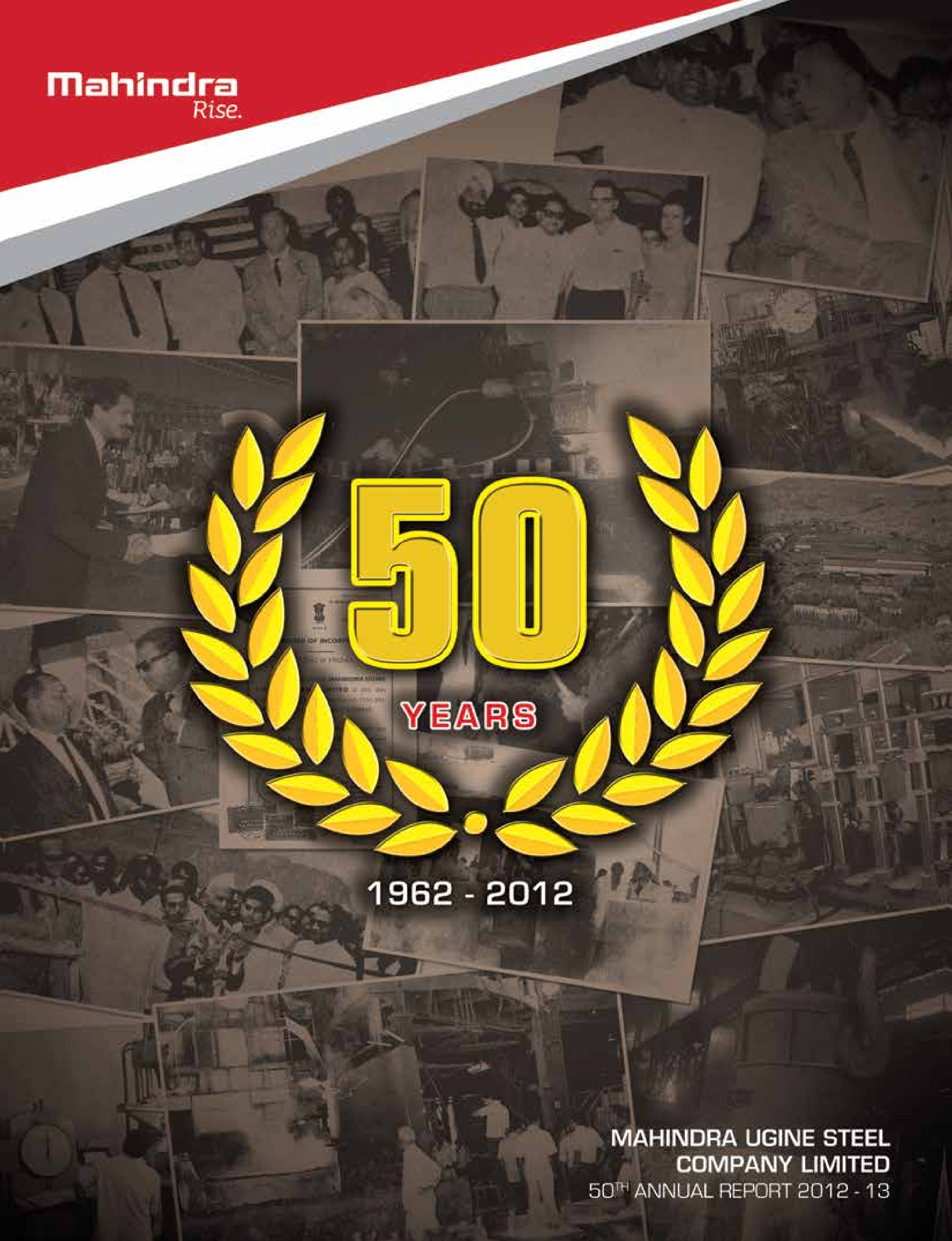
Mahindra
Rise.



50 YEARS

1962 - 2012

MAHINDRA UGINE STEEL COMPANY LIMITED

50TH ANNUAL REPORT 2012 - 13

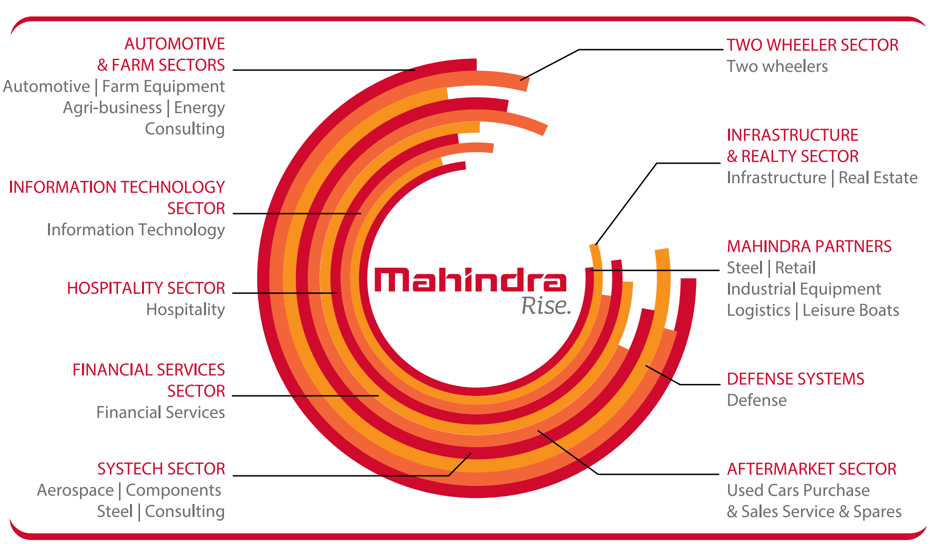
Systech Sector Overview

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 the 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 services customers located in North America, Europe and Asia.

With INR 5000 Crores (USD 926 M / EUR 725 M) in 2012 - 2013 Sales, we are one of India's largest automotive component groups and a global leader in automotive forgings.



Dear Shareholder:

Last year in my message, we observed that the world economy was going through an uncertain phase, but we still remained optimistic about the future. The year gone by was even more turbulent than the one before it. Our key markets — Europe and India — were especially impacted; Europe is still trying to resolve its economic challenges and India needs a boost of confidence and investor-friendly moves from the government to restore the country to a faster growth trajectory.

As a result of the underlying economic factors, Systech India business growth in F13 was relatively flat and continued uncertainty in Europe made for a challenging business environment there. As we look to the coming year, we hope to see a positive trend in India but Europe will remain an uncertain marketplace.

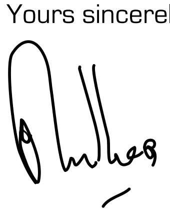
In the “OneSystech” automotive component businesses, our focus for India remains on business growth built around capacity investment and a strong operational excellence model. Our Forgings and Castings businesses are stepping up their operational performance while Stampings and Gears are investing for growth with new manufacturing facilities. Across the board, we are focused on cost containment in order to improve profitability. And the results are showing.

In Europe, we will need to consolidate our operations in order to manage the challenge of sudden changes in business conditions. We are seeing closer cooperation between our Europe and India teams and they are accelerating their efforts to transfer appropriate products from Europe to India to leverage the India cost advantage. We expect to see our European operations to bring the India team’s cost reduction approach to their operations in order to restore health.

Last year, we announced the investment by Mitsui and Sanyo into our MUSCO Steel business. I am happy to report that we are making good progress on making Mahindra Sanyo a leader in the Special Steel market in India.

As you can plainly see, the last year has been an eventful one for us at Systech and we are thankful to the scores of employees who put in the hard work to sell, design, produce, and deliver our products. We also want to thank you for investing with us and your confidence in us.

Yours sincerely

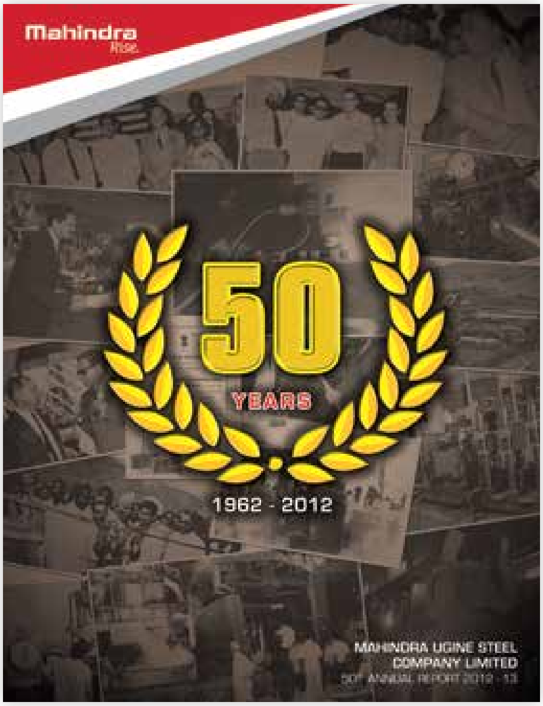


Hemant Luthra
President, Systech Sector


1) Engine Gears
2) Crankshaft
3) Exhaust Manifold
4) Dash Panels
5) Motor Magnets
6) Passive Engine Antennas
1) Roof
2) Window Outers
1) Structural Members
1) Hood
1) Assembly for
front fascia
2) Bumper
1) Wheel Cover
2) Wheel Hubs
3) Steering Knuckles
1) Fender
2) Transmission Gears & Shafts
3) Transfer case Gears & Shafts
1) Door Outer
2) Centre Console
1) Gear Carrier Housing
2) Differential case housing


1) Camshafts
2) Transmission Gear & Shafts
3) Steel Pistons
4) Turbocharger housing
5) Control Arms
6) Crankshafts
7) NVH Covers
8) Motor Magnets
1) Stamped Cabin Components
1) Gear Carrier Housing
1) Axle Beams
2) Chassis &
Steering Components
1) Stub Axles

Contents


Mahindra
Rise.
50
YEARS
1962 - 2012
MAHINDRA UGINE STEEL
COMPANY LIMITED

Board of Directors

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

Committees of the Board

Audit Committee

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

Nomination & Remuneration Committee

Sanjiv Kapoor
S. Ravi
Hemant Luthra
Daljit Mirchandani

Investors' Grievance Committee

Hemant Luthra
S. Ravi
Uday Gupta

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

BANKERS

Bank of Baroda
ING Vysya Bank Ltd.
ICICI 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

Works :

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

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

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

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

Registrar & Transfer Agents

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

AT A GLANCE

(Rupees in crore)

Financial Summary	**2012-13**	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Sales	**990.83**	1535.65	1340.52	1087.88	1073.42	922.18	717.23	615.04	522.00	356.57
Other Income	**2.06**	5.87	2.39	1.46	1.76	2.76	1.68	9.73	1.05	2.47
Increase/(Decrease) in stocks	**23.04**	2.26	8.62	15.78	-11.06	16.13	-4.39	24.92	6.79	-1.45
Manufacturing and other expenses	**950.01**	1493.92	1287.29	1024.79	1031.83	846.29	617.79	526.07	443.46	328.19
Depreciation	**20.15**	31.44	31.45	30.87	24.74	26.71	16.73	13.08	9.62	9.26
Interest	**37.14**	54.27	42.39	40.83	36.06	28.63	11.83	11.15	11.38	13.51
Profit/(Loss) for the year before Exceptional item and tax	**3.58**	-35.86	-9.60	8.63	-28.51	44.19	68.17	99.38	65.38	6.63
Exceptional item - loss on transfer of steel business /profit on sale of land	**- 47.00**	88.57	-	-	-	-	-	-	-	-
Profit for the year before tax	**- 43.42**	52.72	-	-	-	-	-	-	-	-
Current tax (MAT)	**2.53**	10.40	-	-	-	-	-	-	-	-
MAT credit entitlement (including credit recognised for an earlier year of Rs.1.00 crore	**-**	-11.12	-	1.00	-	10.55	24.82	32.40	5.13	0.53
(Excess) provision for earlier years w/back(net)	**-**	0.07	-0.30	-	-	-	-	-	-	-
— Deferred Tax	**- 12.23**	16.48	-3.33	2.96	-10.13	4.15	-1.55	-2.13	12.09	-
Premium on redemption of Pref.Shares	**-**	-	-	-	-	-	-	4.04	-	-
Profit/(Loss) after tax	**- 33.72**	36.89	-5.97	4.67	-18.83	29.49	44.91	65.06	48.16	6.10
Equity Dividend	**-**	-	-	3.25	-	9.74	14.62	14.62	9.28	-
Preference Dividend	**-**	-	-	-	-	-	0.22	1.01	1.91	-
Gross Fixed Assets	**301.92**	642.43	580.40	567.81	455.27	410.22	317.05	269.63	200.09	200.85
Net Fixed Assets	**136.80**	325.09	300.93	306.10	326.02	292.40	233.00	115.82	68.61	70.34
Investments	**111.35**	14.09	14.09	14.09	14.09	0.42	0.52	0.87	3.09	3.11
Miscellaneous Expenditure	**-**	-	-	-	-	0.03	0.20	0.59	1.04	1.82
Equity Share Capital	**32.48**	32.48	32.48	32.48	32.48	32.48	32.48	32.48	30.93	30.93
Share Capital	**32.48**	32.48	32.48	32.48	32.48	32.48	32.48	37.94	47.39	47.39
Reserves and Surplus	**135.59**	169.63	131.47	137.43	136.56	155.39	137.31	110.77	43.92	8.78
Net Worth	**168.07**	202.11	165.21	171.21	170.34	189.00	170.16	148.12	90.28	54.35
Borrowings	**227.90**	309.56	343.53	339.97	335.91	316.46	207.42	99.55	64.41	92.26
Profit before tax as a % of sales	**0.36**	3.43	-	0.79	-	4.79	9.50	16.16	12.52	1.86
Profit after tax as a % of sales	**-**	2.40	-	0.43	-	3.20	6.26	10.58	9.22	1.71
Earnings - Rs. per Equity Share	**- 10.38**	11.36	-1.84	1.44	-5.80	9.08	13.75	19.68	15.03	1.81
Dividend - Rs. per Equity Share	**-**	-	-	1.00	-	3.00	4.50	4.50	3.00	-
Book Value - Rs. per Equity Share	**51.73**	62.22	50.87	52.71	52.44	58.15	52.36	43.93	23.86	12.26

NOTICE

The Fiftieth Annual General Meeting of the Members of MAHINDRA UGINE STEEL COMPANY LIMITED will be held on Thursday, the 25th day of July, 2013 at 4.00 p.m. at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 to transact the following business:

ORDINARY BUSINESS:

1) To receive and adopt the audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss 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. Keshub 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 appoint a Director in place of Mr. Daljit Mirchandani, who retires by rotation and being eligible, offers himself for re-appointment.

6) 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:

7) 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 Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing Articles of Association of the Company be amended by deleting the existing Article No. 187 and in place thereof substituting the following Article as Article No. 187:

   187. Every Deed or other Instrument to which the Seal of the Company is required to be affixed shall be signed by at least by one Director and the Secretary or any other person appointed by the Directors for the purpose provided nevertheless that certificates of shares shall be signed by the persons specified in Article 21 and certificates of debentures may be signed by one Director, whose signature on such certificates of shares or debentures, when so authorized by the Board, may be affixed and reproduced by mechanical means.

   FURTHER RESOLVED that for the purpose of giving effect to this resolution, the Board of Directors of the Company be authorised to carry out the abovementioned amendment in the existing Articles of Association of the Company and to take all such steps and actions and give such directions as may be in its absolute discretion be deemed necessary and to settle any question that may arise in this regard."

NOTES:

(a) Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

(b) 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.

(c) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 16th July, 2013 to Thursday, the 25th July, 2013 (both days inclusive).

(d) 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, 2006 to the Investor Education and Protection Fund of the Central Government.

(e) 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, and made available at the meeting.

(f) 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.

(g) Members are requested to:

   (i) 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;

(ii) 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;

(iii) Quote Folio Numbers or Client ID and DP ID numbers in all correspondence.

(h) 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.

(i) Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.

(j) 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.

(k) Shareholding of Directors seeking appointment/re-appointment:

Mr. R.R. Krishnan, Mr. S. Ravi and Mr. Daljit Mirchandani who are seeking re-appointment, do not hold any shares of the Company. Mr. Keshub Mahindra who is seeking re-appointment, holds 1231 shares of the Company.

(l) Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required to be transferred to The Investor Education and Protection Fund (IEPF) administrated by the Central Government. An amount of Rs. 6,48,078 being unclaimed dividend of the Company for the financial year ended 31st March, 2005 was transferred in September, 2012 to IEPF and no claim lies against the Company in respect thereof.

Given below is the table of dates by which Members can claim the respective unclaimed dividend from the Company/Registrars, failing to which the respective unclaimed dividend will be transferred to IEPF after the respective last date of claiming.

Financial Year ended	**Date of declaration of dividend**	**Last date for claiming unpaid/unclaimed dividend**
31st March, 2006	24th July, 2006	23rd August, 2013
31st March, 2007 (Interim dividend)	23rd March, 2007	22nd April, 2014
31st March, 2007	26th July, 2007	25th August, 2014
31st March, 2008	24th July, 2008	23rd August, 2015
31st March, 2010	27th July, 2010	26th 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 the 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:
774, Ganesh Apartment,
Opp. Sitaladevi Temple,
L.J. Road, Mahim (West),
Mumbai- 400 016.

Date: 3rd May, 2013

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

ITEM NO. 7.

As per the present provisions of the Articles of Association of the Company the presence of 2 directors is required, for affixing the Common Seal on the documents, wherever required.

Considering the growth of the Company's business and number of documents that requires Common Seal to be affixed, it becomes difficult to ensure availability of two of the Directors of the Company for the purpose of affixing Common Seal. This usually creates inconvenience in respect of execution / registration of documents on which Common Seal is required to be affixed.

Therefore, it is proposed to amend the said Article 187 suitably so that the Common Seal can be affixed in the presence of atleast one Director or the Secretary or any other person appointed by the Directors for the purpose provided nevertheless that certificates of shares shall be signed by the persons specified in Article 21 and certificates of debentures may be signed by one Director, whose signature on such-certificates of shares or debentures, when so authorized by the Board, may be affixed and reproduced by mechanical means.

In terms of Section 31 of the Companies Act, 1956, approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company. A copy of the existing Memorandum and Articles of Association of the Company alongwith the proposed draft amendments to the Articles of Association is available for inspection by any Member at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all working days (except Sundays and Public Holidays).

The Directors recommend the passing of the Resolution at Item No.7 as a Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in this item of business.

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: 3rd May, 2013

DIRECTORS' REPORT

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

FINANCIAL RESULTS

(Rupees in crore)

	2012-13*	2011-12
Gross income	**992.89**	1541.52
Profit before interest and depreciation	**60.87**	49.86
Less: interest	**37.14**	54.27
Less: depreciation	**20.15**	31.44
Profit/ (Loss) before exceptional items and taxation	**3.58**	(35.85)
Add : Exceptional item (loss on hive off)/ profit on sale of land	**(47.00)**	88.57
Profit/(Loss) after exceptional item (before tax)	**(43.42)**	52.72
Less: Provision for taxation		
- Current tax	**2.53**	(0.65)
- Deferred tax	**(12.23)**	16.48
Profit/(Loss) after tax	**(33.72)**	36.89
Balance of profit brought forward from earlier years	**77.18**	40.29
Profit available for appropriation	**43.46**	77.18
Less: Proposed dividend on equity shares	-	-
Less: Tax on dividend (excess for earlier year written back)	**-**	**-**
Less: Transfer to General Reserves	-	-
Balance carried forward to Balance Sheet	**43.46**	77.18

***Note:** Figures for the financial year (FY) 2012-13 includes financials of the Steel business up to 9th July 2012 being the date of transfer of the Steel business to the wholly owned subsidiary of the Company as at the closing hours of 9th July 2012 on slump sale basis as a going concern. Hence the financial figures for FY 2012-13 are not comparable with FY 2011-12.*

DIVIDEND

In view of loss incurred by the Company in the financial year under review, your Board has not recommended any dividend for the financial year 2012-13.

PERFORMANCE

During the year under review, your Company transferred its Steel business, including Rings, as at closing hours of 9th July 2012 on slump sale basis as a going concern to Navyug Special Steel Private Limited (Navyug), now known as Mahindra Sanyo Special Steel Private Limited (MSSSPL).

Both the businesses, i.e., the erstwhile Steel business as well as the Stampings business are predominantly dependent on the growth and performance of the automotive industry in India.

The slowdown of the domestic economy at 5% impacted domestic steel consumption during the year under review. The performance of the Steel business was impacted due to the high cost of input metallics, power and furnace oil, and competitive pressures from domestic and overseas suppliers.

The Stampings business continues to deliver decent growth, year-on-year, and posted improved performance during the year under review driven by buoyant demand for light and multi utility vehicles, higher capacity utilization and improved operating efficiencies.

During the year under review the Company earned a profit of Rs 3.58 crore before exceptional item and taxation as compared to a loss of Rs 35.85 crore suffered in the previous year. Gross income of the Company decreased by about 36% from Rs 1541.52 crore to Rs 992.89 crore mainly because of transfer of the Steel business on 9th July 2012. Earnings before other income, interest and depreciation for the year under review was Rs 58.81 (around 6%) crore as compared to Rs 48.08 (around 3.1%) crore in the previous year.

The credit rating of your Company has been upgraded by India Ratings, a Fitch group company, for long term facilities to "IND A" from "IND BBB+", and for short term bank facilities to "IND A1 from IND A2".

STEEL & RING BUSINESSES:

During the year under review, your Company transferred its Steel business including Rings, as at closing hours of 9th July 2012 on slump sale basis as a going concern to its wholly owned subsidiary namely Navyug Special Steel Private Limited, now known as Mahindra Sanyo Special Steel Private Limited (MSSSPL). However, for the better understanding of the performance, the below financials of the Steel (including Rings) business have been reported for the entire year under review.

During the year under review, the Steel business sold 1,08,679 tonnes of alloy steel products as compared to 1,19,370 tonnes sold in the previous year. The Steel business registered sales revenue for alloy steel products at Rs 760 crore for the year under review as compared to Rs 786.5 crore of the previous year posting a marginal drop of 3%. Operating efficiency of the plant, however, improved during the financial year under review.

The Rings business registered sales of 3494 tonnes of Ring (Bearing Races) products for a value of Rs 49 crore during the year under review as compared to 3714 tonnes for Rs 45.5 crore recorded in the previous year.

The Steel business started receiving low cost power from Wardha Power Company Limited (WPCL) from the month of May of the year under review resulting in saving in the cost of power of around 10-12%. The Steel business will continue its initiatives to enhance margins by way of further improvements in operating efficiencies, and also take steps for mitigating input price volatility.

Sanyo Special Steel Co., Ltd., (Sanyo) and Mitsui & Co., Ltd., (Mitsui) have invested in the equity of MSSSPL. The Steel business will gain from the technical expertise of the Sanyo and marketing support from Mitsui, to improve its performance in the years ahead.

STAMPINGS BUSINESS:

During the year under review, sales volume of the Stampings business of the Company grew from 63,953 tonnes (previous year) to 69,318 tonnes registering a growth of around 8%. Sales value for the Stampings business for the year under review was Rs 766.39 crore as compared to Rs 703.26 crore recorded in the previous year registering a growth of around 9%.

Stampings business primarily caters to Utility Vehicles (UV), Heavy Commercial Vehicles (HCV), Tractor and Light Commercial Vehicles (LCV) segments. During the financial year under review, there was slow down in tractors and HCV segments but the Company was able to set off lower volumes in these segments with new business from UV & LCV segments, and delivered an above par performance despite the general slowdown in the auto industry.

Stampings business has secured firm orders from Tata Motors Ltd., and Mahindra & Mahindra Ltd., for setting up greenfield facilities at Dharwad, Karnataka and Zaheerabad, Andhra Pradesh for supplying auto components for their new models. These new facilities are expected to be operational by financial year 2016 and will enable the Stampings business to grow at a sustained pace.

Stampings business has undertaken several projects during the year under review to improve its operating and manpower efficiencies through automation of its press lines and assembly cells. The Company remains focused on improving its process efficiencies, and customer and employee centricity to best-in-class standards, in the years ahead.

SUBSIDIARIY COMPANY:

During the year under review, the name of Navyug Special Steel Private Limited, subsidiary of the Company, was changed to Mahindra Sanyo Special Steel Private Ltd. (MSSSPL) w.e.f. 18th September 2012.

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

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

CONSOLIDATED FINANCIAL STATEMENT

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

TRANSFER OF STEEL AND RINGS BUSINESS:

During the year under review, the Company transferred its Steel (including Rings) business to its wholly owned subsidiary Navyug, to bring on board two strategic investors, Sanyo Special Steel Co., Ltd.(Sanyo) and Mitsui & Co., Ltd.(Mitsui), in order to infuse capital and technical and marketing expertise for the growth of the Steel business. Sanyo and Mitsui subscribed to 29% and 20% respectively in the equity shares of Navyug on 5th September 2012 converting it into a Joint Venture subsidiary of the Company with 51% of the equity of Navyug being held by your Company. The name of Navyug was changed to Mahindra Sanyo Special Steel Private Limited (MSSSPL) with effect from 18th September 2012.

With the induction of the strategic partners, the Steel business expects to transition from manufacturing commodity to Specialty Steels in the mid term, and reaches global standards in operational excellence, productivity, cost and quality, thus delivering value for the stakeholders of the Company.

The transfer of the Steel business and the Joint Venture with Sanyo and Mitsui will enable the Company to focus on its Stampings business and improve margins while at the same time pushing ahead with its growth plans thus unlocking value for the stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

CORPORATE GOVERNANCE:

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

FINANCE:

During the year under review, the liquidity position of the Company was in general satisfactory. The Company met its obligations towards capital expenditure and working capital through mix of internal accruals and external borrowings.

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:

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

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE:

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

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

DIRECTORS:

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

The Board places on record its condolences for the sad demise of Mr. Niranjan Mishra, who passed away on 7th March 2013.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

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:

Your Company had appointed Mr. Kishore Bhatia, a qualified practicing Cost Accountant holding valid Membership No. 8241 for the financial year 2011-12 with the approval of the Central Government, Ministry of Corporate Affairs, New Delhi to carry out cost audit of the Company. The Cost Auditor has filed the Cost Audit Report for the financial year 2011-12 on 30.01.2013 to the Central Government, Ministry of Corporate Affairs, New Delhi. The due date for filing the said Cost Report was 28.02.2013. The Board of Directors of your Company has upon recommendation of the Audit Committee appointed Mr. Kishore Bhatia, Cost Accountant, to audit the cost accounts of the Company for the financial year ending 31st March, 2013 and the Central Government has approved the appointment. As required under the provisions of Section 224(1B) read with Section 233 (B) (2) of the Companies Act, 1956, the Company has obtained a written confirmation from Mr. Kishore Bhatia to the effect that he is eligible for appointment as Cost Auditor under Section 233B of the Companies Act, 1956. The Audit Committee has also received a certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company.

PUBLIC DEPOSITS AND LOANS/ADVANCES:

An amount of Rs 1.10 Lakhs in the aggregate consisting of 6 matured fixed deposits had remained unclaimed as at 31st March, 2013. Your Company had, from 1st May, 2005 discontinued acceptance of and renewal of deposits under the provisions of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company is committed to its social responsibilities and takes initiatives to serve the society as a good corporate citizen. Your Company, during the year under review, has successfully undertaken several CSR activities under the group's Employees Social Option Scheme (ESOPS) such as - reconstruction of the access road at Kanhe, donation of benches to the schools, distribution of bags and notebooks to the primary students, donation of storage water tanks, blood donation camps, recognition of meritorious students and teachers at 55 Maval taluka schools, etc. Your Company will continue its emphasis in this area during the years ahead.

SUSTAINABILITY INITIATIVES:

Your Company is fully aligned with Mahindra Group's approach towards sustainable development and consciously endeavours to reduce the environmental impact of the business.

Your company continued its drive to identify and implement projects for reducing energy usage and GHG emissions, as defined in its Sustainability Roadmap. Some of the initiatives undertaken by the Company in the area of sustainability were;

Conservation of Energy

- Installation of compact fluorescent lamps.
- Maintenance of Power Factor above 0.995 .
- Installing panels for automatic control of overhead lights in the press shop.
- Energy audit of the facilities.

Water Savings

- Control of spillages and leakages of water at all plants locations.
- Recycle and reuse of STP water for gardening across all plant locations .

Waste reduction

- Recycling and reuse of packing waste woods.
- Recycling and reuse of scrap waste for making pallets/ trollies.

Environment

- Plantation of 2800 trees in the contiguous villages around Kanhe, 300 trees around Nasik and 820 trees around Rudrapur and Pantnagar.

Achievements

Your Company is EMS & OHSAS (ISO 14001 & ISO 18001) certified at all its plant locations.

During the year under review, the Triple Bottom-line performance was published as a part of the Mahindra Group's sustainability report in accordance with the latest guideline of the internationally accepted Global Reporting Initiatives or the GRI standards (G3.1). This report was externally assured by KPMG and got GRI Checked A+ rating.

PARTICULARS OF EMPLOYEES:

The Company has one employee who was employed throughout the financial year under review and was in receipt of remuneration of not less than Rs 60,00,000 per annum during the financial year ended 31st March, 2013 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: 3rd May, 2013.

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

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

Employees Stock Option Scheme 2006 (ESOS 2006)

(a)	Options granted	10,98,000	
(b)	The Pricing Formula	1st Tranche	2nd Tranche
		Discount of 15% on the average Price preceding the specified date -18th August 2006	Discount of 15% on the average Price preceding the specified date -24th 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	Options stand vested on 31st March, 2013.	
(d)	Options Exercised	Nil	
(e)	The Total number of shares arising as a result of exercise of Options	Nil	
(f)	Options Lapsed	5,61,500	
(g)	Variation of terms of Options	At the Annual General Meeting held on 26th 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 31.03.13	5,36,500	
(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. (10.38)	
(l)	Where the company has calculated employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been lower by Rs. 0.56 crores. Loss after tax would have been lower by Rs. 0.38 crores and the basic and diluted earnings per share would have been higher by Rs. 0.12.	

(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, 2013.

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, 2013.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

1. Installation of compact fluorescent lamps (CFLS) in at various areas of workplace/canteen to save the energy at Kanhe, Nashik and Rudrapur plants.
2. Maintained the plant power factor above 0.995 to save energy at Musco, Kanhe.
3. Replacement of Sewage Treatment Plant (STP) 5HP Motor with 2HP motor at Musco, Nasik.
4. Installed a control panel for automatic control of overhead lights in press shop. Introduced few numbers of energy efficient magnetic induction lamps at Kanhe.
5. Modified the logic of ISGEC make presses for bolster clamping circuit which resulted saving in energy.
6. Purchased the new equipment with pre-installed Variable Frequency Drives(VFD) in them;
   - 55kw VFD for 500T press Main motor – 3 Machines
   - 90kw VFD for 800 T press Main motor – 1 Machine
   - VFD for Scrap conveyor
7. Following Variable Frequency Drives (VFD) were installed in different equipments to save electrical energy:
   - One 110 KW VFD installed for ASU blower top coat area of Paint shop.
   - Three 55 KW VFD installed for top coat booth exhaust blower.

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

The Company has carried an energy audit with the help of Mitcon Consultancy & Engineering Services Limited, Pune. Projects are being identified for financial year 2013-14 to study the steps required for further reduction in consumption of energy.

(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 has been overall energy saving of around 168246 Kwh power 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.
- Electricity consumption in financial year 2012-13 has been reduced to 406kWh/t from 443kWh/t as compared to the previous year.
- Power and fuel cost has been reduced by around 4% compared to the previous year.

(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 2012-2013 **			Financial Year 2011-2012		
A	**POWER & FUEL CONSUMPTION**	STEEL**	STAMPINGS	TOTAL**	STEEL	STAMPINGS	TOTAL
1	ELECTRICITY						
	a) **PURCHASED**						
	UNITS (KWH)	45,535,945	17,757,199	63,293,144	175,268,708	17,829,451	193,098,159
	TOTAL AMOUNT (Rs)	306,225,997	119,741,222	425,967,219	1,164,624,083	101,610,369	1,266,234,452
	RATE/UNIT (Rs)	6.72	6.74	6.73	6.64	5.70	6.56
	b) **OWN GENERATED (KWH)**	14,044	670,952	684,996	57,964	1,154,631	1,212,595
2	COAL FOR GASIFIER (MT)	531	N.A	531	6,185	N.A	6,185
	TOTAL AMOUNT (Rs)	3,540,104	N.A	3,540,104	42,240,113	N.A	42,240,113
	RATE/UNIT (Rs)	6,667	N.A	6,667	6,829	N.A	6,829
3	FURNACE OIL K.LTRS	3,030	N.A	3,030	17,724	N.A	17,724
	TOTAL AMOUNT (Rs)	128,167,805	N.A	128,167,805	625,293,406	N.A	625,293,406
	RATE/UNIT (Rs)	42,300	N.A	42,300	35,279	N.A	35,279
4	CARBON BLACK K.LTRS	1,390	N.A	1,390			-
	TOTAL AMOUNT (Rs)	56,182,145	N.A	56,182,145			-
	RATE/UNIT (Rs)	40,419	N.A	40,419			-
5	OTHER FUEL OIL (L.D.O.) K.LTRS	124	N.A	124	390	N.A	390
	TOTAL AMOUNT (Rs)	7,253,076	N.A	7,253,076	20,975,238	N.A	20,975,238
	RATE/UNIT (Rs)	58,493	N.A	58,493	53,783	N.A	53,783
B)	**CONSUMPTION PER UNIT OF PRODUCTION**						
1	PRODUCTS (MT) *	30,827	63,548	186,354	123,672	63,997	186,354
2	ELECTRICITY (KWH/MT)	1,478	290	2,078	1,418	297	2,078
	Total for the Plant						
3	FURNACE OIL (K.LTRS/MT)	0.098	N.A	0.10	0.143	N.A	0.14
	Total for the Plant						
4	COAL FOR GASIFIER (MT/MT)	0.017	N.A	0.02	0.050	N.A	0.05
	Total for the Plant						
5	OTHER FUEL OIL (K.LTRS/MT)	0.004	N.A	0.00	0.003	N.A	0.00
	Total for the Plant						
6	TOTAL FUEL (FURNACE OIL+L.D.O.)	0.102	N.A	0.10	0.146	N.A	0.15
	(K.Litres /MT)						

* Indicates in house production only.

******The figures of Steel business are up to 9th July 2012 the date of transfer of the Steel business to the wholly owned subsidiary. Hence the figures of FY 2012-13 are not comparable with FY 11-12.

B. TECHNOLOGY ABSORPTION:

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

FORM B *

*(*The details mentioned under this section include the details of the Steel business also since the Steel business was part of the Company during the financial year 2012-13).*

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D carried out by the company during the financial year 2012-13:

2. Benefits derived as result of the same:-

Sr. No.	Product & process improvement	Benefits derived
1.	Automation of Vacuum Degassing process of steel.	Low hydrogen & nitrogen gas levels in steel & cost reduction by reducing number of antiflaking treatment cycles.
2.	Process improvement by modification in the coke injection pattern for extra foaming during primary melting.	This has helped to achieve reduction in electrode, refractory and power consumption.
3.	Developed bearing steels with low volume fraction of inclusions viz. SKF Gr. 24K	Enabled to meet the stringent quality requirement of global customers and has helped in marketing the bearing steel products to global customers.
4.	Development of heat treatment process for the new requirements.	This has helped in achieving the new customer requirements for steel properties to get new orders.
5.	Tundish modification through water modeling experimentation and development of baffle for tundish liquid metal flow improvement.	This has helped in improving yield & steel quality improvement.
6.	Steel grades with high strength and high impact properties developed.	Stringent quality requirements of customer achieved.
7.	Developed new grade K5P51B for nut bolts of turbine application.	New grade quality steel developed for export application.
8.	Developed round corner product profile with open die forging process.	Helped to improve customer process.
9.	Process modified for forging 320 square from 4.8 tonnes ingot instead of 6.0 tonnes of Ingot	This has helped in achieving yield improvement.

3. Future Plan of action:-

- Installing of handling system for ultrasonic testing by 360 degree bar rotation for achieving stringent customer requirements for internal soundness of steel bars.
- Modernization of QA laboratory through installation of new analytical instruments.
- Installing of handling system for MPI testing of steel bars for improvement in productivity and testing.
- Further improvement in microstructure for improvement in mechanical properties of tool steel to enhance die life.
- Installation of load cell to 100 tonnes crane and alloy feeding hopper at ladle refining furnace to improve on narrow range of chemistry achievement.

4. **Expenditure on R&D:**

		2012-13* (Rs. in Lacs)	2011-12 (Rs. in Lacs)
a)	Capital	**0**	**10**
b)	Recurring	**46**	**162**
c)	Total	**46**	**172**
d)	Total R&D expenditure as percentage of total turnover	**0.05%**	**0.112%**

***** *Expenditure incurred by the Company for its erstwhile steel business up to 9th July 2012.*

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.	Spiral type UF system has been installed in place of plate type.	Reduction in Paint and energy consumption.
2.	Modified the design of current collector in PTCED conveyor.	Reduction in rework of CED parts.
3.	Tundish modification through water modeling experimentation.	Improving yield & steel quality.
4.	Development of 260 x 220mm CC Bloom size.	Enhanced product base and new product development.
5.	Improvement in Vacuum Degassing process of degassing of steel.	Improved internal quality of steel.

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

C. **FOREIGN EXCHANGE EARNINGS AND OUTGO:** Nil

The 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: 3rd May, 2013.

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

Loans and advances in nature of loans to subsidiaries;

Name of the Company	Balance as on 31st March, 2013 Rs. Crores	Maximum amount outstanding during the year Rs. Crores	Investment by the loanee in the shares of parent company No. of shares
Mahindra Sanyo Special Steel Private Limited *(earlier known as Navyug Special Steel Private Ltd.)*	0.17	15.22	Nil

Loans and advances in the nature of loans to associates

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

* amount has been provided for in the books of accounts of the company

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

COMPANY OVERVIEW

Mahindra Ugine Steel Company Limited (MUSCO) is a subsidiary of Mahindra & Mahindra Ltd. During the year under review, the Company was operating in two business segments namely (a) manufacturing of Stampings (Pressed Sheet metal components and assemblies) catering to the automotive industry and (b) manufacturing of Alloy steel and Rings rolling products primarily for the automotive and engineering industries.

The Company is one of leading manufacturers of Stampings products in India and caters to the automobile industries with wide range of stamped products like skin and non skin panels, chassis reinforcements, cross members, engine components etc., from its production units located at Kanhe, Nashik, Rudrapur and Pantnagar. These units are located near important automotive clusters in India and some of the largest automotive and tractor manufactures in India are the customers of the stampings products of the Company. Majority of the revenue of the Stampings business comes from the utility vehicle segments though the Company has significant presence in the tractor, light commercial vehicles, passenger cars and three wheeler segments of the automotive market. The Company provide services range from conceptualization to design, testing, and manufacture of stamping products. The core strengths of the business lies in tool design and development, and in providing value-added services like welded assemblies, powder coating and electrophoretic deposition (ED) coating.

During the year under review, the Company transferred its Steel including Rings business (Steel business) as at closing hours of 9th July 2012 on slump sale basis as a going concern to its wholly owned subsidiary Navyug Special Steel Private Ltd., (Navyug), to bring on board two strategic investors, Sanyo Special Steel Co., Ltd. (Sanyo) and Mitsui & Co., Ltd.(Mitsui), in order to infuse capital and technical and marketing expertise for the growth of the Steel business. Sanyo and Mitsui subscribed to 29% and 20% respectively in the equity shares of Navyug on 5th September 2012 converting it in to a Joint Venture subsidiary of the Company with 51% of the equity of Navyug being held by your Company. The name of Navyug was changed to Mahindra Sanyo Special Steel Private Limited (MSSSPL) with effect from 18th September 2012.

The subsidiary is the secondary producer of special alloy steel through steel scrap as its main raw material, and caters mainly to Automotive, Engineering, Oil & Gas, Tools & Die Industry, Bearings and other capital goods industries. The Steel business manufactures alloy and specialty Long Steel Products (Bars & billets through 50 T Electric Arc Furnace (EAF) route.

The Ring Rolling business is forward integration for the Steel business and caters to the Bearing industry (especially antifriction bearings) as well as Auto parts in as forged / and green machined condition. It manufactures rings through both closed die forging and seamless ring rolling processes.

INDUSTRY STRUCTURE AND OUTLOOK

As per the Economic Survey of India, the growth rate of the Indian economy decelerated to a slower rate of around 5% as compared to the growth of 6.2% recorded in the previous financial year. The factors responsible for the economy slowing down, as per the Economic Survey, were firstly the strong inflation and a monetary response that slowed consumption demand. Secondly, the corporate and infrastructure investment started slowing both as a result of investment bottlenecks as well as the tighter monetary policy. Thirdly, even as the economy slowed, it was hit by two additional shocks: a slowing global economy, weighed down by the crisis in the Euro region and uncertainties about fiscal policy in the United States. A weak monsoon; at least in its initial phase, did not help the economy either. The government recently has affirmed its commitment to boost the overall growth of the economy and the domestic economy is expected to perform better in years ahead.

Both the businesses, i.e., the erstwhile Steel business as well as the Stampings business are predominantly dependent on the growth and performance of the automotive industry in India. In the financial year under review the Indian automobile industry in general witnessed an adverse impact of rising input costs, high interest rates, increasing fuel prices and weak consumer sentiment. However, the Utility Vehicles (UVs) and Light Commercial Vehicles (LCVs) segments, to which your Company has a major exposure to, posted significant growth and remained unaffected by the slowdown in the automobile industry. The growth in the Tractor sector continues to witness a downturn due to the slowdown in the economy's growth rate and simultaneous inflationary pressures. In the coming year we expect the car market to be flat, UVs to experience high growth but at a slower growth rate than last year, and LCVs and tractors to show slightly positive growth rates.

Despite the current slowdown in the automotive industry, the long term potential remains secure. Vehicle penetration rate is still very low in India and factors like adequate availability of financing, and growing aspirations for ownership of SUVs and MUVs amongst the young population will positively impact demand. The expected increase in demand has prompted major global automotive manufactures to setup their manufacturing facilities in India. Various types of vehicle models are being launched to cater to the consumer needs and choices. Apart from global manufactures, Indian automotive majors are also expanding their capacities as well as portfolios in India.

With the economy slowing and investment in infrastructure under strain, the engineering and capital goods industry slowed down. But like the automotive industry, the long term growth potential of these industries remains secure.

ANALYSIS OF STAMPINGS BUSINESS

Market Overview

Component suppliers have had to grapple with slowing demand in the automotive sector and increasing input costs. They have to streamline their operations to minimise the cost of production and improve margins notwithstanding the growing cost of inputs, labour and power. Against the backdrop of slower growth expectations faster model changes are generating higher demand as well as increase in competition.

Rising fuel costs and the recent policy of the government to decontrol petrol and diesel prices will require the automotive manufactures to devise strategies to minimise the impact of these factors. The automotive industry is also required to comply with stringent emission norms and the higher fuel efficiency requirements. These factors are compelling the manufacturers to develop new automotive components and parts at competitive costs to ensure the marketability and sustainability of their products. Hence the manufactures are increasingly relying on the component suppliers to design and co-develop these new parts and meet the volume and Just-In-Time delivery schedules of the manufactures. The component suppliers have to stay abreast of the changing requirements of the manufactures and by association, the preferences of the consumers to sustain and grow in the long term.

Performance

During the year under review the Stampings business of the Company, on the back of strong demand in Utility Vehicle segment, posted a healthy growth in sales as well as in revenue as compared to the previous year. The Farm equipment sector registered a poor performance in the financial year under review, due to which the Company was not able to achieve its full growth potential.

In financial year 2012-13, the Stampings business achieved the highest ever operating income, even surpassing the then highest income achieved in financial year 2011-12. The key highlights are as follows:

- Sale of stampings & assemblies increased from 63,953 tonnes in the financial year 2011-12 to 69,318 tonnes in the financial year 2012-13 posting a growth of 8%.
- Operating Income increased from Rs 703.26 crore in financial year 2011-12 to Rs 766.39 crore in financial year 2012-13 posting a growth of 9%.
- Operating margin (EBIDTA) decreased from Rs 68.30 crore in financial year 2011-12 to Rs 66.28 crore in financial year 2012-13 due to increase in financing cost and increase in input costs.

Opportunities and Strategic Outlook

Your Company has seized the opportunity offered by the growing demand in the Utility Vehicle and Commercial Vehicle segment by targeting its products to these segments. In view of the global slowdown particularly in the European economy, the global automotive manufactures are setting up their units in India. Your Company is fully geared to meet this growing demand of global and domestic automotive manufactures by proposing to expand its production capacity. The Company proposes to expand its manufacturing capacity to cater to the growing demand of automotive products from southern parts of India and is working on two greenfield projects in Karnataka and Andhra Pradesh. In order to improve efficiency and meet larger volume requirements, the Kanhe and Nasik plants installed automation on its press lines. The Company has also increased the number of products which are manufactured via automated press lines. The Company has planned to deploy low cost automation in a big way at all manufacturing locations.

The Company is also exploring the growth opportunity in the ‘design to development’ segment of automotive components. The Company aims to provide complete part development including development of tools, dies & checking fixtures, sheet metal stampings and welded assemblies to the customers. The Company has planned and established Design and Development function with central responsibility and people located at all plants.

Threats and Risks

The fortunes of the Stampings business are directly linked with that of the automotive industry and the farm equipment industry. While the growth of the automotive industry is linked to the growth of the economy and government policies, any adverse shift of the government policies linked to the automotive industry may impact the stampings business. Similarly, apart from economic sentiments, the effect of monsoon is also crucial for performance of the Tractor and Farm equipment sector. Increased cost of raw material, labour; especially the difficulty to get skilled labour at a reasonable cost are some of the challenging factors of the stamping business. The Company, in order to minimize the risks has taken steps like, gradual automation of manufacturing units, diversification of products across major OEMs’ sub-segments and new variants.

The Company has robust risk management procedures to ensure the adoption of steps to identify and mitigate the risks on a periodic basis. The rise of the input costs is also an omnipresent threat to the overall competitiveness of the Indian auto-component industry. The Stampings business is thus focused on strengthening operations and optimising costs to mitigate the risk of rising input costs.

ANALYSIS OF STEEL AND RING (BEARING RACES) BUSINESS

Market Overview

Alloy steel, a value added product, is a vitally important segment of the Indian steel industry. Alloy steels are used in specilized area like Automotive, Engineering, Defense, Railways and Textile sectors. Some of the end uses of the Alloy Steel are in making of Transmission parts, Bearings, Axles, Gears, Crankshafts, Fuel

Injection pumps etc. The Alloy steel is also used in the Oil and Gas sector and Power generation sectors. India is fast becoming a global hub for automobile industry and with availibility of skilled labour at relatively lower cost provides good growth opportunity for the alloy steel industry. However, the industry is also facing challenges of slower economic growth, availability of power and iron ore at competative rates, threats of cheaper imports due to global surplus capacites, high finance cost etc. Despite the challenges faced, it is expected that the alloy steel industry will revive its growth path.

Performance

The Steel including Rings business of the Company was transferred to subsidiary of the Company as at the closing hours of 9th July 2012. However, for the purpose of better understanding of the performance, the financials of the Steel business as reported below are for the entire year under review.

In the financial year 2012-13, the Steel and Rings business recorded a marginal drop in sales revenue by 3% on year to year basis. The business suffered operating loss (PBT) of Rs (76.82) crore in the full financial year 2012-13 (as compared to operating loss (PBT) of Rs (88.61) crore recorded in the financial year 2011-12).

The Steel business was transferred to the subsidiary in whose equity the two Japanese investors namely Sanyo Special Steel Co., Ltd., (Sanyo) and Mitsui & Co., Ltd., (Mitsui) invested around Rs 218 crore. This strategic induction of Japanese joint venture partners is expected to help the Steel business to reduce its dependence on external borrowing and work towards improvement of the processes, quality and marketing strategy. The joint venture has become operational and effective from 5th September 2012. Both Sanyo and Mitsui have deputed their respective personnel and they have started working in cohesion with the management of steel business to improve the performance.

The year under review continued to witness the effect of economic slowdown and inflationary trend in cost of metallic, power and fuel which largely remain un-recovered from the customers due to competitive pressure. The fixed cost of operation increased in the financial year 2012-13 by 8% as compared to that in the financial year 2011-12 mainly on account of technical fees and personnel cost.

During the year under review, the sales revenue of the Rings business recorded a growth of 8% on year on year basis. The sales revenue was Rs 49.1 crore as compared to previous year of Rs 45.5 crore. The rise is sales indicates improvement in customer satisfaction. To further meet customer requirement of machined rings, the Rings business is in the process of developing and establishing machining capacity with Vendors. With strong order book, the Ring business is expected to improve operational performance in the next financial year.

Summarised operational performance of Steel and Ring business for the financial year 2012-13 is given below:

- Sales 1,12,173 tonnes in financial year 2012-13 as compared to 1,23,084 tonnes recorded in financial year 2011-12.
- The overall revenue from steel and rings products was Rs 809 crore in the financial year 2012-13 as compared to Rs 832 crore recorded in financial year 2011-12.
- The operating margin (EBITDA) in the financial year 2012-13 declined to Rs (28.96) crore as compared to Rs (18.44) crore recorded in the financial year 2011-12. In the fourth quarter of the financial year 2012-13, the Steel business recorded positive EBITDA of Rs 3.47 crore, posting an improved performance.
- Average Power cost increased from Rs 6.64/KWH in financial year 2011-12 to Rs 6.99/KWH in financial year 2012-13.
- The Steel business witnessed steep increase in cost of the furnace oil in the financial year under review, which also impacted its performance.
- There was foreign exchange loss of Rs 3.78 crore to the Steel business in the financial year 2012-13.

During the year under review, the Steel business started receiving power at a low cost from Wardha Power Company Limited (WPCL).This has marginally helped to improve the cost of production of the steel business. Post operational of the joint venture, the Steel business has been taking every effort with the help of technical and marketing expertise of the joint venture partners to improve the quality, process efficiency, productivity, marketing strategy and at the same time continue to take steps to reduce the cost, and optimize the available resources for improving overall performance of the Steel business.

Opportunities and Strategic Outlook

India is the 4th largest crude steel producer of steel in the world. Indian steel industry is closely linked with domestic economic growth. The liberalization of industrial policy and other initiatives taken by the Government have given a definite impetus for entry, participation and growth of the private sector in the steel industry. India is expected to show robust growth in steel use in the coming years due to its domestic economy, massive infrastructure needs and expansion of industrial production. This growth is mainly driven by construction and automobile industries. The per capita consumption of steel in India is still low as compared to developed countries, providing huge opportunity for growth due to expected increase in demand of specialized steel in hi-tech engineering industries such as power generation, automotive petrochemicals, fertilizers etc. Growing Indian automobile industry, which depends on steel industry for parts manufacturing, is expected to lead to a strong steel demand in future. The Steel business continues its focus on exploring business opportunities in sectors like Tool and dies, Oil, Gas & Mining. Further the new areas like renewable energy sectors are also being explored. Similarly, the Rings business is also focusing to improve its export business by adding new international overseas Original Equipment Manufacturer (OEM) of Bearings, as major auto OEMs prefer MUSCO Rings since it has a captive steel source and the approval of steel and rings can happen together.

In the last few quarters, the Steel business has seen a slump in performance with increased competition in the automotive and bearing segments leading to a margin decrease. The business has drawn up a strategy to move more aggressively into emerging value added segments. The JV with Mitsui and Sanyo is designed to transform the Steel Business to a specialty steel company focused on emerging value added segments in order to de-risk itself from the existing automotive & bearing industry segments. The joint venture has become operational and the steel business is expected to reap the benefits of the respective brands, technologies and networks of Sanyo and Mitsui in order to meet the customers' needs and improve the performance. The Steel business is committed to achieve the objective of the joint venture of operational excellence, improved productivity and enhancement of both cost and quality to international standards to enable the Steel Business to achieve its full business potential.

Threats and Risks

The entire steel industry in India going through slowdown due to sluggish performance of the domestic in general and global economy in particular. However, the alloy steel industry in particular has been severely impacted due to the global downswing, overcapacity and reduced demand. The increase in cheaper imports in recent times has further worsened the situation for alloy steel producers and has become one of key threat. The inflationary trend in the raw material prices, power and fuel has also impacted the performance of the Company.

The demand – supply conditions in the market and international price trends pose threats to the Steel business. Recent increase in production capacity and foreign investment in India is pushing the Indian steel production higher and thereby creating oversupply in the alloy steel market. The competitive pressures on steel product pricing both from domestic and overseas market also are threats for the alloy steel industry. Availability of efficient manpower has been listed as the biggest hurdle in the development of Indian steel industry. Adoption of new eco-friendly technologies in the production process for improving efficiency and quality, recycling of steel etc., to sustain in a longer run, is also a challenge. The steel business is susceptible to the inherent risk of volatile foreign exchange as bulk of the major raw materials is imported.

To diversify the risks and threats, the steel business has been taking initiatives like increasing its exposure to non-auto sector in domestic market, focusing on Oil & Gas and Renewable energy sector in India and overseas. With advent of the joint venture partners the Steel business is expected to receive the technical expertise to improve process, quality and efficiency and reduction cost. This will make the steel products more competitive. The marketing strategies and reach of the steel business is also expected to receive thrust due to expertise of the new joint venture partners.

The complete dependence on outsourced machining vendors in the Rings business continues to risk in supply chain and adequate steps have been taken to de-risk the same. It is proposed to put a machining facility in house through third party Vendor at the premises of the steel business.

FINANCIAL PERFORMANCE

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

Amount in (Rs) crore

Particulars	Steel (including Bearing Races)*		Stampings		Total*	
	April-Mar 13*	April-Mar 12	April-Mar 13	April-Mar 12	April-Mar 13*	April-Mar 12
Sales	224.44	832.39	766.39	703.26	990.83	1535.65
Other Income	1.41	5.39	0.65	89.05	2.06	94.44
Total Income	225.85	837.78	767.04	792.31	992.89	1630.09
EBIDTA	(5.41)	(18.44)	66.28	68.30	60.87	49.86
PBT	(25.26)	(88.61)	28.84	141.33	3.58	52.72
Business Transfer loss on hive off steel business					(47.00)	-
PAT					(33.72)	36.89

***Note:** *The figures of financial year 2012-13 for the Steel business are up to 9th July 2012 being date of transfer of Steel business to the wholly owned subsidiary of the Company as at the closing hours of 9th July 2012, on slump sale basis as a going concern. Accordingly, the figures of the financial year 2012-13 of the Company comprises of financials figures of the Steel business up to 9th July 2012. Hence the financial figures of FY 2012-13 are not comparable with FY 2011-12.*

SAFETY, HEALTH AND ENVIRONMENT

The Company has an effective policy framework of highest standard, on Safety, Health & Environment (SHE) for protecting the safety, health and welfare of its employees and workers. The Company accords sufficient priority to the objectives of preserving and developing the environment, maintaining the work place as safe, enhancing the quality of the work conditions and health aspects of its employees. The company's SHE policy not only meets all applicable statutory requirements but also focuses on motivation, learning and training of employees in these areas. The process defined under the SHE Policy ensures leadership from the top management for improving safety, environment and health aspects in operations while laying down norms. It also lays down norms for participation from across the management and workforce hierarchy, External audits are conducted to ensure effectiveness of the SHE policy and initiatives and recommendations are considered for further improvements in SHE process. SHE issues are addressed proactively and effectively in terms of ISO standards and guidelines. The Company plant at Rudrapur received ISO 14001 and OHSAS 18001 certificates. The Kanhe and Nashik locations received (EMS) ISO 14001: 2004 and OHSAS 18001: 2007 certificates.

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

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

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The total employee strength of the Company at the end of the financial year 2012-13 was 976 employees comprised of 371 Officers and 605 regular workmen employees. Apart from above employee strength, the Company hires Apprentice, Trainees and Contract workers from time to time.

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

The Company involves its employees in all HR Activities to develop them and recognize them from time to time to increase the Employee Morale and Motivation. It also takes regular feedback from employees on Employee Engagement activities (through MCARES Survey) to assess the effectiveness and to improve overall engagement. The Company has adopted the concept of The Mahindra Way (formerly known as the Mahindra Quality Way) and works closely with the Mahindra Management Development Centre and Mahindra Institute of Quality (MIQ) by actively participating in the programmes organised by them.

The Human Resources policies are comprehensive and based on the best of the prevailing HR practise. The performance evaluation and management process continues to be the backbone of all HR activities and is based on an appropriate goal-setting process. The Company encourages all employees and workers to participate in a fair and transparent feedback system called "Bindass Bol" (talk candidly) for sharing views, concerns and opinions. The relationship of the Company with its Human Resources was cordial in the financial year 2012-13.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

SYNERGIES WITH PARENT

Synergies within Mahindra Systech

MUSCO is 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 & gears

(b) Alloy steel and rings manufacturing

(c) Services - engineering and design services and contract sourcing.

The sector derives significant advantages of synergies and cross selling opportunities because of its presence in multiple auto component technologies. The sector is able to provide a basket of products and services to customers, largely OEMs or tier 1 suppliers, thereby enabling it to differentiate itself from competitors. A unified business development structure has been created under which managers are responsible for offering customers the whole portfolio of products, services and solutions. The efforts of all Systech companies around web presence, collaterals, event planning etc have been harmonized. Systech companies also regularly explore synergies in areas of procurement, sourcing and product development. For example, MUSCO Rings in its quest to improve operations has benefited from sharing of best practices and the deputation of personnel from other Systech companies and functions. The management of Mahindra Systech is contemplating bringing together all its component companies to create a large listed multi technology firm, with partnerships across the world.

Relationship with Mahindra Group

Mahindra & Mahindra, Musco's 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. Association with the Mahindra Group aids Musco in winning new businesses and obtaining financial assistance. Musco adheres to the corporate values, principles and established corporate governance practices of the Mahindra Group.

In January 2011, the Mahindra Group launched a new brand identity "Rise" which rests on three brand pillars: accepting no limits, alternative thinking, and driving positive change. Musco is using the idea of 'RISE' to invigorate its employees and achieve its long term goals. RISE provides a clear guide for business decisions by 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 follows the good Corporate Governance practices in all spheres of its activities and operations. The sound corporate governance is an integral part of the philosophy of the Company with an objective of value creation for its stakeholders. The management governs the affairs of the Company in a fair, honest, ethical, transparent and legal manner to ensure optimum utilization of available resources for maximizing benefits for all its stakeholders. The Company has well defined codes of conduct for its employees as well as its Directors. Both these codes are available on the website of the Company. The Company makes prompt, complete and accurate disclosures under the applicable laws about its financials, shareholding and other material information for knowledge of its stakeholders. The corporate structure, business and disclosure practices at the Company are in complete adherence to its Corporate Governance Philosophy. The Company believes in setting high standards of ethical values, transparency, integrity and a disciplined approach to achieve excellence in all its sphere of activities for value creation for its stakeholders.

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

I. BOARD OF DIRECTORS - Constitution and Composition

The Board of Directors of your Company as on 31st March 2013 comprises of eleven directors and the composition of the Board is in accordance with the requirements of Clause 49 of the Listing Agreement. All Directors have extensive experience, knowledge and expertise in their respective functional areas.

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

The Chairman 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. Professional fees of Rs. 57,17,846 /- for the year 2012-2013, has been paid to Khaitan & Co., Advocates & Solicitors, in which Mr. Nikhilesh Panchal, Non-Executive Director is a partner.

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

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

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

A. Composition of Board

The total strength of the Board as on 31st March 2013 is Eleven Directors comprising of a Managing Director, a Non-Executive Chairman, Three Non-Independent Non-Executive Directors and Six Independent Non-Executive Directors. During the year under review, Mr. Niranjan Mishra, LIC Nominee Director, passed away on 7th March, 2013. All Directors including Independent Directors are professionals in their respective fields with expertise and experience in general corporate management, finance, banking and other allied fields.

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

The Constitution of the Board as on 31st March, 2013 is as under:

Directors	Category	Total number of Committee Memberships of Public Companies as on 31st March, 2013. +	Total number of Chairmanships of Committees of Public Companies as on 31st March, 2013. +	Directorships of Public Companies as on 31st March, 2013. *
Non-Executive				
Mr. Keshub Mahindra - Chairman	Non Independent	Nil	Nil	5
Mr. Anand G. Mahindra - Vice Chairman	Non Independent	1	Nil	8
Mr. Hemant Luthra	Non independent	2	1	7
Mr. Harsh Kumar	Non Independent	Nil	Nil	3
Mr. R.R.Krishnan	Independent	3	1	2
Mr. S. Ravi	Independent	10	4	8
Mr. Manoj Kumar Maheshwari	Independent	4	Nil	6
Mr. Sanjiv Kapoor	Independent	6	5	8
Mr. Daljit Mirchandani	Independent	3	1	3
Mr. Nikhilesh Panchal	Independent	3	Nil	3
Executive				
Mr. Uday Gupta - Managing Director	Non Independent	1	Nil	1

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

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

B. Board Procedure

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

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

Four Meetings of Board of Directors were held during the year 1st April, 2012 to 31st March, 2013 on the following dates:

- 2nd May, 2012 - 29th October, 2012
- 3rd August, 2012 - 1st February, 2013

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

The Forty–Ninth Annual General Meeting (AGM) of the Company was held on 3rd August, 2012.

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

Director	Number of Board Meetings Attended	Attendance at the last AGM
Mr. Keshub Mahindra	3	Yes
Mr. Anand G. Mahindra	3	Yes
Mr. Uday Gupta	4	Yes
Mr. Hemant Luthra	3	Yes
Mr. R.R.Krishnan	4	Yes
Mr. S. Ravi	1	No
Mr. Manoj Kumar Maheshwari	2	No
Mr. Harsh Kumar	4	Yes
Mr. Sanjiv Kapoor	3	Yes
Mr. Daljit Mirchandani	3	Yes
Mr. Nikhilesh Panchal	3	Yes
Late Mr. Niranjan Mishra * (Nominee of LIC)	3	No

* Expired on 7th March 2013.

D. Directors seeking appointment/re-appointment

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

Brief resume of the directors are presented below:

Mr. Keshub Mahindra

Mr. Keshub Mahindra, Chairman Emeritus of Mahindra & Mahindra Limited, is a Graduate from Wharton, University of Pennsylvania, USA. After joining the Company in 1948, he became the Chairman in 1963 and continued as the Director & Chairman till August 2012.

He is a well-known philanthropist who redefined Corporate Governance by effectively channelising funds into the social sector. Mr. Mahindra had been appointed by the Government of India to serve on many Committees including the Sachar Commission on Company Law & MRTP and the Central Advisory Council of Industries. In 1987, he was awarded the Cevalier de I'Ordre National de la Legion d'Honneur by the French Government. From 2004 to 2010, Mr. Mahindra was a Member of the Prime Minister's Council of Trade & Industry, New Delhi.

Most recently, in 2012, he was felicitated by the Federation of Automobile Dealers Association (FADA), an apex nation body representing Automobile Dealers in India, with a Lifetime Contribution Award and he was also awarded the Lifetime Achievement Award by the Employers' Federation of India (EFI).

Mr. Keshub Mahindra is Chairman of Mahindra Ugine Steel Company Limited, Chairman of the Board of Governors of Mahindra United World College of India, Vice-Chairman of Housing Development Finance Corporation Limited, Chairman of Kema Services (International) Private Limited, Chairman of Tech Mahindra Foundation, Chairman of Mahindra Holdings Limited and holds Directorships at Bombay Burmah Trading Corporation Limited, The Bombay Dyeing & Manufacturing Company Limited and Indian Institute for Human Settlements.

Mr. Mahindra is associated with several Committees. He is a Member of Apex Advisory Council - ASSOCHAM, President Emeritus of - Employers' Federation of India. He also served as the President of the Governing Council - University of Pennsylvania Institute for the Advanced Study of India, New Delhi. He is an Honorary Fellow of the All India Management Association, New Delhi and a Member of United World Colleges (International), U.K.

Mr. Mahindra was the President of Bombay Chamber of Commerce & Industry, President of ASSOCHAM, President of Indo-American Society and Chairman of Indian Institute of Management, Ahmedabad.

Mr. Mahindra has been recipient of the prestigious awards including 1989 Business India - Businessman of the Year, The Sir Jehangir Ghandy Medal for Industrial Peace - XLRI, Jamshedpur, 1998 IMC Diamond Jubilee Endowment Trust Award, Dadabhai Naoroji International Award for Excellence & Lifetime Achievement, 2003 All India Management Association Lifetime Achievement, Lakshya Business Visionary Award - NITIE, 2007 Indian Business School (IBS) Kolkata Lifetime Achievement Award presented by the Institute of Chartered Financial Analysts of India (ICFAI), 2007 Ernst & Young Entrepreneur of the Year Lifetime Achievement Award, 2008 Society of Indian Automobile Manufacturers (SIAM) Award for 'Lifetime Contribution to the Automotive Industry', 2009 CNBC TV 18 India Business Leaders Lifetime Achievement Award 2008, 2009 ACMA Lifetime Achievement Award and the Economic Times Lifetime Achievement Award, 2009 and very recently in 2012 the Lifetime Contribution Award – Federation of Automobile Dealers Association and Lifetime Achievement Award 2012– Employers' Federation of India.

Mr. Keshub Mahindra is a Member of the following Board Committees:

Sr. No.	Name of the Company	Name of Committee	Position held
1.	Housing Development Finance Corporation Limited	Compensation Committee	Chairman
2.	Bombay Dyeing & Manufacturing Company Limited	Remuneration Committee	Chairman
3.	Bombay Burmah Trading Corporation Limited	Remuneration Committee	Member

Mr. Keshub Mahindra holds 1231 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 51 years which includes 6 years as an advisor. He 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 also 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.	Audit Committee	Member
		Shareholders/ Investors Grievance Committee	Chairman

Mr. Krishnan does not hold shares in the Company.

Mr. S. Ravi

Mr. S. Ravi, aged 53 years, is a Post Graduate in Commerce and F.C.A. He is a practicing Chartered Accountant and the Managing Partner of Ravi Rajan & Co. and RRCA & Associates. The firms specialises in the field of Business and Financial Engineering, Risk Management, Takeovers, Due Diligence, Business Valuation and Mergers & Acquisitions as well as Audit & Assurance services. The group has staff strength of approximately 140 people. The firms are empanelled with CAG, RBI, FMC, MCX, Financial Institutions, Public Sector Banks, etc. Few of the clients of the group include Havells Group, LANCO Group, PFC Limited, PTC (India) Limited, Indian Energy Exchange of India, Ernst & Young, VHAI, Macawber Beekay, Religare Group, Urban Mass Transit Company Limited, various Banks and Financial Institutions. The firm has carried out audit of brokers on behalf of SEBI.

Few of the key assignments handled by the group are the audit of Prime Minister's Relief Fund on behalf of Voluntary Health Organisation of India (VHAI), valuation of Reebok India, Advisory on buyout of Insilco by Degussa AG, valuation services & advisory services on M & A to Specified Undertaking of the Unit Trust of India (SUUTI), diagnostic study of Jharkhand State Electricity Board on behalf of High Level Panel on Financial Position of Distribution Utilities constituted by the Prime Minister, Advisory on Demutualization of Delhi Stock Exchange, Advisory to Bhartiya Samruddhi Finance Limited (BASIX) for restructuring, etc.

Exposure in the Banking, Finance, Venture Capital and Mutual fund Sector :

- Director on the Board of IDBI Bank Limited.
- Director on the Board of SBI-SG Global Securities Services Pvt. Ltd.
- Director, Audit Committee member & Chairman of Banking License Committee on the Board of LIC Housing Finance Limited.
- Director & Audit Committee member on the board of Canbank Venture Capital Limited.
- Director & Audit Committee member on the Board of IDBI Capital Market Limited.
- Currently serving on the board of UTI Mutual Fund.
- Was on the board of Union Bank of India and had also chaired the Audit Committee.
- Is a member of Professional Development Committee of ICAI.
- Past Directorship of UCO Bank, wherein as a member of the Strategic Revival Group was instrumental in the formulation of the revival plan and its subsequent implementation.
- Past Director and member of Strategic Revival Committee of Dena Bank and its other various committees.
- Was on the Board of Corporation Bank, wherein in he was also a member of the audit committee.
- Was a Member of Working Group formed by Reserve Bank of India for preparation of the Draft Government Securities Regulations within the Framework of the Government Securities Bill 2004.
- Appointed by the Government of India, in consultation with Reserve Bank of India, as Chairman of the Technical Expert's Committee of Punjab & Sind Bank for strategic revival of the bank.
- Past experiences in the Mutual fund Industry include presence on the board of Can Bank Mutual Fund and Principal Mutual Fund.
- Member of the investment committee of SME Growth Fund of SIDBI Venture Capital Limited.
- Past Directorship on the board and a part of the revival committee of IFCI Limited.

Exposure in Public Sector Enterprises & other experiences :

- Appointed by Government of India as a Director on the board of Bharat Heavy Electricals Limited (BHEL). Currently, serving second term. Also is Chairman of Board Level Audit Committee and member of Mergers & Acquisition Committee. Also Member of the Selection Committee for Executive Directors.
- On the Board of Governors of Management Development Institute (MDI). Member of Selection Committee for Director and other Posts in MDI
- Past Directorship of Kudremukh Iron Ore Company Limited and Hindustan Aeronautics Ltd. (HAL). He was also the Chairman of the Audit Committee and member of Merger & Acquisition Committee in HAL. During his tenure, participated in various negotiations with foreign partners.
- Member of the working Group constituted by the Government of India for Institutionalising Corporate Social Responsibility in Public Sector Enterprises.

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, Bharat Heavy Electricals Ltd. SME Rating Agency of India Limited, Canbank Venture Capital Fund Limited, GMR Chennai Outer Ring Road Private Limited, SBI-SG Global Securities Services Pvt. Ltd., Religare Housing Development Finance corporation Ltd. IDBI Bank Ltd. and 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.	SME Rating Agency of India Limited	Audit Committee	Member
5.	Bharat Heavy Electricals Ltd. (BHEL)	Audit Committee	Chairman
6.	IDBI Bank Ltd.	Investors' Grievance Committee	Chairman
		Audit Committee	Member
7.	Religare Housing Development Finance corporation Ltd.	Audit Committee	Member

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

Mr. Daljit Mirchandani

Mr. Daljit Mirchandani, born in Karachi on October 26th 1947, is a Graduate Engineer from Birla Institute of Technology. Beginning his career in 1971 as Graduate Trainee Engineer, in 1992 he rose to the position of Executive Director in Kirloskar Oil Engines, the flagship company of the Kirloskar Group. Between 1992 and 1997, for the Kirloskar Group, he set up the first in a kind, Pig Iron plant with a capacity of 500 thousand ton integrated to a state -of- the-art Foundry with a capacity of 60 thousand tons per annum.

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

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

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

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

Mr. Daljit Mirchandani holds Directorships of other Indian companies namely Mahindra Forgings Limited, NRB Industrial Bearings Ltd. and Mahindra Sanyo Special Steel 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	Member
		Investors' Grievance Committee	Chairman
2.	Mahindra Ugine Steel Co. Ltd.	Audit Committee	Member
		Remuneration Committee	Member

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

E. Codes of Conduct

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

F. CEO/CFO Certification

As required under clause 49 V of the Listing Agreement with Stock Exchanges, the Managing Director and Chief Finance Officer have certified to the Board on the financial statements, internal controls and frauds, if any, for the year ended 31st March, 2013.

II. REMUNERATION TO DIRECTORS

A. Remuneration Policy

While deciding on the remuneration of Directors, the Board and the Nomination & Remuneration Committee considers the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance and other relevant factors. The Board/Nomination & Remuneration Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies from time to time.

B. Remuneration to Non-Executive Directors for the year ended 31st March, 2013.

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 Committee and Nomination & Remuneration Committee Meetings. The fees paid to Non-Executive Directors for the year ended 31st March, 2013 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 31st March, 2013
Mr. Keshub Mahindra	22500	1231
Mr. Anand G. Mahindra	22500	13617
Mr. Hemant Luthra	7500	5906
Mr. R. R. Krishnan	60000	-
Mr. S. Ravi	15000	-
Mr. Manojkumar Maheshwari	30000	-
Mr. Harsh Kumar	7500	-
Mr. Sanjiv Kapoor	45000	-
Mr. Daljit Mirchandani	45000	-
Mr. Nikhilesh Panchal	45000	-
Late Mr. Niranjan Mishra (Expired on 7th March 2013)	22500	-

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

C. Remuneration paid/payable to the Managing Director

Remuneration paid/payable to Mr. Uday Gupta, Managing Director, was fixed by the Nomination & Remuneration Committee and subsequently approved by the Board of Directors, the shareholders and the Central Government.

Following is the remuneration paid/payable to Mr. Uday Gupta, as the Managing Directors during the year ended 31st March, 2013.

Director	Salary basic (Rs)	Company's contribution to funds (Rs)	Perquisites and allowances (Rs)	Performance pay (Rs)	Total (Rs)	Contract Period
Mr. Uday Gupta*	9,08,219	2,45,219	12,64,990	6,16,438	30,34,866	5th May, 2011 to 4th May, 2014

Note:

1. Mr. Uday Gupta was appointed as the Managing Director, with effect from 4th August 2012, of Mahindra Sanyo Special Steel Private Limited (MSSSPL), the subsidiary of the Company after complying with necessary statutory provisions in this respect, on the same terms and conditions of his appointment on which he was appointed as the Managing Director of the Company. Accordingly, he holds the position of Managing Director of the Company and MSSSPL and entitled to remuneration from the Company or MSSSPL or from both the companies provided his total remuneration in aggregate from the Company or MSSSPL

or both shall not exceed the maximum remuneration as approved by the Company or MSSSPL. The remuneration of Mr. Uday Gupta for the financial year 2012-13 is paid by the Company upto 3rd August 2012 and thereafter the remuneration is paid by MSSSPL. The provision of the performance pay Rs. 6,16,438 is accordingly proportionately taken in the Company till 3rd August 2012.

2. *The total remuneration paid to Mr. Uday Gupta includes the provisional amount of Rs. 6,16,438/-, being the proportionate amount of the Performance Pay payable to the Managing Director for the period from 1st April 2012 to 3rd August 2012 financial year 2012-13.
3. The Company has not granted any stock option to Mr. Uday Gupta, Managing Director. Mr. Uday Gupta does not hold any shares in the Company.
4. Notice period applicable to Mr. Uday Gupta is three months.
5. Performance pay is the only component of remuneration that is linked to the performance. All other components are fixed. The Remuneration Committee, on the basis of detailed appraisal of the performance of the Company and the Managing Director recommends and approves the performance payment for any particular financial year.

III. RISK MANAGEMENT

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

IV. COMMITTEES OF THE BOARD OF DIRECTORS

A. Audit Committee

The Audit Committee comprises Mr. Sanjiv Kapoor (Chairman), Mr. R.R. Krishnan, Mr. Manoj Kumar Maheshwari, Mr. S. Ravi, Mr. Daljit Mirchandani and Mr. Nikhilesh Panchal. All the members of the Committee are Independent-Non-Executive Directors. All the Members of the Committee have vast experience and knowledge of corporate affairs and financial management and possess strong accounting and financial management expertise. The Company Secretary acts as the Secretary to the Committee.

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

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

The Chairman of the Committee, Mr. Sanjiv Kapoor, was present at the Annual General Meeting held on 3rd August, 2012 to answer queries of shareholders.

Four (4) Meetings of Committee were held during the year 1st April, 2012 to 31st March, 2013 on the following dates:

- 2nd May, 2012 - 29th October, 2012
- 3rd August, 2012 - 1st February, 2013

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. Sanjiv Kapoor – Chairman	3	-
2	Mr. R. R. Krishnan	4	-
3	Mr. Manoj Kumar Maheshwari	2	-
4	Mr. S. Ravi	1	-
5	Mr. Daljit Mirchandani	3	-
6	Mr. Nikhilesh Panchal	3	-

B. Investors' Grievance Committee

The Investors' Grievance Committee comprises Mr. S. Ravi, Mr. Hemant Luthra and Mr. Uday Gupta. Mr. Hemant Luthra is the Chairman of the Committee.

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

The Committee meets as and when required, to deal with matters relating to transfers/transmissions of shares, issue of duplicate share certificates etc. and monitors redressal of complaints from shareholders relating to transfers, non-receipt of balance-sheet, non-receipt of dividends declared etc.

One Committee Meeting was held during the year 2012-13. The attendance at this Meeting was as under:

Sr. No.	Members	Meetings Attended
1.	Mr. Hemant Luthra – Chairman	1
2.	Mr. Uday Gupta	1
3.	Mr. S. Ravi	-

The Board of Directors has authorized the Managing Director, the Chief Finance Officer and the Company Secretary to deal with the matters relating to approval of the transfer, transmission, replacement, consolidation of shares etc., in order to expedite the process of Share Transfer/ Transmission. Normally the said officials meet once in 7 days to approve share transfers and other related matters, if any. The details of share transfer/transmission approved by above officials are properly recorded in the Shareholders Grievance Committee meetings and are also placed before Board, for its record.

During the year, 5 letters/complaints were received from the shareholders, all of which were attended to/resolved to date.

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

C. Nomination & Remuneration Committee.

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

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

Mr. Sanjiv Kapoor is the Chairman of the Committee.

No Committee Meeting was held during financial year 2012-13.

V. Subsidiary Company

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

Under this definition, the Company did not have any material non-listed subsidiary during the financial year under review. Mahindra Sanyo Special Steel Private Limited (MSSSPL), earlier known as Navyug Special Steel Private Limited, subsidiary of the Company will be treated as the material subsidiary of the Company from the current financial year. As required under the clause 49, during the year under review Mr. Daljit Mirchandani, Independent Director of the Company was appointed as an Independent Director of MSSSPL. The minutes of the Board meetings of the subsidiary company were placed at the Board meeting of the Company for its review. The Audit Committee of the Company has reviewed the financial statements of the subsidiary of the Company.

VI. DISCLOSURES

A. Disclosures relating to related party

During the financial year 2012-13, 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. There were no material individual transactions with related parties which were not in the normal course of business or not on an arm's length basis. Further, details of related party transactions are presented in Note no. "38" forming part of the financial statements of the Annual Report.

B. Disclosure of Accounting Treatment in Preparation of Financial Statements

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

C. Code for Prevention of Insider Trading Practices

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

VII. SHAREHOLDER INFORMATION

(i) Annual General Meeting

The Fiftieth Annual General Meeting of the Company will be held on Thursday, the 25th July, 2013 at 4.00 p.m. at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 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 30.06.2013 - by end of July, 2013.

— Half-year ending 30.09.2013 - by end of October, 2013.

— Quarter ending 31.12.2013 - by end of January, 2014.

— Year ending 31.03.2014 - by end of April, 2014.

Note: The above dates are indicative.

(iii) Date of Book Closure

Tuesday, the 16th July, 2013 to Thursday, the 25th July, 2013 (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

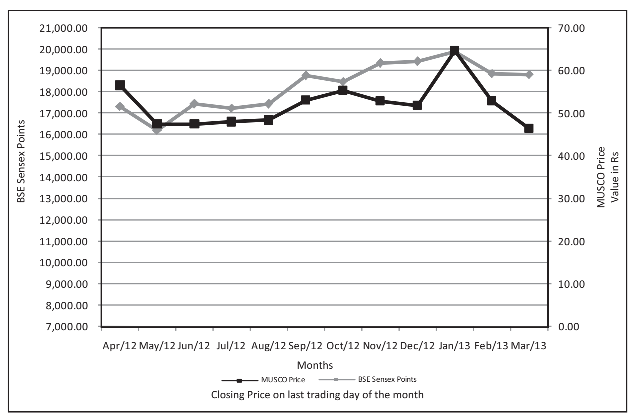
(c) International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares - INE 850A01010

(vii) Stock Market price data:

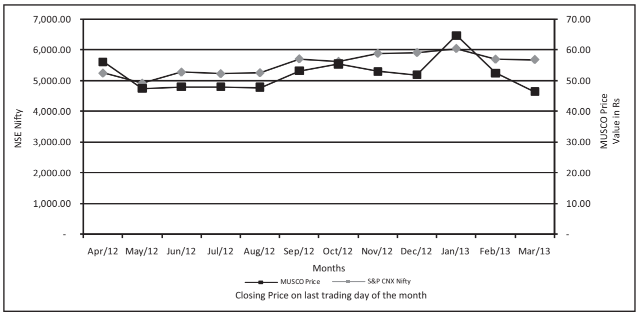
High/low prices during each month in last financial year on Bombay Stock Exchange Limited/National Stock Exchange of India Limited.

Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2012	57.80	52.00	57.50	52.00
May 2012	62.60	47.00	63.45	46.55
June 2012	53.70	45.80	49.40	46.00
July 2012	58.00	47.00	57.45	46.35
August 2012	55.50	45.80	55.00	45.90
September 2012	58.50	47.25	58.90	47.10
October 2012	62.30	51.80	63.60	53.35
November 2012	56.95	51.25	56.65	51.00
December 2012	58.95	51.30	58.70	51.30
January 2013	70.95	52.00	70.80	51.55
February 2013	69.15	52.50	68.90	52.10
March 2013	58.45	44.50	58.40	44.05

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



MUSCO Price on NSE.



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 with all matters relating to approval of the transfer, transmission, replacement, consolidation of shares etc., in order to expedite the process of Share Transfer/ Transmission. Normally the said officials meet once in 7 days to approve share transfers and other related matters, if any. The details of share transfer/transmission approved by above officials are properly recorded in the Shareholders Grievance Committee meetings and are also placed before Board, for its record.

(xi) Pattern of shareholding as on 31st March, 2013

Sr. No.	Description	Number of Shares	% to capital
1	Promoters and Promoter Group	18,019,489	55.47
2	Mutual Funds/UTI	51,216	0.16
3	Financial Institutions/Banks	910	0.00
4	Insurance Companies	1,539,159	4.74
5	Foreign Institutional Investors	18,450	0.06
6	Bodies Corporate	1,218,147	3.75
7	Foreign Company	1,000	0.00
8	Non Resident Indian/ Foreign National	189,468	0.58
9	Indian Public (Individuals)	11,442,233	35.23
10	Trusts	2,457	0.01
	TOTAL	**3,24,82,529**	**100.00**

(xii) Distribution of shareholding as on 31st March, 2013

Shares Held	No. of Shareholders	% to Shareholders	No. of Shares	% to Shares
Up to – 500	24293	88.76	3005791	9.25
501 – 1000	1698	6.20	1354301	4.17
1001 - 2000	703	2.57	1085794	3.34
2001 – 3000	226	0.83	579410	1.78
3001 – 4000	116	0.42	415265	1.28
4001 – 5000	93	0.34	444954	1.37
5001 – 10000	128	0.47	989901	3.05
10001-and above	111	0.41	24607113	75.76
TOTAL	**27368**	**100.00**	**3,24,82,529**	**100.00**

(xiii) Dematerialization of Shares and Liquidity as on 31st March, 2013.

Physical Form : 2.02%

Dematerialized Form: 97.98%

Trading in equity shares of the Company is permitted in dematerialized form only as per the notification issued by Securities and Exchange Board of India (SEBI). Non-promoters'' share holding is 44.53% and the liquidity of the stock is fairly good.

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

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

(xv) Plant Locations :

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.

d) Plot No.2, Sector-11, Tata Vendor Park, IIE, Pantnagar, Rudrapur – 263 153 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, 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
2009-10	27.07.2010	3.00 p.m.
2010-11	27.07.2011	3.00 p.m.
2011-12	03.08.2012	4.00 p.m.

Meetings for the year 2009-10 and 2010-11 were held at Amar Gian Grover Auditorium, Lala Lajpatrai Marg, Mahalaxmi, Mumbai – 400034 and meeting for the year 2011-12 was held at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020.

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

Financial Year	Date of Meeting	Special Resolutions passed
2009-10	27.07.2010	Nil
2010-11	27.07.2011	1. Appointment of Mr. Uday Gupta as the Managing Director of the Company for a period of 3 (Three) years with effect from 5th May, 2011 and approval of remuneration. 2. Approval of revision in remuneration payable to Mr. K. V. Ramarathnam for a period with effect from 1st April, 2011 upto the remainder of his tenure i.e. 4th May, 2011. 3. Payment of remuneration to Non-Executive Directors by way of Commission upto one percent of the net profits of the Company, for a period of five years with effect from 1st April, 2011.
2011-12	03.08.2012	1. Alteration/substitution of Article No. 126 of the Articles of Association of the Company in respect of appointment of Directors. 2. Alteration of the Articles of Association of the Company in respect of : i. Participation through Electronic Mode-the Company may provide Video Conference facility and/or other permissible electronic or virtual facilities for communication to enable the Shareholders of the Company to participate in General Meetings of the Company. ii. Participation through Electronic Mode-the Director(s) may participate in Meetings of the Board and Committees thereof, through Video Conference facility and/or other permissible electronic or virtual facilities for communication. iii. Participation through Electronic Mode-a Director participating in a Meeting through use of Video Conference or any other permissible electronic mode of communication shall be counted for the purpose of quorum. iv. A document may be served by the Company on any Member by any electronic mode of communication and in such manner as is/ may be permitted by any law.

Postal Ballot

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

2. Details of non-compliance etc.

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

3. Means of Communication

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

During the year ended 31st March, 2013, no presentations were made to institutional investors or analysts.

4. Management Discussion and Analysis Report (MDA):

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

5. Compliance with mandatory & non-mandatory requirements:

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

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

I Your Company has set up the Nomination & Remuneration Committee.

II During the year under review, there is no audit qualification in the Company's financial statements.

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

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.

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

Your Company 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, 3rd May, 2013.

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

To

The Members of Mahindra Ugine Steel Company Limited

I, Uday Gupta, Managing Director of Mahindra Ugine 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, 2013.

Uday Gupta
Managing Director

Place: Mumbai
Date: 3rd May, 2013.

CERTIFICATE

To the Members of Mahindra Ugine Steel Company Limited

We have examined the compliance of the conditions of Corporate Governance by Mahindra Ugine Steel Company Limited for the year ended 31st March, 2013, 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
Registration No.117366W

Rajesh K Hiranandani
Partner
Membership No.: 36920

Place: Mumbai
Date: 3rd May, 2013.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA UGINE STEEL COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA UGINE STEEL COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

(b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Rajesh K Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 3rd May, 2013

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

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

(i) Having regard to the nature of the Company's business/ activities/result, clauses (xii), (xiii), (xiv), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) 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.

b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) The fixed assets disposed off during the year do constitute a substantial part of the fixed assets of the Company but such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) 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 inventories 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 explanations given to us, having regard to our comments with regard to stock of scrap referred in (iii) (a) above, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

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.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.

(vii) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.

(viii) In our opinion, the internal audit function carried out during the year by an external agency appointed by the Management has been commensurate with the size of the Company and the nature of its business.

(ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(x) 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, Customs Duty, Excise Duty and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty which have not been deposited as on 31st March, 2013 on account of disputes are given below:

(xiii) 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.

(xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its subsidiary from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.

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

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. Crores)
Sales Tax Laws	Sales Tax	Joint Commissioner Appeals	F.Y. 2010-2011 and F.Y. 2011-2012	0.22
Sales Tax Laws	Sales Tax	Maharashtra Sales Tax Tribunal	F.Y. 2006-2007 and F.Y. 2007-2008	8.51
The Central Excise and Customs Act, 1944	Excise Duty	Customs, Excise & Service Tax Appellate Tribunal	April 1996 to October 1999, April 1999 to March 2004, January 2003 to February 2004 and April 2003 to March 2007	6.33
	Excise Duty	Deputy Commissioner	July 2001 to June 2003	0.95
	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, August 2007 to March 2008 and F.Y. 2011-12	0.91
Chapter V of Finance Act, 1994	Service Tax	Commissioner Appeals	April 2007 to June 2011	1.43

(xi) The Company does not have any accumulated losses as at 31st March, 2013. The Company has incurred cash losses during the financial year covered by our audit, but has not incurred cash losses in the immediately preceding financial year.

(xii) In our opinion and accordingly to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.

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

Rajesh K Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 3rd May, 2013

BALANCE SHEET AS AT 31st MARCH, 2013

	Note No.	31st March, 2013 Rs. Crores	31st March, 2012 Rs. Crores
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	**32.48**	32.48
(b) Reserves and surplus	2	**135.59**	169.63
		168.07	202.11
Non-current liabilities			
(a) Long-term borrowings	3	**159.38**	27.86
(b) Deferred tax liability (net)	4	**10.77**	23.00
(c) Long-term provisions	5	**7.54**	9.74
		177.69	60.60
Current liabilities			
(a) Short-term borrowings	6	**68.52**	209.90
(b) Trade payables	7	**75.30**	295.05
(c) Other current liabilities	8	**12.71**	92.58
(d) Short-term provisions	9	**1.74**	12.19
		158.27	609.72
TOTAL		**504.03**	872.43
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	**136.76**	318.60
(ii) Intangible assets	10	**0.04**	0.06
(iii) Capital work-in-progress		**2.77**	6.43
(b) Non-current investments	11	**111.35**	14.10
(c) Long-term loans and advances	12	**65.68**	46.22
(d) Other non-current assets	13	**0.95**	0.03
		317.55	385.44
Current assets			
(a) Inventories	14	**40.68**	172.47
(b) Trade receivables	15	**132.15**	289.65
(c) Cash and bank balances	16	**5.41**	2.97
(d) Short-term loans and advances	17	**8.24**	20.88
(e) Other current assets	18	**-**	1.02
		186.48	486.99
TOTAL		**504.03**	872.43
See accompanying notes forming part of the financial statements	1 - 46		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Rajesh K Hiranandani
Partner

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Mumbai : 3rd May, 2013

Mumbai : 3rd May, 2013

For and on behalf of the Board

Uday Gupta Managing Director

Hemant Luthra
R.R. Krishnan
Manoj Maheshwari
Harsh Kumar
Sanjiv Kapoor
Nikhilesh Panchal
Directors

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

		Note No.	31st March, 2013 Rs. Crores	31st March, 2012 Rs. Crores
	Continuing operations (Stampings division)			
I	Revenue from operations	19	**849.73**	765.25
	Less : Excise duty		**83.34**	61.99
			766.39	703.26
II	Other income	20	**0.65**	0.66
III	**Total revenue (I+II)**		**767.04**	703.92
IV	Expenses:			
	Cost of raw materials and components consumed *(See note 30)* (includes processing cost Rs. 8.84 Crores; 2011-12 Rs. 8.44 Crores)		**579.10**	527.52
	Changes in inventories of finished goods and work-in-progress	21	**(4.39)**	0.22
	Employee benefits expense	22	**66.71**	57.76
	Finance costs	23	**26.16**	4.40
	Depreciation and amortisation expense *(See note 10)*		**14.73**	11.82
	Other expenses	24	**55.89**	49.44
	Total expenses		**738.20**	651.16
V	**Profit before exceptional item and tax (III-IV)**		**28.84**	52.76
VI	Exceptional item - profit on sale of land		**-**	88.57
VII	Profit for the year from continuing operations before tax (V+VI)		**28.84**	141.33
VIII	Tax expense:			
	- Current tax charge		**12.40**	10.40
	- MAT credit entitlement (including credit recognised for an earlier year of Rs. Nil ; 2011-12 - Rs. 1.00 Crore)		**-**	(11.12)
	- Deferred tax charge		**1.30**	48.32
	- Short provision in respect of earlier years		**-**	0.07
			13.70	47.67
	Profit for the year from continuing operations (VII-VIII) (A)		**15.14**	93.66
	Discontinuing operations (Steel division) ***(See note 40)***			
IX	Loss for the year from discontinuing operations before tax		**(25.26)**	(88.61)
X	Loss on transfer of steel business		**(47.00)**	-
XI	Tax expense:			
	- Current tax credit		**(10.45)**	-
	- Current tax charge relating to transfer of steel business		**0.58**	-
	- Deferred tax credit		**(13.53)**	(31.84)
			(23.40)	(31.84)
	Loss for the year from discontinuing operations (IX+X-XI) (B)		**(48.86)**	(56.77)
XII	**Profit / (Loss) for the year** (A+B)		**(33.72)**	36.89
XIII	Earnings per equity share (EPS) *(See note 39)*			
	Basic and Diluted EPS (face value Rs. 10 per share)			
	- Continuing operations			
	- Before exceptional item (in Rupees)		**4.66**	10.42
	- After exceptional item (in Rupees)		**4.66**	28.84
	- Total operations			
	- Before exceptional item (in Rupees)		**(10.38)**	(7.06)
	- After exceptional item (in Rupees)		**(10.38)**	11.36
	See accompanying notes forming part of the financial statements	1 - 46		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Rajesh K Hiranandani
Partner

Mumbai : 3rd May, 2013

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Mumbai : 3rd May, 2013

For and on behalf of the Board

Uday Gupta Managing Director

Hemant Luthra
R.R. Krishnan
Manoj Maheshwari
Harsh Kumar
Sanjiv Kapoor
Nikhilesh Panchal
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31st March, 2013		31st March, 2012	
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit / (Loss) before tax		**(43.42)**		52.72
Adjustments for:				
Depreciation and amortisation	**20.15**		31.44	
(Profit) / loss on sale / write off of fixed assets (net)	**0.18**		(88.08)	
Expense/(write back) on employee stock option scheme	**(0.32)**		0.00 *	
Finance costs	**42.19**		56.84	
Interest income	**(0.39)**		(0.70)	
Dividend income	**(0.00) ***		(0.00) *	
Provision for doubtful trade receivables and loans and advances written back (net)	**(1.15)**		(4.09)	
Provision for water charges (disputed)	**0.17**		2.94	
Loss on transfer of steel business	**47.00**		-	
Net unrealised exchange loss	**0.05**		3.37	
		107.88		1.72
Operating profit before working capital changes		**64.46**		54.44
Changes in working capital				
Adjustments for (increase) / decrease in operating assets:				
Inventories	**(42.92)**		(9.32)	
Trade receivables	**(7.25)**		(19.12)	
Short-term loans and advances and other current assets	**(6.54)**		0.57	
Long-term loans and advances	**(24.06)**		(2.44)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	**(32.37)**		34.35	
Other current liabilities	**(0.84)**		1.86	
Short-term provisions	**(0.54)**		(0.54)	
Long-term provisions	**2.36**		0.38	
		(112.16)		5.74
Cash generated from operations		**(47.70)**		60.18
Income tax (paid)		**(11.89)**		(1.18)
Net cash flow from / (used in) operating activities (A)		**(59.59)**		59.00
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	**(24.57)**		(56.52)	
Proceeds from transfer of steel business	**22.25**		-	
Proceeds from sale of land	**-**		89.05	
Proceeds from sale of other fixed assets	**0.12**		0.19	
Bank balances not considered as Cash and cash equivalents	**(0.86)**		-	
Purchase of non-current investment				
- Subsidiary company	**-**		(0.01)	
Interest received - Others	**0.39**		0.70	
Dividend received - Others	**0.00 ***		0.00 *	
		(2.67)		33.41
Net cash flow from / (used in) investing activities (B)		**(2.67)**		33.41

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31st March, 2013		31st March, 2012	
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	**150.00**		38.88	
Repayment of long-term borrowings	**(61.16)**		(74.52)	
Net increase / (decrease) in working capital borrowings	**43.99**		(23.89)	
Proceeds from / (repayment of) short-term borrowings(net)	**(25.00)**		25.00	
Finance costs	**(42.88)**		(56.82)	
Dividend paid	**(0.07)**		-	
Net cash flow from / (used in) financing activities (C)		**64.88**		(91.35)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**2.62**		1.06
Cash and cash equivalents at the beginning of the year *(See note 17)*		**2.57**		1.51
Less: Cash and cash equivalents transferred on sale of steel business		**(0.12)**		-
Cash and cash equivalents at the end of the year # *(See note 17)*		**5.07**		2.57
# Comprises:				
(a) Cash on hand	**0.01**		0.06	
(b) Cheques, drafts on hand	**4.95**		1.95	
(c) Balances with banks	**0.11**		0.56	
* denotes amounts less than Rs. 50,000		**5.07**		2.57

Notes:

(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations. The cash flows for discontinuing operations - Steel business have been disclosed in note 40.

(ii) The Company has received 50,90,000 equity shares of Rs. 10 each at a premium of Rs. 208.57 per share, aggregate amount Rs. 111.25 Crores, as part consideration for transfer of steel business pursuant to the business transfer agreement. The above being a non-cash transaction, has been excluded from the cash flow statement.

(iii) Previous year's figures have been regrouped, wherever necessary to conform to current year's classifications.

See accompanying notes 1 to 46 forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Rajesh K Hiranandani
Partner

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Mumbai : 3rd May, 2013

Mumbai : 3rd May, 2013

For and on behalf of the Board

Uday Gupta — Managing Director

Hemant Luthra
R.R. Krishnan
Manoj Maheshwari
Harsh Kumar
Sanjiv Kapoor
Nikhilesh Panchal
Directors

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

	31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores
1. SHARE CAPITAL		
Authorised capital		
119,000,000 Equity shares of Rs. 10 each	**119.00**	119.00
3,100,000 Redeemable cumulative preference shares of Rs. 100 each	**31.00**	31.00
Issued, subscribed and fully paid-up		
32,482,529 Equity shares of Rs. 10 each fully paid-up	**32.48**	32.48
	32.48	32.48

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year: There is no movement in the share capital of the Company during the year.

(b) Terms/rights and restrictions attached to equity shares: The Company has only one class of equity shares having a face value of Rs. 10 per share. The rights of the equity shareholders rank pari-passu for all matters, including dividend and each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by the holding company:

	31st March, 2013		31st March, 2012	
	No. of shares	**Rs. Crores**	No. of shares	Rs. Crores
Mahindra & Mahindra Limited	**16,466,789**	**16.47**	16,466,789	16.47

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

Name of the Shareholder	**No. of shares**	**% holding**	No. of shares	% holding
Mahindra & Mahindra Limited	**16,466,789**	**50.69%**	16,466,789	50.69%
Mr. Girdharilal Agrawal	**2,041,510**	**6.28%**	1,921,452	5.92%

(e) Shares reserved for issue under ESOP scheme: *(See note 42)*

	No. of shares	No. of shares
Number of shares reserved for ESOP scheme	**536,500**	712,000
Number of shares vested but not exercised	**536,500**	712,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

		31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores	Rs. Crores
2. RESERVES AND SURPLUS			
(a) Capital Reserve			
(on redemption of preference shares, being the amount originally paid-up on shares forfeited)			
- As per last balance sheet		**0.00 ***	0.00 *
		0.00	0.00
(b) Capital Redemption Reserve Account			
- As per last balance sheet		**16.46**	16.46
		16.46	16.46
(c) Share Options Outstanding Account			
- As per last balance sheet		**1.27**	1.26
Add/(Less): Charge for the year / (written back) during the year *(See note 42)*		**(0.32)**	0.00 *
		0.95	1.27
(d) General Reserve			
- As per last balance sheet		**74.72**	74.72
		74.72	74.72
(e) Surplus i.e. Balance in the Statement of Profit and Loss			
- As per last balance sheet		**77.18**	40.29
Add/(Less): Profit/(Loss) for the year		**(33.72)**	36.89
		43.46	77.18
		135.59	169.63
*denotes amounts less than Rs. 50,000			
3. LONG-TERM BORROWINGS			
Secured *(See note 26)*			
Term loans			
- From banks		**159.38**	27.86
		159.38	27.86
4. DEFERRED TAX LIABILITY (NET)			
Deferred tax liability			
- On fiscal allowances on fixed assets	**13.43**		28.32
		13.43	28.32
Less: Deferred tax assets			
- On employee separation and retirement	**1.46**		2.36
- On provision for doubtful debts	**0.18**		2.01
- On other timing differences	**1.02**		0.95
		2.66	5.32
Deferred tax liability (net)		**10.77**	23.00
5. LONG-TERM PROVISIONS			
Provision for employee benefits			
- Compensated absences	**3.86**		6.13
- Other employee benefits	**-**		0.10
		3.86	
Provision for water charges (disputed) *(See note 41)*		**3.68**	3.51
		7.54	9.74

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

		Rs. Crores	31st March, 2013 Rs. Crores	31st March, 2012 Rs. Crores
6.	**SHORT-TERM BORROWINGS**			
	Secured			
	Loans repayable on demand - from banks			
	- Cash credit and working capital demand loan (secured by hypothecation of raw materials, finished goods, work in progress, stores and book debts)		**68.52**	98.25
	Unsecured			
	Deposits - Inter corporate deposit		**-**	25.00
	Other loans and advances			
	- Short term advances - from banks		**-**	86.65
			68.52	209.90
7.	**TRADE PAYABLES**			
	Acceptances		**1.18**	155.90
	Due to micro and small enterprises *(See note 36)*		**1.66**	3.32
	Due to others		**72.46**	135.83
			75.30	295.05
8.	**OTHER CURRENT LIABILITIES**			
	Current maturities of long-term debt *(See note 26)*		**3.75**	70.27
	Interest accrued but not due on borrowings		**-**	1.86
	Interest accrued and due on borrowings		**1.43**	1.53
	Unclaimed dividends		**0.30**	0.37
	Unclaimed matured deposits and interest on fixed deposits		**0.02**	0.03
	Other payables			
	- Statutory dues	**3.90**		6.87
	- Capital creditors	**1.04**		3.21
	- Trade advance	**-**		5.00
	- Security deposits received	**1.76**		2.31
	- Others	**0.51**		1.13
			7.21	18.52
			12.71	92.58
9.	**SHORT-TERM PROVISIONS**			
	Provision for employee benefits			
	- Compensated absences	**0.43**		1.03
	- Gratuity *(See note 43)*	**1.31**		1.48
	- Other employee benefits	**-**		0.02
			1.74	2.53
	Provision - Others			
	- Provision for taxation (net of advance tax)		**-**	9.66
			1.74	12.19

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

10. FIXED ASSETS

Rs. Crores

Particulars	COST					DEPRECIATION						WRITTEN DOWN VALUE	
	As at 1st April, 2012	Additions and adjustment	Deletions and adjustment	Deletions on transfer of Steel business	**As at 31st March, 2013**	As at 1st April, 2012	For the year discontinuing operations steel	For the year continuing operations stampings	Deletions and adjustment	Deletions on transfer of Steel business	**As at 31st March, 2013**	**As at 31st March, 2013**	As at 31st March, 2012
Tangible assets:													
Freehold land	0.52	-	-	0.06	**0.46**	-	-	-	-	-	**-**	**0.46**	0.52
	(1.01)	(-)	(0.49)	(-)	(0.52)	(-)	(-)	(-)	(-)	(-)	(-)	(0.52)	(1.01)
Leasehold land	2.36	0.00 *	-	-	**2.36**	0.30	-	0.06	-	-	**0.36**	**2.00**	2.06
	(0.95)	(1.41)	(-)	(-)	(2.36)	(0.24)	(-)	(0.06)	(-)	(-)	(0.30)	(2.06)	(0.71)
Buildings	68.17	0.85	0.31	29.01	**39.70**	23.10	0.24	1.26	0.06	10.35	**14.19**	**25.51**	45.07
	(60.20)	(8.73)	(0.76)	(-)	(68.17)	(21.36)	(0.84)	(1.14)	(0.24)	(-)	(23.10)	(45.07)	(38.84)
Plant and equipment	552.37	27.04	0.26	329.12	**250.03**	285.86	5.06	12.74	0.26	159.59	**143.81**	**106.22**	266.51
	(500.13)	(52.44)	(0.20)	(-)	(552.37)	(257.70)	(18.27)	(10.05)	(0.16)	(-)	(285.86)	(266.51)	(242.43)
Furniture and fixtures	3.07	0.17	-	1.00	**2.24**	1.61	0.02	0.15	0.01	0.57	**1.20**	**1.04**	1.46
	(2.84)	(0.25)	(0.02)	(-)	(3.07)	(1.47)	(0.06)	(0.11)	(0.03)	(-)	(1.61)	(1.46)	(1.37)
Office equipments	2.49	0.13	-	1.22	**1.40**	1.08	0.02	0.15	0.01	0.56	**0.68**	**0.72**	1.41
	(2.08)	(0.45)	(0.04)	(-)	(2.49)	(0.91)	(0.06)	(0.13)	(0.02)	(-)	(1.08)	(1.41)	(1.17)
Computers	5.63	0.17	1.02	2.10	**2.68**	5.07	0.02	0.21	1.01	1.96	**2.33**	**0.35**	0.56
	(5.36)	(0.59)	(0.32)	(-)	(5.63)	(5.17)	(0.09)	(0.13)	(0.32)	(-)	(5.07)	(0.56)	(0.19)
Vehicles	3.68	0.25	0.66	1.76	**1.51**	2.67	0.06	0.14	0.60	1.22	**1.05**	**0.46**	1.01
	(3.71)	(0.60)	(0.63)	(-)	(3.68)	(2.77)	(0.28)	(0.15)	(0.53)	(-)	(2.67)	(1.01)	(0.94)
	638.29	**28.61**	**2.25**	**364.27**	**300.38**	**319.69**	**5.42**	**14.71**	**1.95**	**174.25**	**163.62**	**136.76**	**318.60**
	(576.28)	(64.47)	(2.46)	(-)	(638.29)	(289.62)	(19.60)	(11.77)	(1.30)	(-)	(319.69)	(318.60)	(286.66)
Intangible assets:													
Computer Software	4.14	-	-	2.60	**1.54**	4.08	-	0.02	-	2.60	**1.50**	**0.04**	0.06
	(4.12)	(0.02)	(-)	(-)	(4.14)	(4.01)	(0.02)	(0.05)	(-)	(-)	(4.08)	(0.06)	(0.11)
Total	**642.43**	**28.61**	**2.25**	**366.87**	**301.92**	**323.77**	**5.42**	**14.73**	**1.95**	**176.85**	**165.12**	**136.80**	
Previous year	(580.40)	(64.49)	(2.46)	(-)	(642.43)	(293.63)	(19.62)	(11.82)	(1.30)	(-)	(323.77)		(318.66)

*denotes amounts less than Rs. 50,000

Previous year's figures have been disclosed in parenthesis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

	31st March, 2013 Rs. Crores	31st March, 2012 Rs. Crores
11. NON-CURRENT INVESTMENTS		
Trade investments: (fully paid up) (At cost)		
a) Investments in equity shares		
Quoted		
- Orissa Sponge Iron Ltd.		
2,785 equity shares of Rs. 10 each	**0.00 ***	0.00 *
- Dena Bank		
9,917 equity shares of Rs. 10 each	**0.03**	0.03
Unquoted		
(i) Investment in a subsidiary :		
- Mahindra Sanyo Special Steel Private Ltd. (formerly Navyug Special Steel Private Limited)		
51,00,000 (2011-12 - 10,000) equity shares of Rs. 10 each	**111.26**	0.01
(50,90,000 shares received as consideration for transfer of steel business - See note 40)		
(ii) Investment in Other Companies:		
- Wardha Power Company Ltd.		
Nil (2011-12 - 6,191,395) class A equity shares of Rs. 10 each (transferred on sale of steel business)	**-**	6.19
b) Investments in preference shares		
Unquoted		
- Wardha Power Company Ltd.		
Nil (2011-12 - 7,808,605) class A redeemable preference shares of Rs. 10 each (transferred on sale of steel business)	**-**	7.81
Other Investments: (fully paid up) (At cost)		
a) Investments in equity shares		
Quoted		
- Kotak Mahindra Bank Ltd.		
6,000 equity shares of Rs. 5 each	**0.00 ***	0.00 *
Unquoted		
(i) Investment in an associate :		
- Mahindra Hotels and Resorts Ltd.		
49,990 equity shares of Rs. 10 each	**0.05**	0.05
(ii) Investment in other companies :		
- Mahindra & Mahindra Contech Ltd.	**0.04**	0.04
35,000 equity shares of Rs. 10 each		
- Window of the World Motels Pvt. Ltd.		
Nil (2011-12 - 2) equity shares of Rs. 100 each (Written off during the year)	**-**	0.00 *
- The Indian and Eastern Engineer Co. Ltd.		
3 ordinary shares of Rs. 10 each	**0.00 ***	0.00 *
10,000 equity shares of Rs.10 each	**0.02**	0.02
- Mahindra Construction Co. Ltd.		
300,000 equity shares of Rs. 10 each	**0.30**	0.30
	111.70	14.45
Less : Provision for diminution	**0.35**	0.35
	111.35	14.10

		31st March, 2013	31st March, 2012
		Rs. Crores	Rs. Crores
Notes : (1) Aggregate of quoted investments :			
- Cost		**0.03**	0.03
- Market value		**0.50**	0.50
(2) Aggregate of unquoted investments :			
- Cost		**111.67**	14.42

* denotes amounts less than Rs. 50,000

12. LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)			
Capital advances		**1.96**	5.52
Security deposits		**28.01**	4.74
Loans and advances to a related party *(See note 38)*			
- Security deposit to holding company		**0.57**	0.57
Other loans and advances			
- Taxation - advance tax less provision for tax		**25.00**	22.77
- MAT credit entitlement		**8.59**	11.12
- Employee loans and advances		**0.19**	0.45
- Advances (considered doubtful)	**2.73**		2.73
Less : Provision for doubtful advances	**(2.73)**		(2.73)
		-	-
- Others		**1.36**	1.05
		65.68	46.22

13. OTHER NON-CURRENT ASSETS

Deposits with banks held as margin money or security against guarantees issued	**0.95**	0.03
	0.95	0.03

14. INVENTORIES

(At lower of cost and net realisable value)			
Raw materials		**17.52**	54.65
(includes in transit Rs. 1.53 Crores; 2011-12 - Rs 14.15 Crores)			
Work-in-progress			
- Pressed sheet metal components, assemblies and dies	**12.24**		9.01
- Tool alloy and special steel	**-**		60.87
		12.24	69.88
Finished goods			
(includes in transit Rs. Nil; 2011-12 - Rs. 6.74 Crores)			
- Pressed sheet metal components, assemblies and dies	**7.09**		5.93
- Tool alloy and special steel	**-**		6.74
		7.09	12.67
Stores and spares		**3.83**	33.73
(includes in transit Rs. Nil; 2011-12 - Rs. 0.53 Crore)			
Loose tools		**-**	1.54
		40.68	172.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

		31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores	Rs. Crores
15. TRADE RECEIVABLES			
(Unsecured)			
Outstanding for a period exceeding six months from the date they were due for payment			
- considered good #	**20.28**		24.15
- considered doubtful	**-**		4.51
		20.28	28.66
Others			
- considered good ##	**111.87**		265.50
- considered doubtful	**-**		1.14
		111.87	266.64
		132.15	295.30
Less :- Provision for doubtful debts		**-**	5.65
		132.15	289.65
# Includes Rs.17.01 Crores (2011-12 - Rs. Nil), due from Rail Wheel Factory, Bangalore (Ministry of Railways) [RWF], in respect of supplementary invoices towards price variation, determined in accordance with the applicable indices as communicated earlier by RWF in June 2011. As per the communication received from RWF in March, 2012, RWF has revised the indices, on the basis of which the amount receivable works out to approximately Rs. 8.84 Crores (2011-12 - Rs. 8.84 Crores). The Company has not accepted the very basis of RWF revising the prices unilaterally by adopting price variation index that is beyond the realm of the contract framework and is in discussion with RWF and railway board for settlement at earlier agreed indices. Accordingly, the aforesaid amount of Rs. 17.01 Crores is considered good and recoverable.			
## Debts due by a private company in which a director is a director		**0.17**	0.73
16. CASH AND BANK BALANCES			
Cash and cash equivalents:			
- Cash on hand	**0.01**		0.06
- Cheques on hand	**4.95**		1.95
- Balances with banks			
- In current accounts	**0.11**		0.56
		5.07	2.57
Other bank balances :			
- Earmarked balances			
- In earmarked current accounts for :			
- Unclaimed dividend/interest on fixed deposits accounts	**0.33**		0.39
- In earmarked fixed deposits for :			
- Unclaimed deposits (as per Companies (Acceptance of Deposits) Rules, 1975)	**0.01**		0.01
		0.34	0.40
		5.41	2.97

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

		31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores	Rs. Crores
17. SHORT-TERM LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
Loans and advances to a related party *(See note 38)*			
- Advance given to a subsidiary		-	0.00 *
Other loans and advances			
- Trade advance			
- considered good		2.90	5.16
- considered doubtful	0.54		0.54
Less : Provision for doubtful advance	(0.54)		(0.54)
		-	-
- Balances with excise, customs and other statutory authorities		4.01	12.05
- Prepaid expenses		0.35	2.04
- Employee loans and advances		0.15	0.46
- Others		0.83	1.17
		8.24	20.88
18. OTHER CURRENT ASSETS			
Unamortised premium on forward contracts		-	1.02
		-	1.02
19. REVENUE FROM OPERATIONS			
Sale of :			
- Pressed metal, sheet components and dies		708.85	652.44
Sale of services:			
- Income from processing		9.52	11.10
- Other operating revenue			
- Sale of scrap	130.97		101.20
- Others	0.39		0.51
		131.36	101.71
		849.73	765.25
20. OTHER INCOME			
Interest income		0.07	0.01
Dividend income		0.00 *	-
Rent income		0.05	0.17
Profit on sale of fixed assets (net)		0.01	0.05
Provision for doubtful debts/ advances written back			
- Opening provision for doubtful debts	5.65		-
- Less: Provision relating to steel business written back, included in discontinuing operations	1.07		-
- Less: Transferred on sale of steel business	4.50		-
		0.08	-
Other non-operating income		0.44	0.43
		0.65	0.66

*denotes amounts less than Rs. 50,000

		31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores	Rs. Crores
21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS			
Opening stock: (Pressed metal, sheet components and dies)			
Work-in-progress		**9.01**	8.46
Finished goods		**5.93**	6.70
Total		**14.94**	15.16
Less:			
Closing stock: (Pressed metal, sheet components and dies)			
Work-in-progress		**12.24**	9.01
Finished goods		**7.09**	5.93
		19.33	14.94
Net (increase) / decrease		**(4.39)**	0.22
22. EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		**57.91**	50.55
Contribution to			
- Provident and other funds *(See Note 43)*	**2.33**		2.14
- Gratuity fund	**1.27**		0.41
		3.60	2.55
Employee stock option charge / (write back) *(See note 42)*		**(0.32)**	0.00 *
Staff welfare expenses		**5.52**	4.66
		66.71	57.76
23. FINANCE COSTS			
Interest expense on			
- borrowings	**22.16**		2.89
- income tax	**-**		0.23
- others	**0.55**		0.60
		22.71	3.72
Other borrowing costs		**3.45**	0.68
		26.16	4.40

		31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores	Rs. Crores
24. OTHER EXPENSES			
Stores consumed		**8.38**	7.03
Packing material consumed		**5.24**	3.64
Power and fuel		**14.19**	11.87
Rent including lease rentals		**1.31**	1.26
Rates and taxes		**0.67**	0.99
Insurance		**0.37**	0.33
Repairs and maintenance			
- Buildings	**0.46**		0.46
- Machinery	**3.39**		3.14
(including stores and spares consumed - Rs. 3.18 Crores 2011-12 - Rs. 3.11 Crores)			
- Others	**2.86**		3.92
(including stores and spares consumed - Rs. 1.68 Crores 2011-12 - Rs. 2.99 Crores)			
		6.71	7.52
Legal and professional charges		**4.99**	4.75
Freight outward		**7.04**	6.53
Loss/(gain) on foreign exchange transactions and translations		**0.05**	(0.01)
Loss on fixed assets scrapped/written off		**0.19**	0.55
Bad debts/ advances written off		**-**	0.09
Provision for doubtful debts / advances (net)		**-**	0.17
Excise duty		**0.10**	0.24
Bank charges		**0.38**	0.03
Investment written off (Rs. 200; 2011-12 Rs. Nil)		**0.00 ***	-
Miscellaneous expenses		**6.27**	4.45
		55.89	49.44

*denotes amounts less than Rs. 50,000

25. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting and preparation of financial statements:

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

b) Use of estimates:

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

c) (A) Tangible fixed assets:

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

Depreciation is provided for as follows:

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

i) Depreciation on heavy vehicles, other vehicles and data processing equipment are provided 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 Statement of Profit and Loss.

(B) Intangible assets:

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

d) Investments:

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

e) Inventories:

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

f) Foreign exchange transactions:

Foreign exchange transactions are initially recognised at the exchange rate prevailing on the transaction date. At each balance sheet date foreign currency monetary items are translated at the relevant rates of exchange prevailing at 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 Statement of Profit and Loss.

g) Revenue recognition:

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

h) Employee benefits:

i) Provident fund:

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

ii) Superannuation and other funds/schemes:

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

iii) Gratuity and compensated absences:

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

i) Borrowing costs:

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

j) Earnings per share:

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

k) Taxes on income:

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

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

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

l) Research and development expenditure:

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

m) Impairment of assets:

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

n) Provisions and contingencies:

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

26. LONG-TERM BORROWINGS:

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

Sr. No.	As at 31st March, 2013		As at 31st March, 2012		Terms of repayment and other relevant terms
	Non-current	Current	Non-current	Current	
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	
1.	9.38	3.75	13.12	1.88	The loan is to be repaid in 16 equal quarterly instalments of Rs. 0.9375 Crore each from December 2012 till September 2016. The interest rate applicable is 11.50% p.a.
2.	150.00	-	-	-	The loan is to be repaid in 12 equal quarterly instalments of Rs. 12.50 Crores each from September 2014 till June 2017. The interest rate applicable is 11.25% p.a.
3.	-	-	-	7.50	The loan was repaid in 4 equal quarterly instalments of Rs. 1.875 Crores each from April 2012 till March 2013. [See note b(iii) below]
4.	-	-	5.99	2.97	The loan is to be repaid in 12 equal quarterly instalments of Rs. 0.7425 Crore each from April 2012 till March 2015. The balance of Rs. 0.05 Crore will be repaid in June 2015. [See note b(iii) below]
5.	-	-	8.75	1.25	The loan is to be repaid in 16 equal quarterly instalments of Rs. 0.625 Crore each from September 2012 till September 2016. [See note b(iii) below]
6.	-	-	-	9.95	The loan was repaid in 4 equal quarterly instalments of Rs. 2.50 Crores each from April 2012 till January 2013. The interest rate applicable was base rate + 5 % p.a., payable monthly.
7.	-	-	-	6.64	The loan was repaid in two half yearly instalments of Rs. 3.34 Crores and Rs. 3.30 Crores in September 2012 and March 2013 respectively. The interest rate applicable was base rate + 3.50 % p.a., payable monthly.
8.	-	-	-	40.08	The loan was repaid in 5 instalments of Rs. 18.00 Crores, Rs. 5.00 Crores, Rs. 4.06 Crores, Rs. 5.00 Crores and Rs. 8.02 Crores from April 2012 to July 2012. The average interest rate applicable on various tranches was 9% p.a.
	159.38	3.75	27.86	70.27	

b) Details of security given for secured loans:-

i. Term loan at Sr. No. 1 in the table above, is secured by a first equitable mortgage on the entire fixed assets of the Company and a first charge, by way of hypothecation, on all moveable fixed properties and assets including plant and machinery, tools and accessories, stores and spares, furniture and other office equipment of the Company.

ii. Term loan at Sr. No. 2 in the table above, is secured by hypothecation of all existing and future tangible movable properties and assets including plant and machinery, tools and accessories, stores and spares, furniture and other office equipment and second charge on the current assets of the Company. The Company is in the process of creating a charge on all immovable properties of the Company.

iii. Term loan at Sr. Nos. 3 to 5 in the table above are transferred to Mahindra Sanyo Special Steel Private Ltd. (formerly Navyug Special Steel Private Ltd.) on 9th July, 2012, pursuant to the transfer of steel business as per the business transfer agreement and share subscription agreement.

27. PAYMENT TO AUDITORS*:

		31st March, 2013	31st March, 2012
		Rs. Crores	Rs. Crores
(a)	As auditor	**0.15**	0.25
(b)	For other services	**0.13**	0.13
(c)	For company law matters **		
	(Rs. 15,000;2011-2012: Rs. 15,000)	**0.00 ****	0.00 **
(d)	For reimbursement of expenses ***		
	(Rs. 97,607;2011-2012: Rs. 22,310)	**0.01 *****	0.00 ***

*Amounts mentioned are exclusive of service tax.

28. Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March, 2013 Rs. 8.25 Crores (2011-2012: Rs. 8.27 Crores).

29. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

a) Customer bills discounted but not matured Rs. 7.26 Crores (2011-2012: Rs. 23.82 Crores).

b) Excise duty and Service Tax:

Excise and Service Tax matters for which the Company is contingently liable amounting to Rs. 13.34 Crores (2011-2012: Rs. 11.72 Crores). This includes:

i) Rs. 0.52 Crore (2011-2012: 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. 4.96 Crores (2011-2012: Rs. 4.65 Crores) – demand relating to alleged availment of Cenvat credit on invoices issued by certain registered dealers without actually receiving the material covered therein. The Company has filed an appeal in CESTAT against the said demand.

iii) Rs. 0.42 Crore (2011-2012: Rs. 0.39 Crore) being matters related to availment of service tax credit.

iv) Rs. 1.01 Crores (2011-2012: Rs. Nil) being disallowance of input credit availed on canteen expenses.

v) Rs. 1.90 Crores (2011-2012: Rs. 1.63 Crores) - being other matters.

In respect of (b) (i) above and other valuation issues, the excise department has continued to issue show cause cum demand notices for subsequent periods aggregating Rs. 4.53 Crores (2011-2012: Rs. 4.53 Crores).

c) Sales Tax:

Sales Tax matters for which the Company is contingently liable amounting Rs. 9.31 Crores (2011-2012: Rs. 9.31 Crores). This includes:

i) A demand of Rs. 8.51 Crores (2011-2012: Rs. 8.51 Crores) 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. The Company has filed an appeal in Sales Tax Tribunal against the said demand.

ii) Other sales tax matters Rs. 0.80 Crore (2011-2012: Rs. 0.80 Crore)

d) Taxation demands against which the Company is in appeal Rs. 6.33 Crores (2011-2012: Rs. 17.18 Crores).

e) Other matter for which the Company is contingently liable is Rs. 58.74 Crores (2011-2012: Rs. 58.14 Crores). This represents dispute in the rate of water charges, inclusive of penal charge of Rs. 10.19 Crores (2011-2012: Rs. 10.02 Crores) and late fee charge of Rs. 22.31 Crores (2011-2012: Rs. 22.31 Crores), demanded by the Irrigation department.

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

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

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

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

   i. Rs. Nil (2011-2012: Rs. 17.99 Crores) inclusive of interest and penalty of Rs. Nil(2011-2012: Rs. 14.04 Crores) pertaining to payment of custom duty in respect of the Value Based Advance Licenses (VBAL) purchased by the Company and used for import of goods. The export obligation / reversal of credit against the above VBAL were already fulfilled by the seller of the license. The Company has appealed against the said notice with CESTAT who has remanded the case back to the commissioner for ascertaining the facts and then passing an appropriate order.

   ii. Claim pertaining to material supply contract Rs.9.66 Crores (2011-2012: Rs. 9.46 Crores). The matter is under arbitration.

   iii. Claims relating to lease rentals Rs. 1.02 Crores (2011-2012: Rs. 0.95 Crore).

g) The Company has issued Corporate Guarantee of Rs. 285.00 Crores on 14th July, 2012 for total working capital facilities of its then wholly owned subsidiary, Navyug Special Steel Pvt Ltd [now known as the Mahindra Sanyo Special Steel Pvt Ltd (MSSSPL)] favouring State Bank of India, the lead bank under consortium arrangement with Dena Bank and Bank of India pending creation of security or for a year whichever is later. Subsequent to the year-end the said corporate guarantee has been discharged by the bank.

30. COST OF RAW MATERIALS AND COMPONENTS CONSUMED:

Continuing operations - Stamping division	**31st March, 2013 Rs. Crores**	31st March, 2012 Rs. Crores
1) Metal sheets	**497.24**	451.54
2) Components, Paints and tools	**73.02**	67.54
3) Processing charges	**8.84**	8.44
	579.10	527.52
Discontinuing operations - Steel division		
1) Ferrous scrap	**100.64**	334.75
2) Ferro alloys	**37.37**	133.16
3) Processing charges	**3.59**	10.19
4) Others	**6.55**	23.96
	148.15	502.06

	31st March, 2013		31st March, 2012	
Continuing operations - Stamping division	**Rs. Crores**	**%**	Rs. Crores	%
Imported – at landed cost	**5.67**	**0.98**	2.06	0.39
Indigenously obtained	**573.43**	**99.02**	525.46	99.61
	579.10	**100.00**	527.52	100.00
Discontinuing operations - Steel division				
Imported – at landed cost	**54.65**	**36.89**	199.02	39.64
Indigenously obtained	**93.50**	**63.11**	303.04	60.36
	148.15	**100.00**	502.06	100.00

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

31. STORES AND SPARES CONSUMED:

	31st March, 2013		31st March, 2012	
	Rs. Crores	%	Rs. Crores	%
Continuing operations- Stamping division				
Imported – at landed cost	-	-	-	-
Indigenously obtained	13.24	100.00	13.13	100.00
	13.24	100.00	13.13	100.00
Discontinuing operations - Steel division				
Imported – at landed cost	2.57	12.96	10.61	14.87
Indigenously obtained	17.23	87.04	60.74	85.13
	19.80	100.00	71.35	100.00

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

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

	31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores
(a) Raw materials	87.32	246.97
(b) Stores and spares	4.48	11.32
(c) Capital goods	0.17	0.01

33. EXPENDITURE IN FOREIGN CURRENCY:

	31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores
Interest	0.43	1.03
Professional and consultation fees	-	0.96
Others	0.10	0.85

34. EARNINGS IN FOREIGN EXCHANGE:

	31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores
(a) F.O.B. value of exports	14.29	39.11
(b) Freight and insurance	0.41	0.83

35. Research and development expenditure debited to the Statement of Profit and Loss aggregates Rs. 0.46 Crore (2011-2012: Rs. 1.62 Crores) consisting of materials,salaries and power based on allocations made by the Company.

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

Rs. Crores

Sr. No.	Particulars	31st March, 2013	31st March, 2012
(a)	Principal amount outstanding	1.66	3.32
(b)	Interest due on the above Rs. Nil; (2011-2012: Rs. 33,230)	-	0.00*
(c)	Principal amount paid during the year beyond appointed day	2.91	4.10
(d)	Interest paid during the year beyond the appointed day	0.03	0.09
(e)	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	-	0.01
(f)	Amount of interest accrued and remaining unpaid at the end of the year	-	0.01
(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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

Note:

a. The above information and that given in Note 7 'Trade payables' regarding micro enterprises and small enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

b. 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.

37. FOREIGN CURRENCY EXPOSURES:

The Company has entered into forward foreign exchange contracts and plain vanilla options [being derivative instruments], 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, 2013:

Currency	Amount in Crores	Buy/Sell	Cross Currency
US Dollar	**Nil**	**Buy**	**Rupees**
(US Dollar)	(1.82)	(Buy)	(Rupees)

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

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

	Indian Rupees Rs. Crores	Foreign Currency Rs. Crores
Import of goods and services	**Nil**	**Nil**
	(8.67)	(US $ 0.17)
	0.45	**Euro 0.01**
	(1.91)	(Euro 0.03)

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

	Indian Rupees Rs. Crores	Foreign Currency Rs. Crores
Export of goods and services	**Nil**	**Nil**
	(1.34)	(US $ 0.03)
	Nil	**Nil**
	(2.08)	(Euro 0.03)

Previous year's figures have been disclosed in parenthesis.

38. RELATED PARTY DISCLOSURES:

a) Related parties where Control exists:

Holding Company	Mahindra &Mahindra Ltd.

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

1)	Subsidiary Company	Mahindra Sanyo Special Steel Pvt. Ltd. (Formerly Navyug Special Steel Pvt. Ltd.)
2)	Associate Company	Mahindra Hotels and Resorts Ltd.
3)	Fellow subsidiaries	Mahindra Forgings Ltd. Mahindra Gujarat Tractors Ltd. Mahindra Intertrade Ltd. Mahindra Logistics Ltd. Mahindra Gears and Transmission Pvt. Ltd. Mahindra Vehicle Manufacturers Ltd. Mahindra Steel Service Centre Ltd. Mahindra Navistar Automotives Ltd. Mahindra BPO Services Pvt. Ltd. Mahindra Hinoday Industries Ltd Mahindra Automobile Distributors Pvt. Ltd. Metalcastello S.p.A. Mahindra First choice Wheels Ltd.
4)	Key Management Personnel	Mr.Uday Gupta, Managing Director

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

FS : Fellow Subsidiaries

Rs. Crores

Sr. No.	Particulars	Holding Co.	Subsidiary	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	Key Management Personnel	
		Mahindra & Mahindra Ltd.	Mahindra Sanyo Special Steel Pvt. Ltd.	Mahindra Forgings Ltd.	Mahindra Gujarat Tractors Ltd.	Mahindra Intertrade Ltd.	Mahindra Logistics Ltd.	Mahindra Gears & Transmission Pvt. Ltd.	Mahindra Vehicle Manufacturers Ltd.	Mahindra Steel Service Center Ltd.	Mahindra Navistar Automotives Ltd.	Mahindra BPO Services Pvt. Ltd.	Mahindra Hinoday Industries Ltd.	Mahindra Automobile Distributor Pvt. Ltd.	Metalcastello S.p.A	Mahindra First choice Wheels Ltd.	Mr. Uday Gupta	Mr. K V Ramarathnam
1	Purchases of goods or services	0.38	-	4.79	0.00*	425.25	-	-	-	0.08	-	-	-	-	-	-	-	-
		(-)	(-)	(18.68)	(0.01)	(401.89)	(-)	(-)	(-)	(0.07)	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
2	Receiving of services	1.13	-	-	-	-	-	-	-	-	-	0.13	-	-	-	-	-	-
		(3.26)	(-)	(-)	(-)	(-)	(0.47)	(-)	(-)	(-)	(-)	(0.15)	(-)	(-)	(-)	(-)	-	(-)
3	Shared IT services received	1.32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(2.77)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Rent paid	1.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(1.31)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
5	Sale of goods	585.14	1.30	28.65	1.81	0.00*	-	0.79	64.03	-	2.79	-	4.81	-	0.11	-	-	-
		(546.55)	(-)	(120.87)	(1.72)	(-)	(-)	(2.74)	(39.00)	(-)	(5.47)	(-)	(12.35)	(8.65)	(0.42)	(-)	-	(-)
6	Rendering of services	-	-	-	-	-	0.00*	-	-	-	-	-	-	-	-	-	-	-
		(3.28)	(-)	(-)	(0.38)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(6.01)	(-)	(-)	-	(-)
7	Rent income	-	-	-	-	0.06	-	-	-	-	-	-	-	-	-	-	-	-
		(0.14)	(-)	(-)	(-)	(0.05)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
8	Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(89.05)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
9	Purchase of fixed assets / capex services	0.31	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-
		(0.32)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.69)	(-)	(-)	(-)	-	(-)
10	Deputation of personnel	0.97	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(0.22)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-	(-)
11	Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.30	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.81)	(0.09) #
12	Provision for doubtful debts made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(0.18)	(-)	(0.48)	(-)	(-)	(-)	(0.00) *	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
13	Provision for doubtful debts written back	0.18	-	0.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(0.11)	(-)	(1.85)	(-)	(-)	(-)	(0.16)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
14	Bad debts written off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(0.07)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.02)	(-)	(-)	(-)	(-)
15	Cash discount received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(0.02)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
16	Cash discount paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(0.27)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
17	Advance given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(0.00)*	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
18	Consideration received for sale of steel business	-	133.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

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

FS : Fellow Subsidiaries

Rs. Crores

Sr. No.	Particulars	Holding Co.	Subsidiary	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	Key Management Personnel	
		Mahindra & Mahindra Ltd.	Mahindra Sanyo Special Steel Pvt. Ltd.	Mahindra Forgings Ltd.	Mahindra Gujarat Tractors Ltd.	Mahindra Intertrade Ltd.	Mahindra Logistics Ltd.	Mahindra Gears & Transmission Pvt. Ltd.	Mahindra Vehicle Manufacturers Ltd.	Mahindra Steel Service Center Ltd.	Mahindra Navistar Automotives Ltd.	Mahindra BPO Services Pvt. Ltd.	Mahindra Hinoday Industries Ltd.	Mahindra Automobile Distributor Pvt. Ltd.	Metalcastello S.p.A	Mahindra First choice Wheels Ltd.	Mr. Uday Gupta	Mr. K V Ramarathnam
19	Investment in equity share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(0.01)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
20	Interest expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.20	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.76)	(-)	(-)
21	ICD received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.50	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(31.00)	(-)	(-)
22	ICD refunded	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.50	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(31.00)	(-)	(-)
23	Guarantees & collaterals given	-	285.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
24	Security deposit paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
25	Outstandings																	
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
a)	Payables																	
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	i) Payables / credit balances	1.61	-	-	-	39.33	0.05	-	-	0.01	-	0.01	-	-	-	-	-	-
		(7.60)	(-)	(0.10)	(-)	(30.59)	(0.11)	(-)	(-)	(0.03)	(-)	(0.03)	(0.16)	(-)	(-)	(-)	(-)	(-)
	ii) Deposit received	-	-	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-
		(0.05)	(-)	(-)	(-)	(0.02)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
b)	Receivables	-	-															
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	i) Receivables and debtors	78.14	0.17	0.00*	0.05	-	-	-	10.76	-	1.18	-	2.39	-	-	-	-	-
		(88.03)	(0.00)*	(31.29)	(0.16)	(-)	(-)	(0.73)	(11.89)	(-)	(1.38)	(-)	(3.03)	(2.75)	(0.07)	(-)	(-)	(-)
	ii) Deposits outstanding	0.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(0.57)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	iii) Provision for doubtful debts and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*	-
		(0.18)	(-)	(0.23)	(-)	(-)	(-)	(0.00)*	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
c)	Investment in equity shares	-	111.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(0.01)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
d)	Guarantees & collaterals given	-	285.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

* denotes amount less than Rs 50,000/-

excludes Rs 0.32 crore paid towards leave encashment and Gratuity on retirement.

@ excludes charge for gratuity as separate figures are not available.

Notes:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

39. EARNINGS PER SHARE (EPS):

		31st March, 2013	31st March, 2012
a)	Profit for the year from continuing operations(Rs. Crores)	**15.14**	93.66
b)	Exceptional item [2011-12 Rs. 88.57 Crores less tax thereon Rs. 28.74 Crores] (Rs. Crores)	**-**	59.83
c)	Profit for the year from continuing operations before exceptional item (Rs. Crores) (a)-(b)	**15.14**	33.83
d)	Profit/(Loss)for the year (Rs. Crores)	**(33.72)**	36.89
e)	Profit/(Loss) for the year before exceptional item (Rs. Crores)(d)-(b)	**(33.72)**	(22.94)
f)	Weighted Average Equity Shares (Nos.)	**32,482,529**	32,482,529
g)	Basic and Diluted earnings per equity share for (in Rupees)		
	Continuing operations		
	- Before exceptional item(c)/(f)	**4.66**	10.42
	- After exceptional item(a)/(f)	**4.66**	28.84
	Total operations		
	- Before exceptional item(e)/(f)	**(10.38)**	(7.06)
	- After exceptional item(d)/(f)	**(10.38)**	11.36

40. DISCONTINUING OPERATIONS:

Pursuant to a Business Transfer Agreement for transfer of the Company's Steel business to Navyug Special Steel Private Limited (Navyug Steel) now known as Mahindra Sanyo Special Steel Private Limited (Mahindra Sanyo), a subsidiary of the Company,by way of a slump sale for a consideration of Rs. 133.50 Crores and a Share Subscription Agreement, both agreements executed on 11th November, 2011 and approved by the Board of Directors on that date and also approved by the members of the Company, by a special resolution under sections 293(1)(a), 192A and other applicable provisions of the Companies Act, 1956, through a Postal Ballot, declared on 4th January, 2012, the Company has with effect from the closing hours of 9th July, 2012 transferred the steel business to Mahindra Sanyo after obtaining necessary approvals and satisfying various contractual conditions mentioned in the aforesaid agreements. The Company has received consideration of Rs. 133.50 Crores in the form of 50,90,000 equity shares of Rs. 10 each of Mahindra Sanyo at a premium of Rs. 208.57 per equity share and cash consideration of Rs. 22.25 Crores. The figures for the current year are accordingly not comparable with that of the previous year.

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

In accordance with the terms of the Share Subscription Agreement Sanyo Special Steel Company Limited, Japan (Sanyo) and Mitsui & Company Limited, Japan (Mitsui) have subscribed to 29,00,000 equity shares of Rs. 10 each at a premium of Rs. 434.27 per share amounting to Rs. 128.84 Crores and 20,00,000 equity shares of Rs. 10 each at a premium of Rs. 434.27 per share amounting to Rs. 88.85 Crores respectively of Mahindra Sanyo after which the holding of the Company in Mahindra Sanyo has reduced to from 100% to 51%.

The steel business has been classified as "Discontinuing Operations" in the financial statements of the Company. The following table summarises the financial information for discontinuing operations (also given alongside is the corresponding financial information for the continuing operations and the aggregate):

Rs. Crores

Particulars	Continuing Operations (Stamping Division)		Discontinuing Operations (Steel Division)		Total Company	
	31st March, 2013	31st March, 2012	**31st March, 2013**	31st March, 2012	**31st March, 2013**	31st March, 2012
I. Assets						
Non-current assets	**317.55**	174.43	**-**	211.01	**317.55**	385.44
Current assets	**186.48**	170.77	**-**	316.22	**186.48**	486.99
Total assets	**504.03**	345.20	**-**	527.23	**504.03**	872.43

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

Rs. Crores

Particulars	Continuing Operations (Stamping Division)		Discontinuing Operations (Steel Division)		Total Company	
	31st March, 2013	31st March, 2012	**31st March, 2013**	31st March, 2012	**31st March, 2013**	31st March, 2012
II. Liabilities						
Non-current liabilities	**177.69**	42.02	**-**	18.58	**177.69**	60.60
Current liabilities	**158.27**	232.26	**-**	377.46	**158.27**	609.72
Total Liabilities	**335.96**	274.28	**-**	396.04	**335.96**	670.32
III. Revenues and expenses						
Revenues						
Revenues from operations	**766.39**	703.26	**224.44**	832.39	**990.83**	1,535.65
Other income	**0.65**	1.01	**1.41**	4.86	**2.06**	5.87
Total revenue	**767.04**	704.27	**225.85**	837.25	**992.89**	1,541.52
Expenses						
Cost of materials and components consumed	**579.10**	527.52	**148.15**	502.06	**727.25**	1,029.58
Changes in inventories of finished goods and work in progress	**(4.39)**	0.22	**(18.65)**	(2.48)	**(23.04)**	(2.26)
Employee benefits expense	**66.71**	57.76	**12.20**	40.81	**78.91**	98.57
Finance costs	**32.76**	29.91	**9.43**	26.93	**42.19**	56.84
Depreciation and amortisation expense	**14.74**	11.87	**5.41**	19.57	**20.15**	31.44
Other expenses	**56.31**	51.50	**87.54**	311.70	**143.85**	363.20
Total expenses	**745.23**	678.78	**244.08**	898.59	**989.31**	1,577.37
Profit/ (Loss) before exceptional item, loss on transfer of steel business and tax expense	**21.81**	25.49	**(18.23)**	(61.34)	**3.58**	(35.85)
Estimated effect of revenue /expenses (net)then included in discontinuing operations which will continue in continuing operations and hence included / (excluded)in/from amounts reported above for respective division *	**7.03**	27.27	**(7.03)**	(27.27)	**-**	-
Profit/(Loss) before exceptional item, loss on transfer of steel business and tax expense as per the Statement of Profit and Loss	**28.84**	52.76	**(25.26)**	(88.61)	**3.58**	(35.85)
*comprising of						
-Other income	**-**	(0.35)	**-**	0.35	**-**	-
-Finance costs	**6.60**	25.51	**(6.60)**	(25.51)	**-**	-
-Depreciation and amortisation expense	**0.01**	0.05	**(0.01)**	(0.05)	**-**	-
-Other expenses	**0.42**	2.06	**(0.42)**	(2.06)	**-**	-
Total	**7.03**	27.27	**(7.03)**	(27.27)	**-**	-
IV. Cash Flows:						
Net Cash from/ (used in) Operating Activities	**77.61**	85.25	**(137.20)**	(26.25)	**(59.59)**	59.00
Net Cash from / (used in) Investing Activities	**-**	48.60	**(2.67)**	(15.19)	**(2.67)**	33.41
Net Cash from / (used in) Financing Activities	**(73.42)**	(64.47)	**138.30**	(26.88)	**64.88**	(91.35)

41. PROVISION FOR WATER CHARGES (DISPUTED):

Rs. Crores

Particulars	Opening balance	Provision made during the year	Amount utilised / written back	Closing balance
Water Charges	3.51 (0.57)	0.17 (2.94)	- -	3.68 (3.51)

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

The details regarding dispute in water charges have been mentioned in Note 29(e).

42. 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, 561,500 Options have lapsed till 31st March, 2013. 175,500 Options have 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 each vesting. The eligible employee must exercise a minimum of 50 (Fifty only) Options or Options vested, whichever is lower; and the Options in respect of each tranche may be exercised on the date of vesting or at the end of each year from the date of each vesting, provided that at the end of five (5) years from the date of each vesting (or such extended period as may be decided by the Remuneration Committee), the eligible employee may exercise all Options vested but not exercised by him/her failing which all the unexercised Options shall lapse.

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

Summary of Stock Options	No. of stock Options	Weighted average exercise price (Rs.)
Options outstanding on 1st April, 2012	712,000	96.06
Options exercised during the year	-	-
Options lapsed during the year	175,500	-
Options outstanding on 31st March, 2013	536,500	95.10
Options vested but not exercised on 31st March, 2013	536,500	95.10

Information in respect of Options outstanding as at 31st March, 2013:

Exercise price	Number of Options	Weighted average remaining life
Rs. 99.00	456,000	-
Rs. 73.00	80,500	-

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 regards are as follows:

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

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

In respect of options granted under the Employee Stock Options Plan, in accordance with guidelines issued by the SEBI, since the scheme provides for graded vesting, the vesting period is determined separately for each vesting portion of the option, as if the option was, in substance a multiple option and the amount of employee compensation cost is accounted for and amortised accordingly on a straight line basis over the vesting periods. Consequently salaries, wages, bonus, etc. includes credit of Rs. 0.32 Crore (2011-12: debit of Rs. 0.00*Crore) being the reversals on account of options lapsed/expired.

Had the Company adopted fair value method in respect of Options granted, the employee compensation cost would have been lower by Rs. 0.56 Crore (2011-12: higher by Rs. 0.01 Crore), Loss for the year after tax lower by Rs. 0.38 Crore (2011-12: profit for the year lower by Rs. 0.01 Crore) and the basic and diluted earnings per share would have been higher by Rs 0.12 (2011-12: no impact on EPS).

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

* Denotes amounts less than 50,000/-

43. EMPLOYEE BENEFIT PLANS:

A Defined benefit plans:

Provident Fund:

The Company makes monthly contributions to Provident Fund managed by MUSCO Staff Provident Fund Trust for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Company has contributed Rs. 1.43 Crores (Steel: Rs. 0.35 Crore, Stamping Rs. 1.08 Crores) (2011-12: Rs. 2.05 Crores; Steel Rs. 1.13 Crores, Stamping Rs. 0.92 Crore) 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 actuarial valuation, the Defined Benefit Obligation of Interest rate guarantee on exempted Provident Fund in respect of employees of the Company as at 31st March, 2013 works out toRs. Nil(2011-12: Rs. Nil)and hence no provision is required to be provided for in the books of account towards the guarantee given for notified interest rates.

In carrying out an actuarial valuation of interest rate guarantee on exempt provident fund liability, expected investment return is compared with the guaranteed rate of interest, the present value of annuity factor for a term of the obligation is determined and these are applied to the accumulated value of the provident fund to arrive at the Defined Benefit Obligation.

The above process is carried out for 100 basis points upward and downward shifts in the expected rate of return and Defined Benefit Obligation of the interest rate guarantee are determined under these two scenarios. Defined Benefit Obligation of the interest rate guarantee is equal to the average of the Defined Benefit Obligation determined under all three scenarios above. The actuarial valuation is carried out using the projected accrued benefit method.

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

Category	**% of each to total plan assets**	
Particulars	**31st March, 2013**	31st March, 2012
Bonds and Securities of Central Government	**13.97**	14.56
Bonds and Securities of State Government	**10.67**	9.93
Bonds and Securities of Public Sector Undertakings	**38.78**	38.34
Special Deposits with Banks	**36.58**	37.17

Actuarial assumptions made to determine interest rate guarantee on exempt provident fund liabilities are as follows:

Particulars	**31st March, 2013**	31st March 2012
Discount Rate for the term of the Obligation	**8.00%**	8.40%
Average Historic Yield on the Investment Portfolio	**8.56%**	8.42%
Discount Rate for the remaining term to maturity of the Investment Portfolio	**8.02%**	8.55%
Expected Investment Return	**8.54%**	8.27%
Guaranteed Rate of Return	**8.50%**	8.25%

Gratuity:

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

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

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

Particulars		GRATUITY	
		31st March, 2013 Rs. Crores	31st March, 2012 Rs. Crores
I	**Expenses / (Income) recognised in the Statement of Profit and Loss for the year ended 31st March, 2013**		
1.	Current Service Cost	**0.55**	0.97
2.	Interest Cost	**0.68**	1.28
3.	Expected return on plan assets	**(0.60)**	(1.18)
4.	Actuarial (Gains)/ Losses	**0.38**	0.35
5.	Gain on transfer of steel business	**(0.82)**	-
6.	Total Expense / (Income)	**0.19**	1.41
II	**Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2013**		
1.	Present Value of Defined Benefit Obligation as at 31st March, 2013	**6.37**	17.50
2.	Fair value of plan assets as at 31st March, 2013	**(5.06)**	(16.02)
3.	Net Asset/(Liability) as at 31st March, 2013	**(1.31)**	(1.48)
III	**Change in Obligation during the year ended 31st March, 2013**		
1.	Present Value of Defined Benefit Obligation at the beginning of the year	**17.50**	16.19
2.	Current Service Cost	**0.55**	0.97
3.	Interest Cost	**0.68**	1.28
4.	Actuarial (Gains)/ Losses	**0.21**	0.48
5.	Liabilities settled on transfer of steel business	**(12.51)**	-
6.	Benefit Payments	**(0.06)**	(1.41)
7.	Present Value of Defined Benefit Obligation as at the end of the year	**6.37**	17.50
IV	**Change in Assets during the year ended 31st March, 2013**		
1.	Plan assets at the beginning of the year	**16.02**	15.15
2.	Expected return on plan assets	**0.60**	1.19
3.	Contributions by employer	**0.36**	0.97
4.	Assets distributed on transfer of steel business	**(11.69)**	-
5.	Actual benefits paid	**(0.06)**	(1.42)
6.	Actuarial Gains/ (Losses)	**(0.17)**	0.13
7.	Plan assets at the end of the year	**5.06**	16.02
V	**Actual return on plan assets (1+2)**	**0.43**	1.32
1.	Expected return on plan assets	**0.60**	1.19
2.	Actuarial Gains/ (Losses)	**(0.17)**	0.13
VI	**The major categories of plan assets as a percentage of total Plan**		
	Funded with LIC of India *(See note below)*	**100%**	100%
VII	**Actuarial Assumptions:**		
1.	Discount Rate	**8.00%**	8.40%
2.	Expected rate of return on plan assets	**9.40%**	8.50%
3.	Mortality	**2006-08 Mortality base**	1994-96 Mortality base
4.	Turnover rate	**1 to 2%**	1 to 2%
5.	Salary escalation rate	**7.50%**	7.50%

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

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

	Particulars	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009
		Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
1.	Present Value of Defined Benefit Obligation	**6.37**	17.50	16.19	15.01	14.87
2.	Fair value of plan assets	**(5.06)**	(16.02)	(15.15)	(15.33)	(11.99)
3.	Funded Status [Surplus/(Deficit)]	**(1.31)**	(1.48)	(1.04)	0.32	(2.87)
4.	Net Asset/(liability)	**(1.31)**	(1.48)	(1.04)	0.32	(2.87)
5.	Experience adjustment arising on:					
	a. Plan Liabilities	**(0.06)**	0.83	0.18	0.42	0.14
	b. Plan Assets	**(0.16)**	0.13	(0.26)	0.34	0.02

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

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

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

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

F. Defined Contribution Plans:

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

Company's contribution paid/payable during the year to Employees' pension scheme, Superannuation fund and ESIS are recognised in the Statement of Profit and Loss. These amounts are recognised as an expense and included in Note 22 of the Statement of Profit and Loss under the heading "Employee benefits expense" in line item "Contribution to provident and other funds".

Particulars	31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores
Continuing operations- Stamping division		
i) Superannuation fund	**0.14**	0.17
ii) Employees' pension scheme	**0.80**	0.75
iii) Employees State Insurance Scheme	**0.31**	0.30
Discontinuing operations - Steel division		
i) Superannuation fund	**0.06**	0.45
ii) Employees' pension scheme	**0.14**	0.48

44. The net foreign exchange loss debited to the Statement of Profit and Loss is Rs.2.19 Crores (2011-20112: Rs. 6.16 Crores) of which Rs. 2.14 Crores (2011-2012: Rs. 6.17 Crores) pertains to discontinuing operations.

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

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

Signature to Notes 1 to 46

For and on behalf of the Board

Uday Gupta — Managing Director

Hemant Luthra
R.R. Krishnan
Manoj Maheshwari
Harsh Kumar
Sanjiv Kapoor
Nikhilesh Panchal
} Directors

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Mumbai : 3rd May, 2013

Summary of Financial Information of Subsidiary company as per Section 212 of the Companies Act, 1956, for the year ended 31st March 2013.

Rs. Lakhs

Name of the subsidiary	Capital (including preference capital)	Reserves and surplus	Total assets	Total liabilities	Details of investments (excluding investments in subsidiaries)	Turnover	Profit / (loss) before tax	Provision for tax charge/ (credit)	Profit/(loss) after tax	Proposed dividend & tax thereon	Country
Mahindra Sanyo Special Steel Pvt. Ltd. (formerly Navyug Special Steel Pvt. Ltd.)	1,000.00	31,438.81	60,900.48	28,461.67	1,400.00	58,656.97	(5,156.19)	(1,353.49)	(3,802.70)	-	India

Summary of Financial Information of Subsidiary company as per Section 212 of the Companies Act, 1956, for the year ended 31st March 2013.

Name of the Subsidiary Companies	Number of shares in the Subsidiary Company held by Mahindra Ugine Steel Company Limited at the end of the financial year		The net aggregate of profits / (losses) of the Subsidiary Company so far as they concern the members of Mahindra Ugine Steel Company Limited			
			For Current Financial Year		For Previous Financial Years	
	Equity	Extent of holding	Dealt with in the accounts of Mahindra Ugine Steel Company Limited for the year ended 31st March, 2013.	Not Dealt with in the accounts of Mahindra Ugine Steel Company Limited for the year ended 31st March, 2013.	Dealt with in the accounts of Mahindra Ugine Steel Company Limited for the year ended 31st March, 2012.	Not Dealt with in the accounts of Mahindra Ugine Steel Company Limited for the year ended 31st March, 2012.
	Nos.	%	Rupees crores	Rupees crores	Rupees crores	Rupees crores
Mahindra Sanyo Special Steel Pvt. Ltd (formerly Navyug Special Steel Private Limited)	51,00,000	51%	-	(38.03)	-	(0.01)

For and on behalf of the Board

Uday Gupta Managing Director

Hemant Luthra
R.R. Krishnan
Manoj Maheshwari
Harsh Kumar
Sanjiv Kapoor
Nikhilesh Panchal
Directors

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Mumbai : 3rd May, 2013

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF MAHINDRA UGINE STEEL COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **MAHINDRA UGINE STEEL COMPANY LIMITED** (the "Company") and its subsidiary (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Rajesh K Hiranandani
Partner
(Membership No.36920)

MUMBAI, 3rd May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2013

	Note No.	31st March, 2013 Rs. Crores	31st March, 2012 Rs. Crores
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	**32.48**	32.48
(b) Reserves and surplus	2	**189.77**	169.62
		222.25	202.10
Minority Interest		**158.95**	-
Non-current liabilities			
(a) Long-term borrowings	3	**233.65**	27.86
(b) Deferred tax liability (net)	4	**10.77**	23.00
(c) Other long term liabilities	5	**5.00**	-
(d) Long-term provisions	6	**12.23**	9.74
		261.65	60.60
Current liabilities			
(a) Short-term borrowings	7	**90.37**	209.90
(b) Trade payables	8	**237.45**	295.06
(c) Other current liabilities	9	**27.70**	92.58
(d) Short-term provisions	10	**3.24**	12.19
		358.76	609.73
TOTAL		**1,001.61**	872.43
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	**334.67**	318.60
(ii) Intangible assets	11	**0.03**	0.06
(iii) Capital work-in-progress		**4.64**	6.43
(b) Non-current investments	12	**14.09**	14.09
(c) Long-term loans and advances	13	**67.53**	46.22
(d) Other non-current Assets	14	**0.95**	0.03
		421.91	385.43
Current assets			
(a) Inventories	15	**180.62**	172.47
(b) Trade receivables	16	**295.44**	289.65
(c) Cash and bank balances	17	**82.19**	2.98
(d) Short-term loans and advances	18	**20.26**	20.88
(e) Other current assets	19	**1.19**	1.02
		579.70	487.00
TOTAL		**1,001.61**	872.43

See accompanying notes forming part of the consolidated financial statements 1 - 36

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Rajesh K Hiranandani
Partner

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Mumbai : 3rd May, 2013

Mumbai : 3rd May, 2013

For and on behalf of the Board

Uday Gupta Managing Director

Hemant Luthra
R.R. Krishnan
Manoj Maheshwari
Harsh Kumar
Sanjiv Kapoor
Nikhilesh Panchal
Directors

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

		Note No.	31st March, 2013 Rs. Crores	31st March, 2012 Rs. Crores
I	Revenue from operations	20	**1752.86**	1679.42
	Less : Excise duty		**176.59**	143.77
			1576.27	1535.65
II	Other income	21	**5.53**	5.87
III	**Total revenue (I+II)**		**1581.80**	1541.52
IV	Expenses:			
	Cost of raw materials and components consumed (includes processing cost Rs. 18.65 Crores; 2011-12 - Rs. 18.63 Crores)		**1070.72**	1029.58
	Changes in inventories of finished goods and work-in-progress	22	**(0.79)**	(2.26)
	Employee benefits expense	23	**117.87**	98.57
	Finance costs	24	**55.55**	56.84
	Depreciation and amortisation expense *(See note 11)*		**35.15**	31.44
	Other expenses	25	**351.28**	363.21
	Total expenses		**1629.78**	1577.38
V	**Loss before exceptional items and tax (III-IV)**		**(47.98)**	(35.86)
VI	Exceptional items:			
	- Profit on sale of land		**-**	88.57
	- Gain on deemed disposal of partial stake in the subsidiary *(See note 27 B)*		**45.45**	-
VII	Profit / (Loss) before tax (V+VI)		**(2.53)**	52.71
VIII	Tax expense :			
	- Current tax		**2.53**	10.40
	- MAT credit entitlement (including credit recognised for an earlier year of Rs. Nil ; 2011-12 - Rs. 1.00 Crore)		**-**	(11.12)
	- Deferred tax charge/(credit)		**(12.23)**	16.48
	- Short provision for tax in respect of earlier years		**-**	0.07
			(9.70)	15.83
IX	Profit after tax and before share of profit/loss of minority (VII-VIII)		**7.17**	36.88
X	Add: Minority interest in loss of the subsidiary *(See note 27 B)*		**13.30**	-
XI	**Profit for the year**		**20.47**	36.88
XII	Earnings per equity share (EPS) *(See note 33)*			
	- Basic and Diluted EPS (face value Rs.10 per share)			
	- Before exceptional item (in Rupees)		**(7.69)**	(7.06)
	- After exceptional item (in Rupees)		**6.30**	11.36
	See accompanying notes forming part of the consolidated financial statements	1 - 36		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Rajesh K Hiranandani
Partner

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Mumbai : 3rd May, 2013

Mumbai : 3rd May, 2013

For and on behalf of the Board

Uday Gupta Managing Director

Hemant Luthra
R.R. Krishnan
Manoj Maheshwari
Harsh Kumar
Sanjiv Kapoor
Nikhilesh Panchal
Directors

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31st March, 2013		31st March, 2012	
	Rs. Crores	**Rs. Crores**	Rs. Crores	Rs. Crores
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax		**(2.53)**		52.71
Adjustments for:				
Depreciation and amortisation	**35.15**		31.44	
(Profit) / loss on sale / write off of fixed assets (net)	**0.27**		(88.08)	
Expense on employee stock option scheme	**(0.32)**		0.00 *	
Finance costs	**55.55**		56.84	
Interest income	**(4.74)**		(0.70)	
Dividend income	**(0.00) ***		(0.00) *	
Provision for doubtful trade receivables and loans and advances made / (written back) (net)	**0.59**		(4.09)	
Provision for water charges (disputed)	**0.17**		2.94	
Gain on deemed disposal of partial stake in the subsidiary	**(45.45)**		-	
Net unrealised exchange loss	**0.82**		3.37	
		42.04		1.72
Operating profit before working capital changes		**39.51**		54.43
Changes in working capital				
Adjustments for (increase) / decrease in operating assets:				
Inventories	**(8.15)**		(9.32)	
Trade receivables	**(6.38)**		(19.12)	
Short-term loans and advances	**0.62**		0.70	
Long-term loans and advances	**(24.57)**		(2.44)	
Other current assets	**(0.17)**		(0.13)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	**(58.43)**		34.36	
Other current liabilities	**(1.65)**		1.86	
Short-term provisions	**0.69**		(0.54)	
Long-term provisions	**2.32**		0.38	
		(95.72)		5.75
Cash generated from operations		**(56.21)**		60.18
Income tax (paid)		**(12.26)**		(1.18)
Net cash flow from / (used in) operating activities (A)		**(68.47)**		59.00
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	**(47.76)**		(56.52)	
Proceeds from sale of land	**-**		89.05	
Proceeds from sale of other fixed assets	**0.17**		0.19	
Bank balances not considered as cash and cash equivalents	**(0.86)**		-	
Interest received	**4.74**		0.70	
Dividend received	**0.00 ***		0.00 *	
		(43.71)		33.41
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)		**(43.71)**		33.41

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31st March, 2013		31st March, 2012	
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares by a subsidiary	**217.69**		-	
Proceeds from long-term borrowings	**220.00**		38.88	
Repayment of long-term borrowings	**(69.63)**		(74.52)	
Net increase / (decrease) in working capital	**(94.53)**		(23.89)	
Proceeds from/(repayment of) other short-term borrowings	**(25.00)**		25.00	
Finance costs	**(57.01)**		(56.82)	
Dividends paid	**(0.07)**		0.00 *	
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)		**191.45**		(91.35)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**79.27**		1.07
Cash and cash equivalents at the beginning of the year # *(See note 17)*		**2.58**		1.51
Cash and cash equivalents at the end of the year # *(See note 17)*		**81.85**		2.58
# Comprises:				
(a) Cash on hand	**0.03**		0.06	
(b) Cheques on hand	**4.95**		1.95	
(c) Balances with banks				
- In current accounts	**1.37**		0.57	
- In deposits	**75.50**		-	
		81.85		2.58

* denotes amounts less than Rs. 50,000

Note:

(i) Previous year's figures have been regrouped, wherever necessary to conform to current year's classifications.

See accompanying notes 1 & 36 forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Rajesh K Hiranandani — *Partner*
Sandeep Jain — *Chief Finance Officer*
Ajay Kadhao — *Company Secretary*

Mumbai : 3rd May, 2013

For and on behalf of the Board

Uday Gupta — Managing Director

Hemant Luthra
R.R. Krishnan
Manoj Maheshwari
Harsh Kumar
Sanjiv Kapoor
Nikhilesh Panchal
Directors

Mumbai : 3rd May, 2013

	31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores
1. SHARE CAPITAL		
Authorised capital		
119,000,000 Equity shares of Rs. 10 each	**119.00**	119.00
3,100,000 Redeemable cumulative preference shares of Rs. 100 each	**31.00**	31.00
Issued, subscribed and fully paid-up		
32,482,529 Equity shares of Rs. 10 each fully paid-up	**32.48**	32.48
	32.48	32.48

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year: There is no movement in the share capital of the Company during the year.

(b) Terms/rights and restrictions attached to equity shares: The Company has only one class of equity shares having a face value of Rs. 10 per share. The rights of the equity shareholders rank pari-passu for all matters, including dividend and each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by the holding company:

	31st March, 2013		31st March, 2012	
	No. of shares	**Rs. Crores**	No. of shares	Rs. Crores
Mahindra & Mahindra Limited	**16,466,789**	**16.47**	16,466,789	16.47

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

Name of the Shareholder	**No. of shares**	**% holding**	No. of shares	% holding
Mahindra & Mahindra Limited	**16,466,789**	**50.69%**	16,466,789	50.69%
Mr. Girdharilal Agrawal	**2,041,510**	**6.28%**	1,921,452	5.92%

(e) Shares reserved for issue under ESOP scheme

Number of shares reserved for ESOP scheme	**536,500**	712,000
Number of shares vested but not exercised	**536,500**	712,000

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

		31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores	Rs. Crores
2. RESERVES AND SURPLUS			
(a) Capital Reserve			
- As per last balance sheet		**0.00** *	0.00 *
		0.00	0.00
(b) Capital Redemption Reserve Account			
- As per last balance sheet		**16.46**	16.46
		16.46	16.46
(c) Share Options Outstanding Account			
- As per last balance sheet		**1.27**	1.26
Add / (Less): Charge / (write back) during the year		**(0.32)**	0.00 *
		0.95	1.27
(d) General Reserve			
- As per last balance sheet		**74.72**	74.72
		74.72	74.72
(e) Surplus i.e. Balance in the Statement of Profit and Loss			
- As per last balance sheet		**77.17**	40.29
Add: Profit for the year		**20.47**	36.88
		97.64	77.17
		189.77	169.62
*denotes amounts less than Rs. 50,000			
3. LONG-TERM BORROWINGS			
Secured			
Term loans			
- From banks		**233.65**	27.86
		233.65	27.86
4. DEFERRED TAX LIABILITY (NET)			
Deferred tax liability:			
- On fiscal allowances on fixed assets	33.62		28.32
		33.62	28.32
Less: Deferred tax assets			
- On employee separation and retirement	3.33		2.36
- On provision for doubtful debts	2.31		2.01
- On unabsorbed depreciation and business loss	16.19		-
- On other timing differences	1.02		0.95
		22.85	5.32
Deferred tax liability (net)		**10.77**	23.00
5. OTHER LONG-TERM LIABILITIES			
- Trade advance		**5.00**	-
		5.00	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

			31st March, 2013	31st March, 2012
		Rs. Crores	Rs. Crores	Rs. Crores
6.	**LONG-TERM PROVISIONS**			
	Provision for employee benefits			
	- Compensated absences		**8.44**	6.13
	- Other employee benefits		**0.11**	0.10
	Provision for water charges (disputed) *(See note 34)*		**3.68**	3.51
			12.23	9.74
7.	**SHORT-TERM BORROWINGS**			
	Secured			
	Loans repayable on demand - from banks			
	- Cash credit and working capital demand loan		**70.37**	98.25
	Other short term loans from banks		**20.00**	-
	Unsecured			
	Deposits - Inter corporate deposit		**-**	25.00
	Other loans and advances			
	- Short term advances - from banks		**-**	86.65
			90.37	209.90
8.	**TRADE PAYABLES**			
	Acceptances		**92.61**	155.90
	Due to micro and small enterprises		**5.74**	3.32
	Due to others		**139.10**	135.84
			237.45	295.06
9.	**OTHER CURRENT LIABILITIES**			
	Current maturities of long-term debt		**14.84**	70.27
	Interest accrued but not due on borrowings		**0.23**	1.86
	Interest accrued and due on borrowings		**1.71**	1.53
	Unclaimed dividends		**0.30**	0.37
	Unclaimed matured deposits and interest on fixed deposits		**0.02**	0.03
	Other payables			
	- Statutory dues	6.10		6.87
	- Capital creditors	1.94		3.21
	- Trade advance	-		5.00
	- Security deposits received	1.76		2.31
	- Others	0.80		1.13
			10.60	18.52
			27.70	92.58
10.	**SHORT-TERM PROVISIONS**			
	Provision for employee benefits			
	- Gratuity (Funded) *(See note 35)*	1.97		1.48
	- Compensated absences	1.23		1.03
	- Other employee benefits	0.02		0.02
			3.22	2.53
	Provision - Others			
	- Provision for taxation (net of advance tax)		**0.02**	9.66
			3.24	12.19

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

11. FIXED ASSETS

Rs. Crores

Particulars	COST				DEPRECIATION				WRITTEN DOWN VALUE	
	As at 1st April, 2012	Additions and adjustments	Deletions and adjustments	**As at 31st March, 2013**	As at 1st April, 2012	**For the year**	Deletions and adjustments	**As at 31st March, 2013**	**As at 31st March, 2013**	As at 31st March, 2012
Tangible assets:										
Freehold land	0.52	7.29	-	**7.81**	-	-	-	**-**	**7.81**	0.52
	(1.01)	(-)	(0.49)	**(0.52)**	(-)	(-)	(-)	**(-)**	**(0.52)**	(1.01)
Leasehold land	2.36	0.00 *	-	**2.36**	0.30	0.06	-	**0.36**	**2.00**	2.06
	(0.95)	(1.41)	(-)	**(2.36)**	(0.24)	(0.06)	(-)	**(0.30)**	**(2.06)**	(0.71)
Buildings	68.17	8.56	0.31	**76.42**	23.10	2.24	0.06	**25.28**	**51.14**	45.07
	(60.20)	(8.73)	(0.76)	**(68.17)**	(21.36)	(1.98)	(0.24)	**(23.10)**	**(45.07)**	(38.84)
Plant and equipment	552.37	32.87	2.45	**582.79**	285.86	31.65	2.30	**315.21**	**267.58**	266.51
	(500.13)	(52.44)	(0.20)	**(552.37)**	(257.70)	(28.32)	(0.16)	**(285.86)**	**(266.51)**	(242.43)
Furniture and fixtures	3.07	0.36	-	**3.43**	1.61	0.21	0.02	**1.80**	**1.63**	1.46
	(2.84)	(0.25)	(0.02)	**(3.07)**	(1.47)	(0.17)	(0.03)	**(1.61)**	**(1.46)**	(1.37)
Office equipments	2.49	0.32	-	**2.81**	1.08	0.21	0.02	**1.27**	**1.54**	1.41
	(2.08)	(0.45)	(0.04)	**(2.49)**	(0.91)	(0.19)	(0.02)	**(1.08)**	**(1.41)**	(1.17)
Computers	5.63	0.29	1.02	**4.90**	5.07	0.31	1.01	**4.37**	**0.53**	0.56
	(5.36)	(0.59)	(0.32)	**(5.63)**	(5.17)	(0.22)	(0.32)	**(5.07)**	**(0.56)**	(0.19)
Vehicles	3.68	1.94	0.95	**4.67**	2.67	0.44	0.88	**2.23**	**2.44**	1.01
	(3.71)	(0.60)	(0.63)	**(3.68)**	(2.77)	(0.43)	(0.53)	**(2.67)**	**(1.01)**	(0.94)
	638.29	**51.63**	**4.73**	**685.19**	**319.69**	**35.12**	**4.29**	**350.52**	**334.67**	**318.60**
	(576.28)	(64.47)	(2.46)	(638.29)	(289.62)	(31.37)	(1.30)	(319.69)	(318.60)	
Intangible assets:										
Computer software	4.14	-	-	**4.14**	4.08	0.03	-	**4.11**	**0.03**	0.06
	(4.12)	(0.02)	(-)	**(4.14)**	(4.01)	(0.07)	(-)	**(4.08)**	**(0.06)**	(0.11)
Total	**642.43**	**51.63**	**4.73**	**689.33**	**323.77**	**35.15**	**4.29**	**354.63**	**334.70**	
Previous Year	(580.40)	(64.49)	(2.46)	**(642.43)**	(293.63)	(31.44)	(1.30)	**(323.77)**		318.66

*denotes amounts less than Rs. 50,000

Previous year's figures have been disclosed in parenthesis.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

		31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores	Rs. Crores
12. NON-CURRENT INVESTMENTS			
Trade investments: (fully paid up) (At cost)			
a) Investments in equity shares			
- Quoted		**0.03**	0.03
- Unquoted		**6.19**	6.19
b) Investments in preference shares			
- Unquoted		**7.81**	7.81
Other Investments: (fully paid up) (At cost)			
a) Investments in equity shares			
(i) Investment in an associate: *(See note 27)*			
- Unquoted		**-**	-
(ii) Investment in other companies:			
- Quoted		**0.00** *	0.00 *
- Unquoted		**0.36**	0.36
		14.39	14.39
Less : Provision for diminution		**0.30**	0.30
		14.09	14.09
Notes : (1) Aggregate of quoted investments :			
- Cost		**0.03**	0.03
- Market value		**0.50**	0.50
(2) Aggregate of unquoted investments :			
- Cost		**14.36**	14.36

* denotes amounts less than Rs. 50,000

13. LONG-TERM LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
Capital advances		**2.17**	5.52
Security deposits		**28.96**	4.74
Loans and advances to a related party *(See note 32)*			
- Security deposit to holding company		**0.57**	0.57
Other loans and advances			
- Taxation - advance tax less provision for tax		**25.39**	22.77
- MAT credit entitlement		**8.59**	11.12
- Employee loans and advances		**0.39**	0.45
- Advances (considered doubtful)	2.73		2.73
Less : Provision for doubtful advances	(2.73)		(2.73)
		-	-
- Others		**1.46**	1.05
		67.53	46.22
14. OTHER NON-CURRENT ASSETS			
Deposits with banks held as margin money or security against guarantees issued		**0.95**	0.03
		0.95	0.03

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

		31st March, 2013	31st March, 2012
	Rs. Crores	**Rs. Crores**	Rs. Crores
15. INVENTORIES			
(At lower of cost and net realisable value)			
Raw materials		**65.15**	54.65
(includes in transit Rs. 16.04 Crores; 2011-12 - Rs. 14.15 Crores)			
Work-in-progress			
-Pressed sheet metal components, assemblies and dies	12.24		9.01
-Tool alloy and special steel	57.31		60.87
		69.55	69.88
Finished goods			
(includes in transit Rs. 6.70 Crores; 2011-12 - Rs. 6.74 Crores)			
-Pressed sheet metal components, assemblies and dies	7.09		5.93
-Tool alloy and special steel	6.70		6.74
		13.79	12.67
Stores and spares		**30.47**	33.73
(includes in transit Rs. 0.48 Crore; 2011-12 - Rs. 0.53 Crore)			
Loose tools		**1.66**	1.54
		180.62	172.47
16. TRADE RECEIVABLES			
(Unsecured)			
Outstanding for a period exceeding six months from the date they were due for payment			
- considered good #	21.47		24.15
- considered doubtful	4.98		4.51
		26.45	28.66
Others			
- considered good	273.97		265.50
- considered doubtful	1.26		1.14
		275.23	266.64
		301.68	295.30
Less :- Provision for doubtful debts		**6.24**	5.65
		295.44	289.65

Includes Rs.17.01 Crores (2011-12 - Rs. Nil), due from Rail Wheel Factory, Bangalore (Ministry of Railways) [RWF], in respect of supplementary invoices towards price variation, determined in accordance with the applicable indices as communicated earlier by RWF in June 2011. As per the communication received from RWF in March, 2012, RWF has revised the indices, on the basis of which the amount receivable works out to approximately Rs. 8.84 Crores (2011-12 - Rs. 8.84 Crores). The Company has not accepted the very basis of RWF revising the prices unilaterally by adopting price variation index that is beyond the realm of the contract framework and is in discussion with RWF and railway board for settlement at earlier agreed indices. Accordingly, the aforesaid amount of Rs. 17.01 Crores is considered good and recoverable.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

		31st March, 2013	31st March, 2012
	Rs. Crores	**Rs. Crores**	Rs. Crores
17. CASH AND BANK BALANCES			
Cash and cash equivalents:			
	0.03		0.06
- Cheques on hand	4.95		1.95
- Balances with banks			
- In current accounts	1.37		0.57
	6.35		2.58
- In fixed deposit accounts			
(original maturity of upto 3 months)	75.50		-
		81.85	2.58
Other bank balances :			
- Earmarked balances			
- In earmarked current accounts for :			
- Unclaimed dividend/interest on fixed deposits accounts	0.33		0.39
- In earmarked fixed deposits for :			
- Unclaimed deposits (as per Companies (Acceptance of Deposits) Rules, 1975)	0.01		0.01
		0.34	0.40
		82.19	2.98
18. SHORT-TERM LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
Other loans and advances			
- Trade advance		**3.65**	-
- considered good		**2.90**	5.16
- considered doubtful	0.54		0.54
Less : Provision for doubtful advance	(0.54)		(0.54)
		-	-
- Balances with excise, customs and other statutory authorities		**10.99**	12.05
- Prepaid expenses		**1.14**	2.04
- Employee loans and advances		**0.41**	0.46
- Others		**1.17**	1.17
		20.26	20.88
19. OTHER CURRENT ASSETS			
Unamortised premium on forward contracts		**0.66**	1.02
Interest accrued - fixed deposits		**0.53**	-
		1.19	1.02

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

	Rs. Crores	**31st March, 2013** **Rs. Crores**	31st March, 2012 Rs. Crores
20. REVENUE FROM OPERATIONS			
Sale of :			
- Pressed metal, sheet components and dies	708.85		652.44
- Tool alloy and special steel	900.21		909.75
Sale of Services:		**1,609.06**	1,562.19
- Income from processing		**9.52**	11.10
- Other operating revenue			
- Sale of scrap	131.72		104.71
- Others	2.56		1.42
		134.28	106.13
		1,752.86	1,679.42

	31st March, 2013 **Rs. Crores**	31st March, 2012 Rs. Crores
21. OTHER INCOME		
Interest Income	**4.74**	0.70
Dividend income	**0.00** *	0.00 *
Rent income	**0.06**	0.18
Profit on sale of fixed assets (net)	**0.08**	0.09
Provision for doubtful debts/ advances written back	**-**	4.09
Other non-operating income	**0.65**	0.81
	5.53	5.87

*denotes amounts less than Rs. 50,000

	31st March, 2013 **Rs. Crores**	31st March, 2012 Rs. Crores
22. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening stock :		
Work-in-progress	**69.88**	73.59
Finished goods	**12.67**	6.70
Total	**82.55**	80.29
Less:		
Closing stock :		
Work-in-progress	**69.55**	69.88
Finished goods	**13.79**	12.67
	83.34	82.55
Net increase	**(0.79)**	(2.26)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

		31st March, 2013	31st March, 2012
	Rs. Crores	**Rs. Crores**	Rs. Crores
23. EMPLOYEE BENEFITS EXPENSE			
Salaries and wages		**99.97**	83.74
Contribution to			
- Provident and other funds *(See note 35)*	4.55		4.20
- Gratuity fund *(See note 35)*	2.42		1.41
		6.97	5.61
Employee stock option scheme charge / (write back)		**(0.32)**	0.00 *
Staff welfare expenses		**11.25**	9.22
		117.87	98.57
*denotes amounts less than Rs. 50,000			
24. FINANCE COSTS			
Interest expense on			
- borrowings	49.54		53.28
- income tax	-		0.23
- others	0.63		0.76
		50.17	54.27
Other borrowing costs		**5.38**	2.57
		55.55	56.84
25. OTHER EXPENSES			
Stores consumed		**65.16**	64.78
Packing material consumed		**5.24**	3.64
Power and fuel		**186.19**	197.19
Rent including lease rentals		**2.16**	2.00
Rates and taxes		**2.04**	2.53
Insurance		**1.29**	1.03
Repairs and maintenance			
- Buildings	4.20		2.55
- Machinery	18.04		20.22
- Others	7.41		9.61
		29.65	32.38
Legal and professional charges		**16.07**	12.02
Freight outward		**10.58**	10.31
Loss/(gain) on foreign exchange transactions and translations		**3.83**	6.16
Loss on fixed assets scrapped/written off		**0.35**	0.58
Bad debts/ advances written off		**-**	0.09
Provision for doubtful debts / advances (net)		**0.59**	-
Excise duty		**0.60**	0.44
Provision for water charges (disputed) *(See note 34)*		**0.17**	2.94
Bank charges		**3.08**	2.81
Investment written off (Rs. 200; 2011-12 Rs. Nil)		**0.00** *	-
Miscellaneous expenses		**24.28**	24.31
		351.28	363.21

*denotes amounts less than Rs. 50,000

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

26. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting and preparation of financial statements:

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

b) Use of estimates:

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

c) (A) Tangible fixed assets:

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

Depreciation is provided for as follows:

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

i) Depreciation on heavy vehicles, other vehicles and data processing equipment are provided 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 Statement of Profit and Loss.

(B) Intangible assets:

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

d) Investments:

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

e) Inventories:

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

f) Foreign exchange transactions:

Foreign exchange transactions are initially recognised at the exchange rate prevailing on the transaction date. At each balance sheet date foreign currency monetary items are translated at the relevant rates of exchange prevailing at 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 Statement of Profit and Loss.

g) Revenue recognition:

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

h) Employee benefits:

i) Provident fund:

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

ii) Superannuation and other funds/schemes:

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

iii) Gratuity and compensated absences:

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

i) Borrowing costs:

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

j) Segment reporting:

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

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

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

k) Earnings per share:

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

l) Taxes on income:

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

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

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

m) Research and development expenditure:

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

n) Impairment of assets:

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

o) Provisions and contingencies:

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

27. A. BASIS OF CONSOLIDATION:

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

b) Principles of Consolidation

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

i. The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions have been eliminated.

ii. The consolidated financial statements include the share of profit/loss of the associate, which are accounted under the 'Equity method' and accordingly, the share of profit/loss of the associate (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

iii. The excess of cost to the Company of its investment in subsidiary over its share of the equity of the subsidiary company at the dates on which the investments in the subsidiary company is made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in subsidiary as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and surplus', in the consolidated financial statements.

iv. Minority interest in the net assets of consolidated subsidiary company, if any, consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary company and further movements in their share in the equity, subsequent to the dates of investments.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

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

Name of the subsidiary company	Country of Incorporation	% holding 31st March, 2013	% holding 31st March, 2012
Mahindra Sanyo Special Steel Pvt. Ltd. (Mahindra Sanyo) (Formerly Navyug Special Steel Pvt. Ltd.)	India	51.00 (w.e.f 5th September, 2012)	100.00

d) The particulars of investment in an associate company as at 31st March, 2013 is as follows:

(Rs. Crores)

Name of the Associate	Country of Incorporation	Ownership Interest (%)	Original Cost of Investment	Amount of Goodwill / (Capital Reserve) in Original Cost	Share of post-acquisition Reserves and Surplus	Carrying Cost of Investment
Mahindra Hotels and Resorts Limited	India	49.90	0.05	Nil	(0.05)	-

Note: The share of loss in the associate is restricted to the original cost of investment as per the equity method of accounting for associates under AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements". During the year ended 31st March, 2013, the associate has made further losses and accordingly no amount has been recognized in the Statement of Profit and Loss towards such share of losses of the associate.

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

In accordance with the terms of the Share Subscription Agreement, Sanyo Special Steel Company Limited, Japan (Sanyo) and Mitsui & Company Limited, Japan (Mitsui) have subscribed to 29,00,000 equity shares of Rs. 10 each at a premium of Rs. 434.27 per share amounting to Rs. 128.84 Crores and 20,00,000 equity shares of Rs. 10 each at a premium of Rs. 434.27 per share amounting to Rs. 88.85 Crores respectively of Mahindra Sanyo on 5th September, 2012 after which the holding of the Company in Mahindra Sanyo has reduced from 100% to 51%. The gain of Rs. 45.45 Crores on deemed disposal of partial stake in the subsidiary has been accounted and disclosed as an exceptional item.

As Sanyo and Mitsui have invested in Mahindra Sanyo on 5th September, 2012, the share of loss of the subsidiary attributable to them will be subsequent to the date of their investment. Accordingly the loss of Mahindra Sanyo till 31st August, 2012, being the date nearest to the investment date, of Rs. 10.89 crores, based on the unaudited management financial statements, has been fully attributed to the Company. The loss of Mahindra Sanyo for the year ended 31st March, 2013 as per its audited financial statements is Rs. 38.03 crores and the share of loss attributable to minority at 49% for the period subsequent to 31st August, 2012 is Rs.13.30 crores.

28. Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March, 2013 Rs. 8.82 Crores (2011-2012: Rs. 8.27 Crores).

29. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

a) Customers bills discounted but not matured Rs. 24.71 Crores (2011-2012: Rs. 23.82 Crores).

b) Excise duty and Service Tax:

Excise and Service Tax matters for which the Company is contingently liable amounting to Rs. 13.34 Crores (2011-2012: Rs. 11.72 Crores). This includes:

i) Rs. 0.52 Crore (2011-2012: 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. 4.96 Crores (2011-2012: Rs. 4.65 Crores) – demand relating to alleged availment of Cenvat credit on invoices issued by certain registered dealers without actually receiving the material covered therein. The Company has filed an appeal in CESTAT against the said demand.

iii) Rs. 0.42 Crore (2011-2012: Rs. 0.39 Crore) being matters related to availment of service tax credit.

iv) Rs. 1.01 Crores (2011-2012: Rs. Nil) being disallowance of input credit availed on canteen expenses.

v) Rs. 1.90 Crores (2011-2012: Rs. 1.63 Crores) - being other matters.

In respect of (b) (i) above and other valuation issues, the excise department has continued to issue show cause cum demand notices for subsequent periods aggregating Rs. 4.53 Crores (2011-2012: Rs. 4.53 Crores).

c) Sales Tax:

Sales Tax matters for which the Company is contingently liable amounting Rs. 9.31 Crores (2011-2012: Rs. 9.31 Crores). This includes:

i) A demand of Rs. 8.51 Crores (2011-2012 : Rs. 8.51 Crores) 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. The Company has filed an appeal in Sales Tax Tribunal against the said demand.

ii) Other sales tax matters Rs. 0.80 Crore (2011-2012: Rs. 0.80 Crore)

d) Taxation demands against which the Company is in appeal Rs. 6.33 Crores (2011-2012: Rs. 17.18 Crores).

e) Other matter for which the Company is contingently liable is Rs. 58.74 Crores (2011-2012: Rs. 58.14 Crores). This represents dispute in rate of water charges, inclusive of penal charge of Rs. 10.19 Crores (2011-2012: Rs. 10.02 Crores) and late fee charge of Rs. 22.31 Crores (2011-2012: Rs. 22.31 Crores), demanded by the Irrigation department.

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

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

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

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

i. Rs. Nil (2011-2012: Rs. 17.99 Crores) inclusive of interest and penalty of Rs. Nil (2011-2012: Rs. 14.04 Crores) pertaining to payment of custom duty in respect of the Value Based Advance Licenses (VBAL) purchased by the Company and used for import of goods. The export obligation / reversal of credit against the above VBAL were already fulfilled by the seller of the license. The Company has appealed against the said notice with CESTAT who has remanded the case back to the commissioner for ascertaining the facts and then passing an appropriate order.

ii. Claim pertaining to material supply contract Rs. 9.66 Crores (2011-2012: Rs. 9.46 Crores). The matter is under arbitration.

iii. Claims relating to lease rentals Rs. 1.02 Crores (2011-2012: Rs. 0.95 Crore).

30. FOREIGN CURRENCY EXPOSURES:

a) The forward exchange contracts and plain vanilla options [being derivative instruments], 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 as on 31st March, 2013 are as follows:

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

Currency	Amount in Crores	Buy/Sell	Cross Currency
US Dollar	1.28	Buy	Rupees
(US Dollar)	(1.82)	(Buy)	(Rupees)

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

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

	Indian Rupees Rs. Crores	Foreign Currency Rs. Crores
Import of goods and services	**0.67**	**US $ 0.01**
	(8.67)	(US $ 0.17)
	0.45	**Euro 0.01**
	(1.91)	(Euro 0.03)
Export of goods and services	**0.38**	**US $ 0.01**
	(1.34)	(US $ 0.03)
	1.79	**EURO 0.03**
	(2.08)	(Euro 0.03)

Previous year's figures have been disclosed in parenthesis.

31. SEGMENT REPORTING:

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.
2. The geographical segments considered for disclosure are:
   - Sales within India
   - Sales outside India

Rs. Crores

		Steel	Stamping	Elimination	Consolidated Total
a)	**Primary segment information (Business segment)**				
i)	**Segment revenue (net):**				
	External sales	**811.02**	**765.25**	**-**	**1,576.27**
		832.39	*703.26*	-	*1,535.65*
	Inter-segment revenue	**-**	**1.14**	**(1.14)**	**-**
		-	-	-	-
	Total segment revenue from operations	**811.02**	**766.39**	**(1.14)**	**1,576.27**
		832.39	*703.26*	-	*1,535.65*
ii)	**Segment result:**				
	Segment result before exceptional item	**(50.21)**	**57.89**	**-**	**7.68**
		(30.90)	*58.04*	-	*27.14*
	Exceptional Item - Profit on sale of land allocated to stamping	**-**	**-**	**-**	**-**
		-	*88.57*	-	*88.57*
	Segment result after exceptional item	**(50.21)**	**57.89**	**-**	**7.68**
		(30.90)	*146.61*	-	*115.71*
	Unallocated corporate expenses (net of unallocated income)				**4.85**
					6.86

		Steel	Stamping	Elimination	Consolidated Total
	Profit before finance cost, interest income, unallocated exceptional item and tax expense				***2.83***
					108.85
	Finance cost				**(55.55)**
					(56.84)
	Interest income				**4.74**
					0.70
	Exceptional item – Gain on deemed disposal of partial stake in the subsidiary (unallocated)				**45.45**
					-
	Profit/(loss) before tax				**(2.53)**
					52.71
	Tax expense/(credit)				**(9.70)**
					15.83
	Profit after tax and before share of loss of minority				**7.17**
					36.88
iii)	**Assets:**				
	Segment assets	**518.59**	**357.83**	**0.17**	**876.25**
		530.23	*304.35*	*-*	*834.58*
	Unallocated corporate assets				**125.36**
					37.85
	Total assets				**1,001.61**
					872.43
iv)	**Liabilities:**				
	Segment liabilities	**172.71**	**91.23**	**0.17**	**263.77**
		247.80	*72.97*	*-*	*320.77*
	Unallocated corporate liabilities				**356.64**
					349.56
	Total liabilities				**620.41**
					670.33
v)	**Capital expenditure**	**19.53**	**26.96**	**-**	**46.49**
		16.05	*38.45*	*-*	*54.50*
vi)	**Depreciation and amortisation**	**20.41**	**14.74**	**-**	**35.15**
		19.62	*11.82*		*31.44*
vii)	**Non cash expenditure / (write back) (net) other than depreciation**	**1.92**	**0.17**	**-**	**2.09**
		(1.32)	*0.17*	*-*	*(1.15)*

		Within India	Outside India	Total
b)	**Secondary segment information (Geographical segment)**			
	Revenue from external customers	**1,532.98**	**43.29**	**1,576.27**
		1,495.71	*39.94*	*1,535.65*
	Segment assets	**999.44**	**2.17**	**1,001.61**
		870.79	*1.64*	*872.43*
	Capital expenditure	**46.18**	**0.31**	**46.49**
		54.49	*0.01*	*54.50*

Previous year figures have been disclosed in italics.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

32. RELATED PARTY DISCLOSURES:

a) Related parties where control exists:

Holding Company	Mahindra & Mahindra Ltd.

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

1) Associate Company	Mahindra Hotels and Resorts Ltd.
2) Fellow subsidiaries	Mahindra Forgings Ltd. Mahindra Gujarat Tractors Ltd. Mahindra Intertrade Ltd. Mahindra Logistics Ltd. Mahindra Gears and Transmission Pvt. Ltd. Mahindra Vehicle Manufacturers Ltd. Mahindra Steel Service Centre Ltd. Mahindra Navistar Automotives Ltd. Mahindra BPO Services Pvt. Ltd. Mahindra Hinoday Industries Ltd. Mahindra Automobile Distributors Pvt. Ltd. Metalcastello S.p.A. Mahindra First choice Wheels Ltd.
3) Key Management Personnel	Mr. Uday Gupta, Managing Director

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

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

FS : Fellow Subsidiaries

Rs. Crores

Sr. No.	Particulars	Holding Co.	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	Key Management Personnel	
		Mahindra & Mahindra Ltd.	Mahindra Forgings Ltd.	Mahindra Gujarat Tractors Ltd.	Mahindra Intertrade Ltd.	Mahindra Logistics Ltd.	Mahindra Gears & Transmission Pvt. Ltd.	Mahindra Vehicle Manufacturers Ltd.	Mahindra Steel Service Center Ltd.	Mahindra Navistar Automotives Ltd.	Mahindra BPO Services Pvt. Ltd.	Mahindra Hinoday Industries Ltd.	Mahindra Automobile Distributor Pvt. Ltd.	Metal castello S.p.A	Mahindra First choice Wheels Ltd.	Mr. Uday Gupta	Mr. K V Ramarathnam
1	Purchases of goods or services	0.38	21.52	0.00*	425.31	-	-	-	0.08	-	-	0.04	-	-	-	-	-
		(-)	(18.68)	(0.01)	(401.89)	(-)	(-)	(-)	(0.07)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
2	Receiving of services	3.25	-	-	-	0.17	-	-	-	-	0.13	-	-	-	-	-	-
		(3.26)	(-)	(-)	(-)	(0.47)	(-)	(-)	(-)	(-)	(0.15)	(-)	(-)	(-)	(-)	(-)	(-)
3	Shared IT services received	2.85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(2.77)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Rent paid	1.32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(1.31)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
5	Sale of goods	587.91	107.23	1.81	0.00*	-	2.50	64.03	-	2.79	-	4.81	-	0.49	-	-	-
		(546.55)	(120.87)	(1.72)	(-)	(-)	(2.74)	(39.00)	(-)	(5.47)	(-)	(12.35)	(8.65)	(0.42)	(-)	(-)	(-)
6	Rendering of services	-	-	-	-	0.00*	-	-	-	-	-	-	-	-	-	-	-
		(3.28)	(-)	(0.38)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(6.01)	(-)	(-)	(-)	(-)
7	Rent income	-	-	-	0.06	-	-	-	-	-	-	-	-	-	-	-	-
		(0.14)	(-)	(-)	(0.05)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
8	Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(89.05)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
9	Purchase of fixed assets / capex services	1.12	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-	-
		(0.32)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.69)	(-)	(-)	(-)	(-)	(-)
10	Deputation of personnel	0.97	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(0.22)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
11	Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.89 @	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.81) @	(0.09)#
12	Provision for doubtful debts made during the year	0.00*	0.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(0.18)	(0.48)	(-)	(-)	(-)	(0.00)*	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
13	Provision for doubtful debts written back	0.18	0.22	-	-	-	0.00*	-	-	-	-	-	-	-	-	-	-
		(0.11)	(1.85)	(-)	(-)	(-)	(0.16)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
14	Bad debts written off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(0.07)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.02)	(-)	(-)	(-)	(-)
15	Cash discount received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(0.02)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
16	Cash discount paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(0.27)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
17	Interest expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	0.20	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.76)	(-)	(-)
18	ICD received	-	-	-	-	-	-	-	-	-	-	-	-	-	13.50	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(31.00)	(-)	(-)

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

FS : Fellow Subsidiaries

Rs. Crores

Sr. No.	Particulars	Holding Co.	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	FS	Key Management Personnel	
		Mahindra & Mahindra Ltd.	Mahindra Forgings Ltd.	Mahindra Gujarat Tractors Ltd.	Mahindra Intertrade Ltd.	Mahindra Logistics Ltd.	Mahindra Gears & Transmission Pvt. Ltd.	Mahindra Vehicle Manufacturers Ltd.	Mahindra Steel Service Center Ltd.	Mahindra Navistar Automotives Ltd.	Mahindra BPO Services Pvt. Ltd.	Mahindra Hinoday Industries Ltd.	Mahindra Automobile Distributor Pvt. Ltd.	Metalcastello S.p.A	Mahindra First choice Wheels Ltd.	Mr. Uday Gupta	Mr. K V Ramarathnam
19	ICD refunded	-	-	-	-	-	-	-	-	-	-	-	-	-	13.50	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(31.00)	(-)	(-)
20	Outstandings																
a)	Payables																
	i) Other Payables / credit balances	9.58	-	-	39.33	0.15	-	-	0.01	-	0.01	-	-	-	-	0.22	-
		(7.60)	(0.10)	(-)	(30.59)	(0.11)	(-)	(-)	(0.03)	(-)	(0.03)	(0.16)	(-)	(-)	(-)	(-)	(-)
	ii) Deposit received	-		-	0.02	-		-	-	-	-		-	-	-	-	-
		(0.05)	(-)	(-)	(0.02)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
b)	Receivables																
	i) Receivables and debtors	78.88	20.52	0.05	-	-	0.57	10.76	-	1.18	-	2.39	-	0.27	-	-	-
		(88.03)	(31.29)	(0.16)	(-)	(-)	(0.73)	(11.89)	(-)	(1.38)	(-)	(3.03)	(2.75)	(0.07)	(-)	(-)	(-)
	ii) Deposits outstanding	0.57	-	-	-	-	-		-	-	-	-	-	-	-	-	-
		(0.57)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	iii) Provision for doubtful debts and advances	0.00*	0.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(0.18)	(0.23)	(-)	(-)	(-)	(0.00)*	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

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

excludes Rs 0.32 crore paid towards leave encashment and Gratuity on retirement.

@ excludes charge for gratuity as separate figures are not available.

Note:

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

33. EARNINGS PER SHARE:

Particulars	31st March, 2013	31st March, 2012
a) Profit for the year (Rs. Crores)	20.47	36.88
b) Exceptional items [2011-12: Rs.88.57 Crores less tax thereon Rs. 28.74 Crores] (Rs. Crores)	45.45	59.83
c) Loss for the year before exceptional item (Rs. Crores) (a) - (b)	(24.98)	(22.95)
d) Weighted Average Equity Shares (Nos.)	32,482,529	32,482,529
e) Diluted Equity Shares (Nos.)	32,482,529	32,482,529
f) Basic and Diluted Earnings per equity share (in Rupees)		
Profit/(Loss) for the year		
- Before exceptional item (c) / (d)	(7.69)	(7.06)
- After exceptional item (a) / (d)	6.30	11.36

34. PROVISION FOR WATER CHARGES (DISPUTED):

Rs. Crores

Particulars	Opening balance	Provision made during the year	Amount utilised / written back	Closing balance
Water Charges	3.51 (0.57)	0.17 (2.94)	- (-)	3.68 (3.51)

The details regarding dispute in water charges have been mentioned in Note 29 (e).

Previous year's figures have been disclosed in parenthesis.

35. EMPLOYEE BENEFIT PLANS:

A. Defined benefit plans:

Provident fund:

The Company makes monthly contributions to Provident Fund managed by MUSCO Staff Provident Fund Trust for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year Company has contributed Rs. 1.43 Crores (Steel: Rs. 0.35 Crore, Stamping Rs. 1.08 Crores) (2011-12: Rs. 2.05 Crores Steel: Rs. 1.13 Crores, Stamping Rs. 0.92 Crore) 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 actuarial valuation, the Defined Benefit Obligation of Interest rate guarantee on exempted Provident Fund in respect of employees of the Company as at 31st March, 2013 works out to Rs. Nil (2011-12: Rs. Nil) and hence no provision is required to be provided for in the books of accounts (2011-12: Rs. Nil) towards the guarantee given for notified interest rates.

In carrying out an actuarial valuation of interest rate guarantee on exempt provident fund liability, expected investment return is compared with the guaranteed rate of interest, the present value of annuity factor for a term of the obligation is determined and these are applied to accumulated value of the provident fund to arrive at the Defined Benefit Obligation.

The above process is carried out for 100 Basis Points upward and downward shifts in the expected rate of return and Defined Benefit Obligation of the interest rate guarantee is determined under these two scenarios. Defined Benefit Obligation of the interest rate guarantee is equal to the average of the Defined Benefit Obligation determined under all three scenarios above. The actuarial valuation is carried out using the projected accrued benefit method.

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

Category	**% of each to total plan assets**	
Particulars	**31st March 2013**	**31st March 2012**
Bonds and Securities of Central Government	**13.97**	14.56
Bonds and Securities of State Government	**10.67**	9.93
Bonds and Securities of Public Sector Undertakings	**38.78**	38.34
Special Deposits with Banks	**36.58**	37.17

Actuarial assumptions made to determine interest rate guarantee on exempt provident fund liabilities are as follows:

Particulars	31st March 2013	31st March 2012
Discount Rate for the term of the Obligation	8.00%	8.40%
Average Historic Yield on the Investment Portfolio	8.56%	8.42%
Discount Rate for the remaining term to maturity of the Investment Portfolio	8.02%	8.55%
Expected Investment Return	8.54%	8.27%
Guaranteed Rate of Return	8.50%	8.25%

Gratuity:

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

Particulars	GRATUITY	
	31st March, 2013 Rs. Crores	31st March, 2012 Rs. Crores
I Expenses / (Income) recognised in the Statement of Profit and Loss for the year ended 31st March, 2013		
1. Current Service Cost	**1.01**	0.97
Past Service Cost	**-**	-
2. Interest Cost	**1.41**	1.28
3. Expected return on plan assets	**(1.31)**	(1.19)
4. Actuarial (Gains)/ Losses	**1.31**	0.35
5. Total Expense / (Income)	**2.42**	1.41
II Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2013		
1. Present Value of defined benefit obligation as at **31st** March, 2013	**(19.93)**	(17.50)
2. Fair value of plan assets as at 31st March, 2013	**17.96**	16.02
3. Net Asset/(Liability) as at 31st March, 2013	**(1.97)**	(1.48)
III Change in Obligation during the year ended 31st March, 2013		
1. Present Value of defined benefit obligation at the beginning of the year	**17.50**	16.19
2. Current Service Cost	**1.01**	0.97
3. Interest Cost	**1.41**	1.28
4. Actuarial (Gains)/ Losses	**1.55**	0.48
5. Benefit Payments	**(1.54)**	(1.42)
6. Present Value of defined benefit obligation as at the end of the year	**19.93**	17.50
IV Change in Assets during the year ended 31st March, 2013		
1. Plan assets at the beginning of the year	**16.02**	15.15
2. Expected return on plan assets	**1.31**	1.19
3. Contributions by employer	**1.93**	0.97
4. Actual benefits paid	**(1.54)**	(1.42)
5. Actuarial Gains/ (Losses)	**0.24**	0.13
6. Plan assets at the end of the year	**17.96**	16.02

Particulars	GRATUITY	
	31st March, 2013 Rs. Crores	31st March, 2012 Rs. Crores
V Actual return on plan assets (1+2)	**1.55**	1.32
1. Expected return on plan assets	**1.31**	1.19
2. Actuarial Gains/ (Losses)	**0.24**	0.13
VI The major categories of plan assets as a percentage of total plan		
Funded with LIC of India *(see note below)*	**100%**	100%
VII Actuarial Assumptions:		
1. Discount Rate	**8.00%**	8.40%
2. Expected rate of return on plan assets	**9.40%**	8.50%
3. Mortality	**2006-08 Mortality base**	1994-96 Mortality base
4. Turnover rate	**1 to 2%**	1 to 2%
5. Salary escalation rate	**7.50%**	7.50%

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

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

Particulars	**31st March, 2013 Rs. Crores**	31st March, 2012 Rs. Crores	31st March, 2011 Rs. Crores	31st March, 2010 Rs. Crores	31st March, 2009 Rs. Crores
1. Present value of defined benefit obligation	**19.93**	17.50	16.19	15.01	14.86
2. Fair value of plan assets	**(17.96)**	(16.02)	(15.15)	(15.33)	(11.99)
3. Funded status [surplus/(deficit)]	**(1.97)**	(1.48)	(1.04)	0.32	(2.87)
4. Net asset/(liability)	**(1.97)**	(1.48)	(1.04)	0.32	(2.87)
5. Experience adjustment arising on:					
a. Plan liabilities	**1.02**	0.83	0.18	0.42	0.14
b. Plan assets	**0.24**	0.13	(0.26)	0.34	0.02

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

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

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

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

F. Defined contribution plans:

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	31st March, 2013	31st March, 2012
	Rs. Crores	Rs. Crores
i) Provident Fund	**0.94**	-
ii) Superannuation fund	**0.60**	0.62
iii) Employees' pension scheme	**1.27**	1.23
iv) Employees State Insurance Scheme	**0.31**	0.30

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

Signature to Notes 1 to 36

For and on behalf of the Board

Uday Gupta Managing Director

Hemant Luthra
R.R. Krishnan
Manoj Maheshwari
Harsh Kumar
Sanjiv Kapoor
Nikhilesh Panchal
Directors

Sandeep Jain
Chief Finance Officer

Ajay Kadhao
Company Secretary

Mumbai : 3rd May, 2013

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 50th Annual General Meeting of the Company at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 on Thursday, the 25th day of July, 2013 at 4.00 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 50th 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 of ....being 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 50th Annual General Meeting of the Company to be held at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 on Thursday, the 25th day of July, 2013 at 4.00 p.m. and at any adjournment thereof.

Signed this ......…….......... day of 2013

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.*

A PARTNERSHIP FOR THE FUTURE

Mahindra SANYO

The signing of the Mahindra Sanyo Joint Venture

Present at the Signing (Left to Right – Front Row)

Anand Mahindra
Chairman Mahindra Group,

Bharat Doshi
Executive Director & Group CFO,

Hemant Luthra
Chairman, Mahindra Sanyo Special Steels Limited,

Keshub Mahindra
Chairman Emeritus, Mahindra Group,

Y. Tsukamoto
Senior Managing Director, Member of the Board,
Sanyo Special Steel Co. Ltd.

H. Furuhata
General Manager, Investment and Planning, Mitsui & Co. Ltd.

Guruprasad Iyengar
Vice President and Financial Controller, Systech Sector.

Uday Gupta
Managing Director, MUSCO

(Left to Right –Back Row)

Sanjay Joglekar
Executive Vice President and CFO, Systech Sector.

Toshimine Hoshiai,
Managing Director
Sanyo Special Steel India Pvt. Ltd.

Shingo Tada,
Manager, Iron & Steel Project Dept., Investment & Planning Div.,
Iron & Steel Products Business Unit
Mitsui & Co., Ltd.

On September 5, 2012 MUSCO announced the participation of Mitsui and Sanyo Special Steel of Japan in its Steel business, which has been renamed as Mahindra Sanyo Special Steel Pvt Ltd.

MUSCO, Sanyo and Mitsui will collectively utilize their brands, technologies and networks to meet customers' needs through this joint venture. A dedicated team has been drawn from Sanyo to lead the manufacturing function and is supported by Mitsui which will contribute its marketing skills and MUSCO which will provide the general management skills to support the growth of the new JV.

The financial, technical and operational inputs from Sanyo and Mitsui will help enhance the JV's current production from the existing level of 120,000 tons per annum and also its range of value-added steels for special applications.

In particular, Sanyo's technical assistance will enable the JV to strengthen and differentiate its product portfolio with the introduction of new products for niche and emerging market segments in India like the oil & gas, power, engineering industries.

Rise.

Registered Office:
Mahindra Ugine Steel Company Limited
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Opp Sitaladevi Temple, L. J. Road. Mahim (W),
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