	-	-	357.75	357.97
	Total Liabilities	-	-	639.76	589.20
3	Capital Expenditure				
	- Steel	-	-	7.84	6.45
	- Stamping	-	-	18.68	4.85
	- Segment Total	-	-	26.52	11.30
4	Depreciation / Impairment				
	- Steel	-	-	18.44	16.90
	- Stamping	-	-	13.01	13.97
	- Segment Total	-	-	31.45	30.87
5	Non cash expenditure (net) other than depreciation				
	- Steel	-	-	(0.79)	2.45
	- Stamping	-	-	0.32	(1.49)
	- Segment Total	-	-	(0.47)	0.96
b)	SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENT)				
1	Segment Revenue				
	- Within India	-	-	1,312.99	1,081.33
	- Outside India	-	-	27.53	6.55
	- Total Revenue	-	-	1,340.52	1,087.88
2	Segment Assets				
	- Within India	-	-	799.68	756.38
	- Outside India	-	-	4.03	2.73
	- Total Segment Assets	-	-	803.71	759.11
3	Capital Expenditure				
	- Within India	-	-	26.52	11.30
	- Outside India	-	-	-	-
	- Total Capital Expenditure	-	-	26.52	11.30

NOTES:

1. 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 comprises sale of alloy steel and rings. Stamping segment comprises sale of pressed metal components. Inter segment revenue is market led. There are no inter segment transactions during the year and in the previous year.
2. The geographical segments considered for disclosure are :
 - Sales within India
 - Sales outside India

24. 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, 386,000 Options have lapsed till 31st March, 2011 which includes 15,000 Options lapsed 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 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 vesting, provided that at the end of five (5) years from the date of 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, 2010	727,000	96
Options granted during the year	-	-
Options forfeited/lapsed during the year	15,000	99
Options exercised during the year	-	-
Options outstanding on 31 st March, 2011	712,000	96
Options vested but not exercised on 31 st March, 2011	691,875	97

Information in respect of options outstanding as at 31st March, 2011:

Exercise price	Number of Options	Weighted average Remaining life
Rs. 99.00	631,500	0.42 Yrs
Rs. 73.00	80,500	1.59 Yrs

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.

The fair value has been calculated using the Black Scholes Options Pricing model and the significant assumptions made in this regard 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 vestings, 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. 0.03 Crore (2009-10: Rs. Nil) being the amortization of deferred employees compensation, after adjusting for reversals on account of options lapsed.

Had the Company adopted fair value method in respect of Options granted, the employee compensation cost would have been higher by Rs. 0.06 Crore (2009-10: lower by Rs. 0.10 Crore), Loss After Tax higher by Rs. 0.04 Crore (2009-10 : Profit after tax higher by Rs. 0.07 Crore) and both the basic and diluted earnings per share would have been lower by Rs 0.01 (2009-10: higher by Rs. 0.02).

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.

25. Employee Benefit Plans:

A Defined Benefit Plans:

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 months 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 at the Steel Division is restricted to 20 months salary and for Stampings Division 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.

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. 1.73 Crores (2009-10: Rs. 1.47 Crores) to the Provident Fund Trust.

In keeping with the Guidance on Implementing Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standards) Rules, 2006, employer established provident fund trusts as Defined Benefit Plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. According to the Management, the Actuary has opined that actuarial valuation cannot be applied to reliably measure provident fund liabilities in the absence of guidance from the Actuarial Society of India. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the aforesaid AS15 read with Accounting Standards Board Guidance. Having regard to the assets of the fund and the return on investments, the entity provides for shortfall in interest on an estimated basis. Accordingly a provision of Rs. 0.86 Crore has been made during the year (2009-10: Rs. Nil) 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	<u>% of each to total plan assets</u>	
	2010-11	2009-10
Bonds & Securities of Central Government	13.36	14.18
Bonds & Securities of State Government	9.74	9.52
Bonds & Securities of Public Sector Undertakings	36.23	32.83
Special Deposits with Banks	40.67	43.47

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

Particulars	GRATUITY	
	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
I Expenses / (Income) recognised in the statement of Profit and Loss Account for the year ended 31st March, 2011 (Disclosed in schedule 'J' under the head 'Payment to and provision for employees')		
1. Current Service Cost	0.78	0.87
2. Past Service Cost	0.42	-
3. Interest Cost	1.15	1.00
4. Expected return on plan assets	(1.21)	(1.00)
5. Actuarial (Gains)/ Losses	0.22	(1.19)
6. Total Expense / (Income)	1.36	(0.32)
II Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2011		
1. Present Value of Defined Benefit Obligation as at 31st March, 2011	16.19	15.01
2. Fair value of plan assets as at 31st March, 2011	(15.15)	(15.33)
3. Net Asset/(Liability) as at 31st March, 2011	(1.04)	0.32
III Change in Obligation during the year ended 31st March, 2011		
1. Present Value of Defined Benefit Obligation at the beginning of the year	15.01	14.86
2. Current Service Cost	0.78	0.87
3. Past Service Cost	0.42	-
4. Interest Cost	1.15	1.00
5. Actuarial (Gains)/ Losses	(0.04)	(0.85)
6. Benefit Payments	(1.13)	(0.87)
7. Present Value of Defined Benefit Obligation as at the end of the year	16.19	15.01
IV Change in Assets during the year ended 31st March, 2011		
1. Plan assets at the beginning of the year	15.33	11.99
2. Expected return on plan assets	1.21	1.00
3. Contributions by employer	-	2.87
4. Actual benefits paid	(1.13)	(0.87)
5. Actuarial Gains/ (Losses)	(0.26)	0.34
6. Plan assets at the end of the year	15.15	15.33
V Actual return on Plan Assets (1+2)	0.95	1.34
1. Expected return on plan assets	1.21	1.00
2. Actuarial Gains/ (Losses)	(0.26)	0.34
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:		
	As at 31st March, 2011	As at 31st March, 2010
1. Discount Rate	8.10%	7.90%
2. Expected rate of return on plan assets	8.50%	8.50%
3. Mortality pre-retirement	1994-96 Mortality base	1994-96 Mortality base
4. Mortality post-retirement	-	-
5. Turnover rate	1 to 2%	1 to 2%
6. 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/ (Liability) recognised in the Balance Sheet as at respective year ends and experience adjustments:

Particulars	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores	31 st March, 2009 Rs. Crores	31 st March, 2008 Rs. Crores	31 st March, 2007 Rs. Crores
1. Present Value of Defined Benefit Obligation	16.19	15.01	14.86	11.61	9.49
2. Fair value of plan assets	(15.15)	(15.33)	(11.99)	(10.28)	(9.89)
3. Funded Status [Surplus/(Deficit)]	(1.04)	0.32	(2.87)	(1.33)	0.40
4. Net Asset/(liability)	(1.04)	0.32	(2.87)	(1.33)	0.40
5. Experience adjustment arising on:					
a. Plan Liabilities	0.18	0.42	0.14	0.63	0.19
b. Plan Assets	(0.26)	0.34	0.02	0.40	(0.13)

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 Provident Fund, Superannuation Fund and ESIC contributions to 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 Officer's Superannuation Fund, Pension Fund and ESIC are recognized in the Profit and Loss Account. These amounts are recognized as an expense and included in the Schedule 'J' of the Profit and Loss Account under the heading "Payment to and provision for employees" in line item Company's contribution to provident and other funds.

	31 st March, 2011 Rs. Crores	31 st March, 2010 Rs. Crores
i) Officer's Superannuation Fund	0.56	0.77
ii) Family Pension Fund	0.98	0.91
iii) Employees State Insurance Scheme	0.30	0.23

26. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956 (See Schedule 'N')

27. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

SCHEDULE 'M' SIGNIFICANT ACCOUNTING POLICIES

1. Basis for preparation of accounts :

The accounts have been prepared to comply in all material respects with the applicable accounting principles in India, the relevant provisions of the Companies Act, 1956 including Accounting Standards notified under the said Act.

2. (A) 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.

Fixed assets acquired under finance leases are recognised at the lower of fair value of the leased assets at inception and the present value of minimum lease payment. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Depreciation is provided for as follows:

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

- i) The Company provides depreciation on Straight Line Method on heavy vehicles, other vehicles and data processing equipment at 25%, 20% and 33% of cost respectively.
- ii) 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 Profit and Loss Account.

(B) Intangible Assets :

Software expenditure incurred is amortised over the period of 36 months equally commencing from the year in which the expenditure is incurred.

3. Investments :

All long term investments are valued at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments. Dividend income is recognised when the right to receive payment is established.

4. Inventories :

Inventories are stated 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 at Stamping units is valued at net realisable value.

5. 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 the 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 Profit and Loss Account.

6. Revenue Recognition :

Sales of products and services are recognised when the products are shipped or the services rendered.

Excise Duties (including education cess) recovered are included in the Sale of Products (Gross). Excise Duty (including education cess) in respect of Finished Goods are shown separately as an item of Manufacturing and Other Expenses and included in the valuation of finished goods.

7. Employee Benefits :

i) Provident Fund:

The Company's Contribution to the recognised Provident Fund, paid/payable during the year, is debited to the Profit and Loss Account. 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:

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 Profit and Loss Account.

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 gain and losses are recognised immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. 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.

8. 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.

9. Taxes on income :

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

10. Segment Reporting :

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company 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 relate to the company as a whole and not allocable to any segment.

11. Provisions :

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.



SCHEDULE 'N' ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No.

1	2	5	4	2
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 State Code

1	1
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Balance Sheet Date

3	1
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0	3
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2	0	1	1
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Date Month Year

II Capital Raised During the Year (Amount in Rs. Crores):

Public Issue	Rights Issue																				
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							N	I	L												
							N	I	L												
Bonus Issue	Private Placement																				
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							N	I	L												
							N	I	L												

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Crores):

Total Liabilities (including Shareholders' Funds)

				8	0	3	.	7	1
--	--	--	--	---	---	---	---	---	---

Total Assets (including Miscellaneous Expenditure not written-off and adverse balance of profit and loss account)

				8	0	3	.	7	1
--	--	--	--	---	---	---	---	---	---

Sources of Funds:

Paid-up Capital	Reserves & Surplus																				
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				3	2	.	4	8													
				1	3	2	.	7	3												
Secured Loans	Unsecured Loans																				
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				1	9	3	.	1	9												
				1	5	0	.	3	4												

Application of Funds:

Net Fixed Assets	Investments																						
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				3	0	0	.	9	3														
							1	4	.	0	9												
Net Current Assets	Miscellaneous Expenditure																						
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				2	0	0	.	2	4														
								N	I	L													
Accumulated Losses																							
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								N	I	L													

IV Performance of Company (Amount in Rs. Crores):

Turnover (Sales and Other income)	Total Expenditure (Including decrease/(increase) in Stocks)																								
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				1	3	4	2	.	9	1															
				1	3	5	2	.	5	1															
+ / - Profit/Loss before Tax	+ / - Profit/Loss after Tax																								
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>-</td><td>9</td><td>.</td><td>6</td><td>0</td></tr></table>								-	9	.	6	0	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>-</td><td>5</td><td>.</td><td>9</td><td>7</td></tr></table>								-	5	.	9	7
							-	9	.	6	0														
							-	5	.	9	7														
Earnings per Share in Rupees	Dividend Rate %																								
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							-	1	.	8	4														
								N	I	L															

V Generic Names of Three Principal Products/Services of Company (As per monetary terms):

Item Code No. (ITC Code)	7228
Product Description	Other bars and rods of other alloy steel
Item Code No. (ITC Code)	8708
Product Description	Parts and accessories of motor vehicles
Item Code No. (ITC Code)	7214
Product Description	Other bars and rods of iron or non-alloy steel
Item Code No. (ITC Code)	8482
Product Description	Finished Rings / Races

Signature to Schedules 'A' to 'N'

Partha Sarathi Roy
 Chief Finance Officer
 Mumbai : 27th April, 2011

Ajay Kadhao
 Company Secretary

For and on behalf of the Board

Keshub Mahindra	Chairman
K. V. Ramarathnam	Managing Director
Hemant Luthra	} Directors
Manoj Maheshwari	
Harsh Kumar	
Sanjiv Kapoor	
Sarojini Dikhale	
Daljit Mirchandani	

[illegible]



NOTES

[illegible]



MAHINDRA UGINE STEEL COMPANY LIMITED

Registered Office : 74, Ganesh Apartment, Opp. Sitaladevi Temple,
L.J. Road, Mahim, Mumbai - 400 016.

Attendance Slip

I hereby record my presence at the 48th Annual General Meeting of the Company at Amar Gian Grover Auditorium, Lala Lajpat Rai Memorial Trust, Lala Lajpat Rai Marg, Haji Ali, Mumbai - 400 034, on Wednesday, the 27th July, 2011 at 3.00 p.m.

Name of the Member	
Registered Folio No.	No. of Shares
Client ID No.	
DP ID No.	
Name of the Proxy	
Signature of the Member or Proxy	

Note: The Member/Proxy/Representative attending the 48th Annual General Meeting is requested to bring this slip duly filled in and present the same at the entrance to the Meeting.



MAHINDRA UGINE STEEL COMPANY LIMITED

Registered Office : 74, Ganesh Apartment, Opp. Sitaladevi Temple,
L.J. Road, Mahim, Mumbai - 400 016.

Proxy Form

I/We of

in the District ofbeing a member/members of the above named Company hereby

appoint of

in the District of or failing him/her

of in the district of

as my/our proxy/proxies to vote for me/us on my/our behalf at the 48th Annual General Meeting of the Company to be held at Amar Gian Grover Auditorium, Lala Lajpat Rai Memorial Trust, Lala Lajpat Rai Marg, Haji Ali, Mumbai - 400 034, on Wednesday, the 27th July, 2011 at 3.00 p.m. and at any adjournment thereof.

Signed this day of2011

Registered Folio No. :

Client ID No. :

DP ID No. :

No. of Shares :

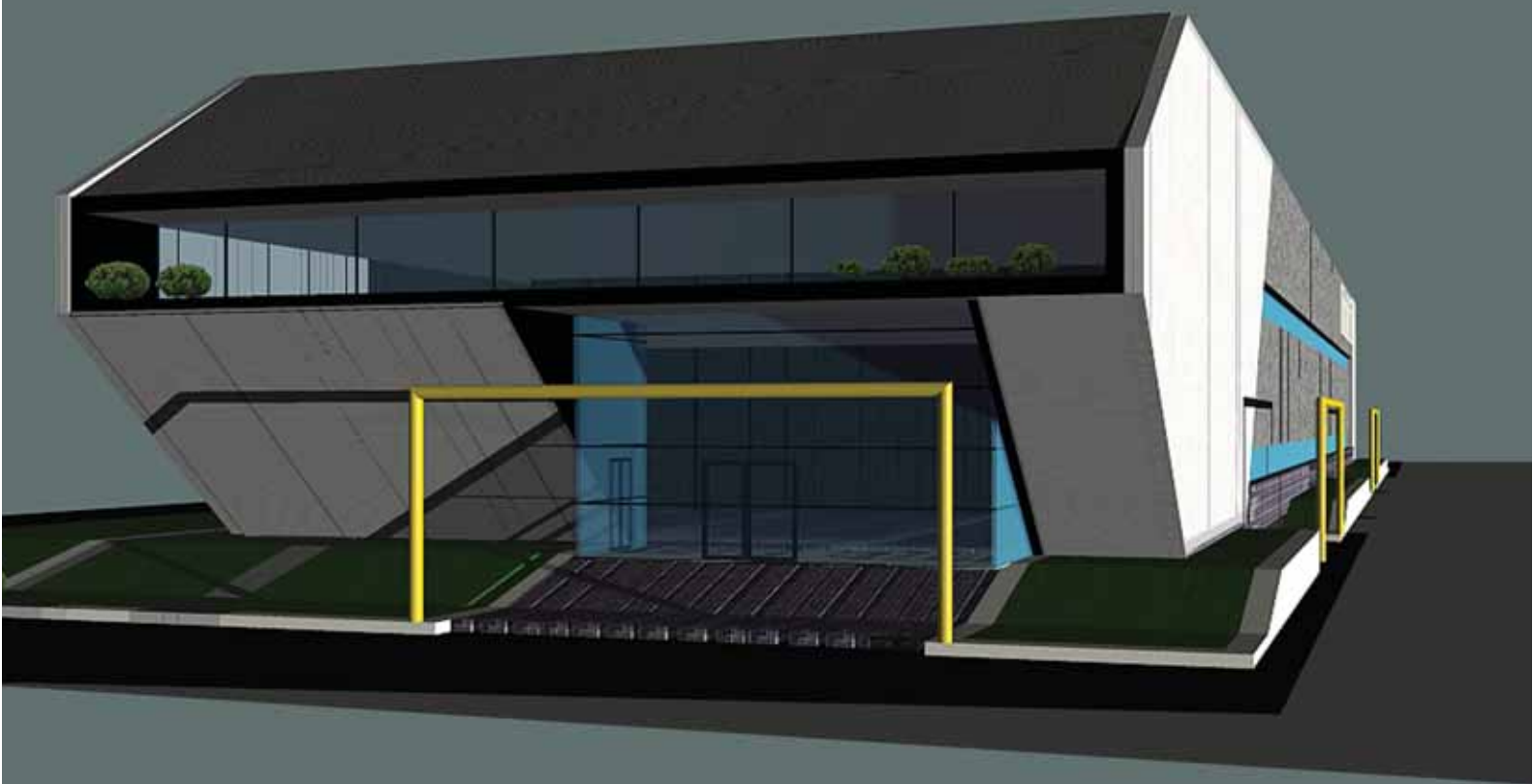
Fifteen
paise
Revenue
Stamp

Signature of the
Member

Note: This Proxy Form in order to be effective should be duly filled in, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The proxy need not be a member of the Company.

MUSCO Stampings Pantnagar Plant

In FY 2011-12 MUSCO Stampings new plant at Pantnagar will be fully operational. Built on a 5 acre plot, this ultra-modern two-storied manufacturing facility will be equipped with the latest pressing and welding technology in ample capacity to cater to sheet metal oriented components and assemblies requirements of Tata Motor's existing and new vehicle models.





Mahindra UGINE Steel Company Ltd.

74, Ganesh Apartment, 7th floor, Opp. Sitladevi temple,
L. J. Rd, Mahim (w), Mumbai 400 016, India.

Tel: 91-22-24444287 Fax: 91-22-24458196

Website: www.muscoindia.com

Email: investors_relation@mahindra.com



Mahindra Systech

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Email: crmsys@mahindra.com